

SELF EMPLOYEMENT SCHEME FOR EDUCATED YOUTH

Introduction:-

Unemployment of the youth is a major stumbling block to growing social disequilibria leading to economic disorder and poverty of the society .The interim social balance sheet describes the energy and vibrancy of the youth as the asset and also the liability of the nation if not handled intelligently. The concern has to be addressed by appropriate employment strategy programme. The evolutionary theory of developing entrepreneurship has assumed relevance where basic attributes and mental set of young job creators has to be transplanted and nurtured carefully.

The PMRY a major self employment programme formulated by GOI was discontinued wef 2008-09.This scheme assisted 30000 to 35000 youths in Kerala per annum to start self employment ventures. A substitute scheme viz. PMEGP was launched from 2008-09.But the target for the state under this scheme is very low say only 1818 for the current financial year. This has demanded a new scheme for self employment. This Scheme for Self Employment for educated youth is yet another step to address the unemployment issues in the State.

Objective:-

This Scheme intends to give assistance to young educated entrepreneurs preferably technically qualified and skilled youth to set up new micro and small enterprises having a total project cost upto Rs. 5.00 lakhs by availing credit finance through banks.

Target Group: -

All educated unemployed youth who studied upto Xth Standard within the age group of 18-45 years. Preference shall be given to technically qualified and skilled persons with Engineering (BE or

B.Tech)/Diploma or AIME/ITI/ITC or other technical qualifications or minimum six months Government approved skill development courses.

Assistance under the Scheme:-

Margin money grant @ 20 % of the project cost limited to a maximum of Rs. 1.00 lakh will be given to set up new micro and small enterprises both for manufacturing and service enterprises coming under the purview of MSMED Act 2006, having total project cost up to Rs. 5.00 lakhs by availing credit through banks.

Project Cost:-

The project cost under this scheme shall include the following:

- (i) Cost of land and its development including documentation charges. The cost of land and its development shall not exceed 10 % of the project cost.
- (ii) Cost of building. This shall not exceed 25 % of the project cost.
- (iii) Plant & Machinery, equipments including all accessories, tools, jigs, fixtures, essential office equipments and furniture, lab equipments, pollution control devices, generators.
- (iv) Electrification both industrial and building.
- (v) Preliminary and pre-operative expenses which shall include Registration charges of the firm, engineering drawings, cost of the Project report, Technical know-how, cost of technical supervision during the implementation period. However, these Preliminary and pre-operative expenses shall not exceed 10 % of the project cost.
- (vi) Allowance for cost escalation (contingencies). The contingency allowance shall not exceed 10 % of the cost of the item for which it is meant.
- (vii) Working capital. The working capital shall not exceed 40 % of the project cost or cost for one working cycle, whichever is lower.

Project financing pattern:-

Promoter's contribution : 10 % of the project cost

Bank finance : 70 % of the project cost

Government contribution : 20 % of the project cost

The Government contribution shall be by way of Margin money grant, on a pro-rata basis (proportionate to the release of loan by the financial institution).

Identification and selection of beneficiary:-

The Industries Extension Officers shall identify the potential entrepreneurs in Block/Municipality level. The selection of the eligible entrepreneurs for the scheme shall be by a Dist level Task Force constituted for the purpose. The Task Force shall consist of the following members:

- (i) General Manager, District Industries Centre : Chairman
- (ii) Lead District Manager or his representative : Member
- (iii) Manager (Credit), District Industries Centre : Convenor
- (iv) Assistant District Industries Officer of
the concerned Taluk : Member
- (v) Industries Extension Officer of the concerned
Block/Municipality : Member

The Manager of the concerned bank branch will be a special invitee.

The Task Force shall select the beneficiaries for the scheme by taking into consideration the following factors:

- (i) Technical feasibility & economic viability of the project.
- (ii) Employment generation.
- (iii) Investment.
- (iv) Marketability of the product.
- (v) Capability of the entrepreneur.

Methodology for the implementation of the Scheme:-

All Micro and small enterprises both in the manufacturing and service sector are covered under the scheme. After identification of the potential entrepreneurs, an application in the prescribed format duly filled by the applicant along with the project report and technical feasibility report and documents to prove the age, qualification, experience etc shall be filed with concerned taluk ADIOs. The ADIO shall process the application as regards the eligibility of the applicant as per rules and also its technical feasibility and commercial viability. He will also conduct a field verification. The applications so verified will be forwarded to the General Managers of the Dist concerned with report of verification. The General Manager will make a further scrutiny and will place it before Dist Level Task Force a decision. The approved projects are then forwarded by the General Manager, District Industries Centre to the concerned financial institution for sanctioning loan. After sanctioning the loan, all beneficiaries shall undergo a one day training programme. Bank/financial institution shall release the loan amount only on production of the training certificate of the District Industries Centre by the beneficiary. The General Manager, District Industries Centre shall release the Margin Money grant on pro rata basis to the loan account of the beneficiary in the concerned financial institution, on receipt of the sanction letter from the financial institution with regard to the loan sanctioned to the unit and certificate towards release of the same to the beneficiary and after the beneficiary executes an agreement in this regard with the Department. The beneficiary shall be bound to run the enterprises for a period of not less than three years from date of release of grant/first installment of margin money grant by the Department, failing which the entire amount shall be refunded with interest @ 14%. In no case the margin money grant shall be released without the order of release of loan by the financial institution.

Implementing agencies:-

The agency to implement the Scheme shall be the Directorate of Industries & Commerce along with the District Industries Centres and Taluk Industries Offices.

Implementation:-

Implementation of the scheme involves beneficiary identification, project selection, identification of the support system required by the beneficiary, escort service and close liaison with the banks/other local agencies linked to the industry sector. The following persons shall be responsible for the implementation of this scheme:

- (i) Identification of the beneficiary : IEO/ADIO
- (ii) Beneficiary selection : Task Force
- (iii) Project report preparation : IEO/ADIO
- (iv) Preparation of Technical Feasibility Report : IEO/ADIO
- (v) Recommendation of application to banks : GM, DIC
- (vi) Follow up and liaisons with banks : IEO/ADIO
- (vii) Sanctioning loans : Banks
- (viii) Sanctioning Margin Money Grant : GM, DIC
- (ix) Escort service providers to beneficiary : IEO/ADIO

Monitoring:-

The scheme will be monitored by Directorate of Industries & Commerce along with the District Industries Centres. The working of the units shall be monitored by the Industries Extension Officers/Assistant District Officers under the Taluk Industries Offices.

Target for the financial year 2011-12:-

Budgetary provision	: Rs. 150.00 lakhs
Minimum enterprises	: 150 numbers (@ Rs. 1.00 lakh per unit)
Maximum investment	: Rs. 750.00 lakhs (@ Rs. 5.00 lakh per project)

The fund available to implement the scheme in the current financial year is Rs.150 lakhs under the head of account 2851-00-102-84.

The proposal is submitted before the Working Group for administrative sanction to implement the scheme in the current financial year at a total cost of Rs. 150 lakhs.