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## ROLE OF BANK IN EMPLOYMENT GENERATION

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### ABSTRACT

*The banking system plays an important role in the modern economic world. Commercial banks and more specifically public sector banks are playing an important role in employment generation in country. Government of India has been implementing some of its important politics for employment generation both rural and urban population, with the help of banks.*

*Keywords: -Public sector banks, employment, rural and urban population.*

### INTRODUCTION

Agriculture sector provides the maximum employment in the country and Micro, small and medium sector is the second most employment generating banking sector. Commercial banks have played a key role of providing finances to both these sector and thus helped in generating employment. The reserve Bank of India has set targets and sub targets under priority sector lending for all scheduled commercial banks operating in India 40 percent of adjusted net bank credit or credit equivalent amount of off balance sheet exposure. For example, prime minister's employment generation (PMEG), a credit linked subsidy program is being implemented by ministry of micro, small and medium enterprises through khadi and village industries commission (KVIC) at the national level and by KVIC-directorates, khadi and village industries board and District and district industries centres at the State level, it aims at generating self employment opportunities through establishment of micro enterprises by organizing traditional artisans and unemployed youth, the government subsidy under scheme is being distributed to the beneficiaries/ entrepreneurs through identified banks.

Similarly jayanti gramswarojgaoryojana (SGSY) a major program for self employment for the rural poor is being implemented by the district rural development agencies (DRDAs) with the active involvement of Panchayathiraj institutions and banks by providing than income generating assets through a Mix of bank credit and govt subsidy.

Micro units development and refinance agency Ltd (MUDRA) is engaged in extending financial assistance provides support for inclusive finance through refinance to primary lending institutions, financing income generating micro enterprises loam up to Rs.10Lakh under Pradhanmantri mudra yojana (PMMY) and over draft amount of Rs. 5000/- sanctioned under pradhaanmantrijandhanyojana(PMJJDY) As on. 31/3/2017.

Bank credit to micro finance Institutions (MFIs) extended for on lending to individuals and also to members of SHGs is also categorized as priority sector advance under respective categories VIA, Agriculture, micro, small and medium enterprises and others as indirect finance subject to certain conditions.

**Present status of MSME's**

Activity category	estimated number of enterprises in lakhs			share(%)
	rural	urban	total	
manufacturing	114.14	82.5	196.65	31
trade	108.71	121.64	230.35	33
other services	102	104.85	208.85	0
electricity	0.03	0.01	0.03	

**Employment in MSME's**

Board activity category	employment (in lakhs)			share%
	Rural	urban	total	
manufacturing	186.56	173.86	360.41	32
trade	160.64	226.54	387.18	35
other services	150.53	211.69	362.22	33
electricity	0.06	0.02	0.07	0
all	497.78	612.1	1109.89	

## NEED OF STUDY

As per national sample survey (NSS) 73<sup>rd</sup> round conducted during the period 2015-16, it can be seen from the above charts that bank finance to MSE sector has played a significant role in nurturing MSEs where good employment opportunities are created.

Another effort in the part of the public sector banks for increasing employment in rural sector is their participator in rural self employment training institution (RSETI) an initiative of ministry of rural development (MORD) to have dedicated infrastructure in each district of the country to impart training and skill up gradation of rural youth geared towards entrepreneurship development. RSETI are managed by banks with active cooperation from the government of India state governments the main Objectives of RSETIs are:

1. Identify rural BPL youth and train them for self employment
2. To train them in specific areas after assessment their aptitude
3. To provide hand holding support for assured credit linkage with banks
4. To provide escort services for at least two years to ensure sustainability of the area.

which are offered for training under RSETI are horticulture, sericulture, dairy farming, poultry, Piggery, mushroom cultivation, sheep rearing, cultivation of medical and aromatic plants, bee keeping, electric motor rewinding and pump set maintenance servicing of digital electronics, tractor servicing, two wheeler servicing, beauty parlor management, Digital designing and publication (DTP), sewing machine servicing and repairs, hand embroidery, food processing & banking products, dress dressing, agarbath making, jute products manufacturing, paper bag, envelope & file making, computerized financial accounting computer, Data entry operation etc.

As on date, 587 RSETIs are operational and 35 banks are participating in the scheme. Residents have trained 24,58,298 rural youth and out of them 16,12,310 have been gainfully employed. An amount of Rs. 342.75 crores has been disbursed to them.

## CONCLUSION

Bank provides funds for business as well as personal needs of the individuals commercial banks and more specially public sector banks are playing an important role in generation in the city in addition to these

common efforts being made by the public sector banks individual banks are also taking initiatives in the social banking especially generating self employment opportunities in rural areas.

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