

THE PERFORMANCE OF PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME IN INDIA

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Introduction

Rural Employment Generation Programme (REGP) has recorded its achievement in terms of creating employment opportunities to over 48 lakhs of rural people across the country. Government of India convinced with the impact of the scheme merged Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) schemes and launched a new credit linked subsidy scheme viz. Prime Minister's Employment Generation Programme (PMEGP) on 26th September, 2008 to empower the first generation entrepreneurs for setting up of micro enterprises across the country both in rural and urban areas. The scheme is estimated to generate 37.37 lakh additional employment opportunities during the remaining four years of XIth Plan. The total Plan outlay is Rs. 4735.00 crores with Rs.250.00 crores for backward and forward linkages.

Khadi and Village Industries Commission (KVIC) has been designated as Nodal Agency at National level for implementation of PMEGP and at the field level, the programme is implemented by KVIC, State KVIBs and District Industries Centres (DICs) working under the jurisdiction of respective State Governments.

Under the scheme, loan is provided by Banks in conjunction with margin money assistance from the KVIC. During the year 2008-09, being the first year of implementation, Government of India provided Rs.823.00 crores (including Rs.83.00 crores for backward and forward linkages) from its budgetary sources to facilitate the entrepreneurs to avail of institutional credit. Out of which, KVIC disbursed Rs.797.58 crores to its implementing agencies. Due to global financial crisis there is need for study on the performance of PMEGP for the benefit of entrepreneurs, banks and policy makers.

Objective of the Study

The objective is 1) to assess the State / Union Territory wise Overall Performance of PMEGP in India for the year 2008-09. 2) To assess the Group-Wise, Range-Wise, Category-Wise and Bank-Wise Performance

of PMEGP in India for the year 2008-09. 3) To compare the Performance of PMEGP for the year 2008-09, 2009-10 and 2010-11.

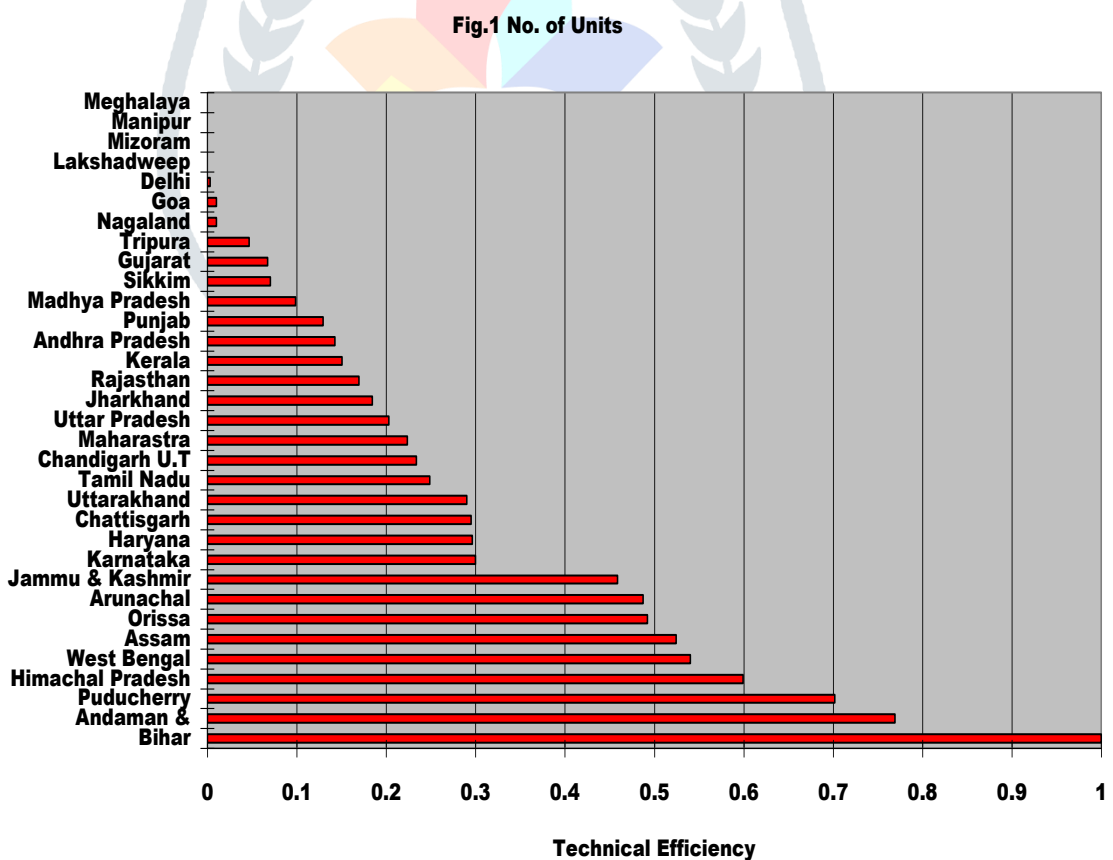
Methodology

The methodology of study is by collection of data from KVIC Annual Report 2008-09, Mumbai and Status Paper on PMEGP for National Workshop at New Delhi. The data's were analysed using Data Envelopment Analysis (DEA) of Charnes- Cooper-Rhodes (CCR) Model by finding the Technical Efficiency and Rank.

Statistical Analysis and Interpretation of Data's

State / Union Territory Wise Physical Performance

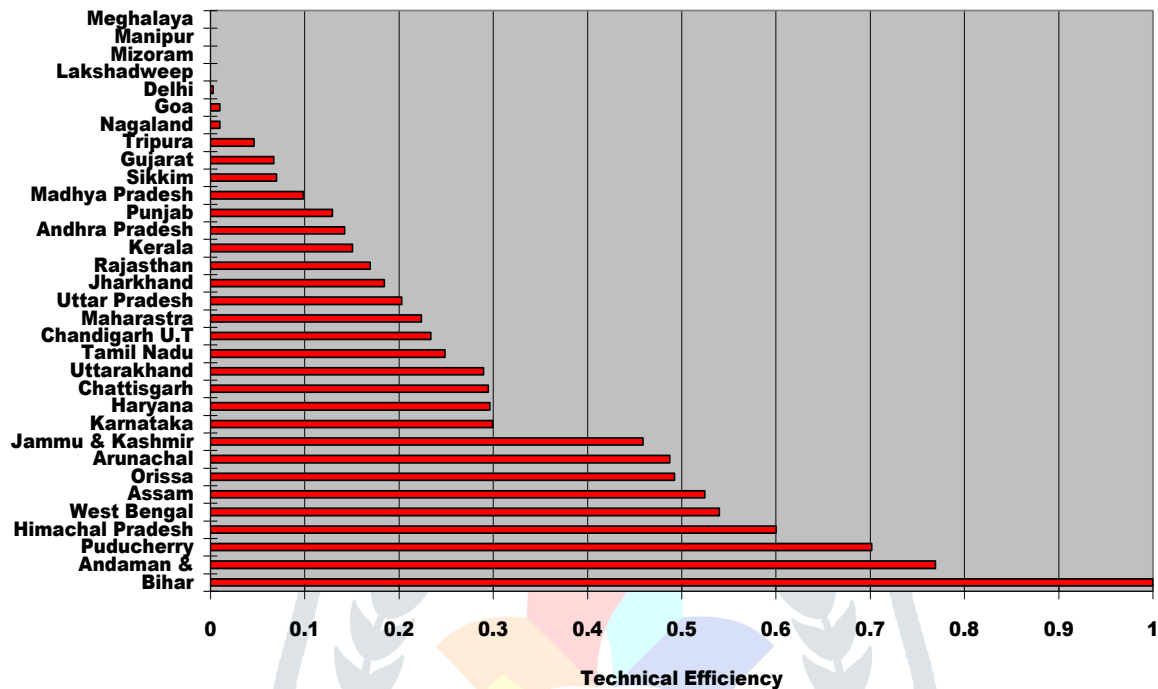
The number of units target is taken as input variable and number of unit's achievement is taken as output variable and analysed using Data Envelopment Analysis of CCR model is given in fig. 1.



From the fig. 1, it is found that Bihar has achieved 100% no. of units target, got technical efficiency 1 and rank 1, Andaman and Nicobar Islands has got rank 2, and Puducherry has got rank 3 and so on.

The no. of employment target is taken as input variable and no. of employment achievement is taken as output variable and analysed using Data Envelopment Analysis of CCR model is given in fig. 2.

Fig.2 Employment



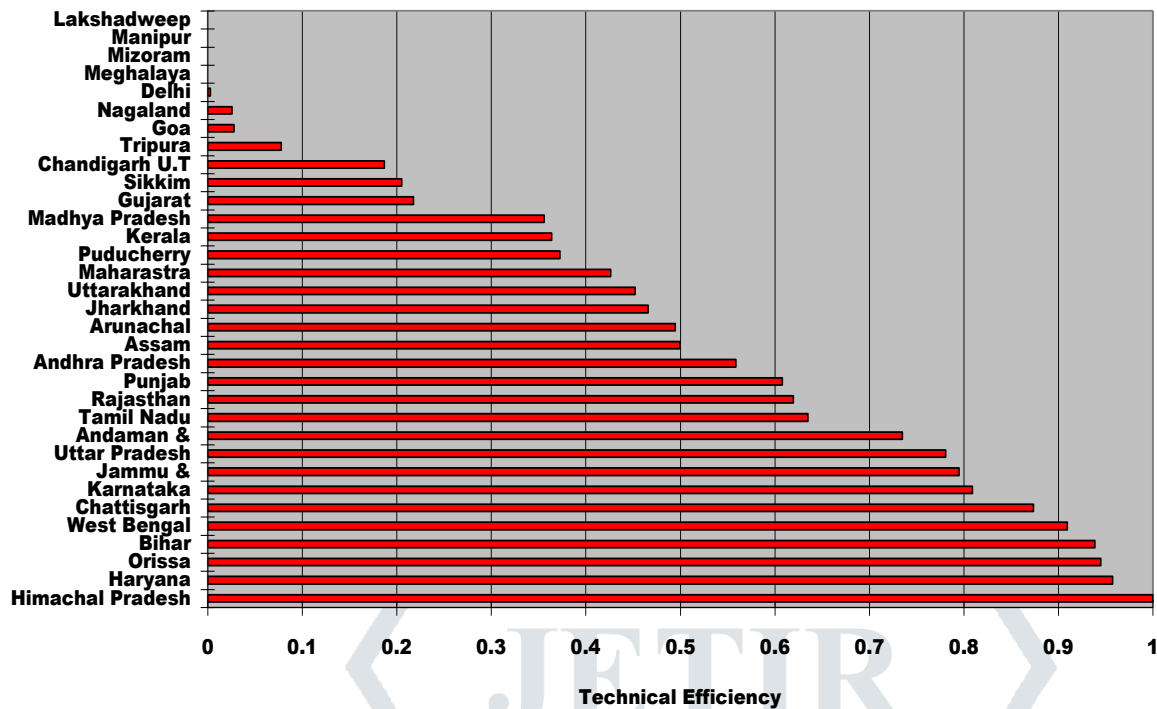
From the fig. 2 it is found that Bihar has achieved 100% on no. of employment target, got technical efficiency 1 and rank 1, Andaman has got rank 2, and Puducherry has got rank 3 and so on.

The overall Physical achievement is 41.66%. The main reason for non achievement of the physical target is even though enough applications are forwarded to banks, it is not sanctioned in time and the sanctioned loans are not disbursed in time.

Financial Performance

The Margin Money target is taken as input variable and Margin Money achievement is taken as output variable and analysed using Data Envelopment Analysis of CCR model is given in fig. 3.

Fig.3 Margin Money

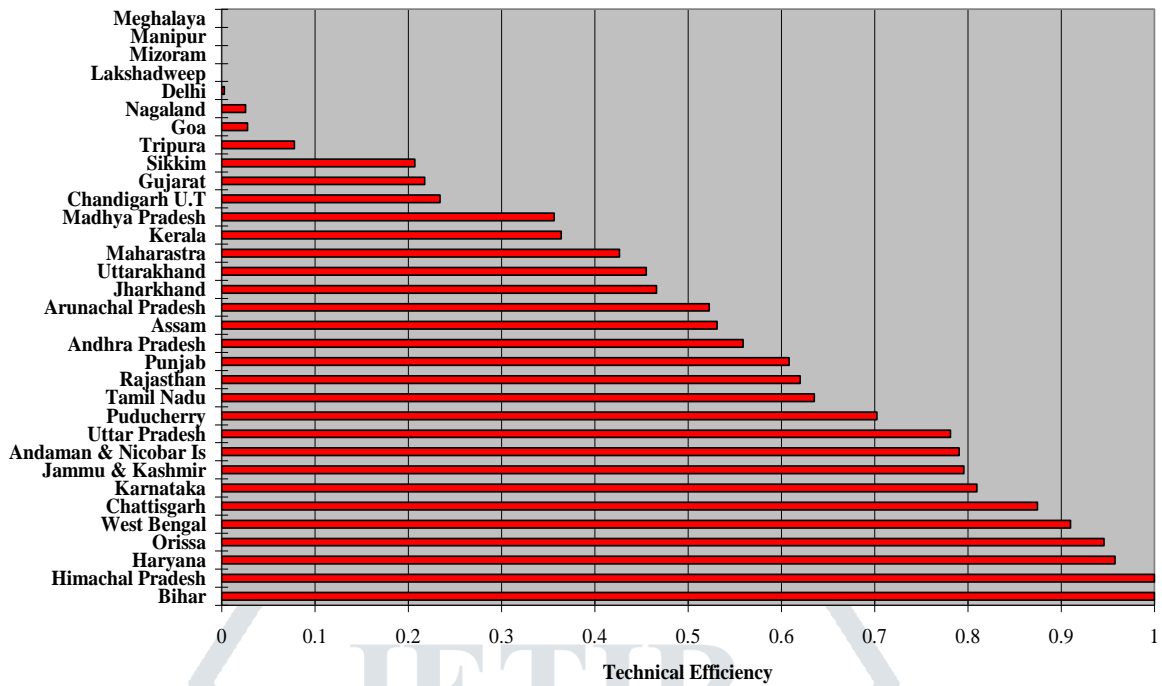


From the fig. 3 it is found that Himachal Pradesh has achieved 100% Margin Money target, got technical efficiency 1 and rank 1, Haryana has got rank 2, and Orissa has got rank 3 and so on. The overall financial achievement is 55.22%. The main reason for non achievement of financial target is the margin money is not settled in time for disbursed loans.

Overall Performance

The no. of units target, Margin Money target and no. of employment target is taken as input variable and no. of unit's achievement, Margin Money achievement and no. of employment achievement is taken as output variable and analysed using Data Envelopment Analysis of CCR model is given in fig. 4.

Fig.4 Overall Performance



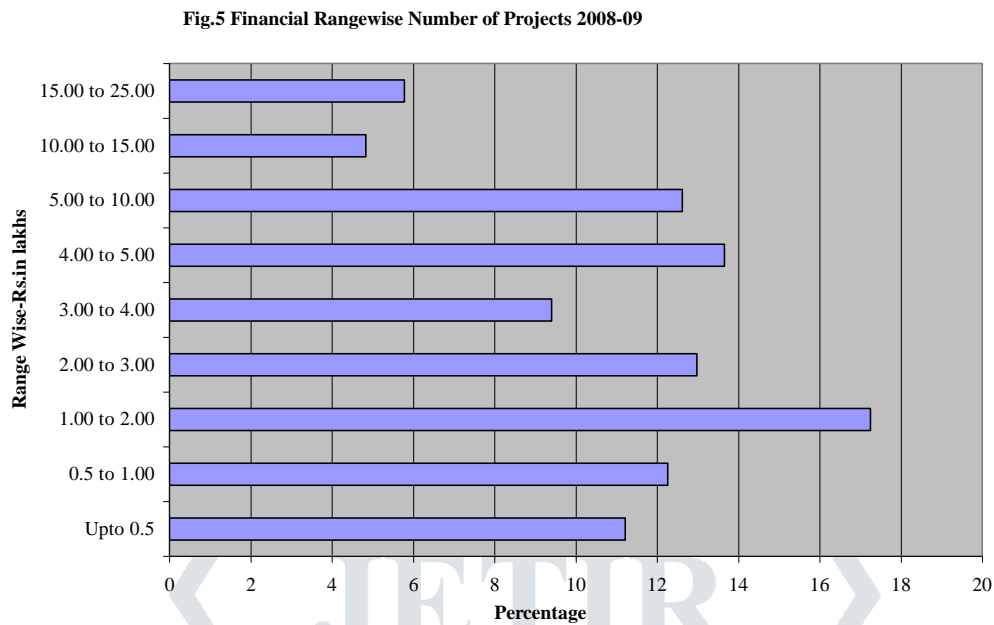
From the fig. 4 it is found that Bihar and Himachal Pradesh has achieved 100% Overall, got technical efficiency 1 and rank 1, Haryana has got rank 3, and Orissa has got rank 4 and so on.

Group Wise Performance

The projects set up in Group-Wise are Agro Based and Food Processing Industry (ABFPI), Forest Based Industry (FBI), Hand Made Paper / Fibre Industry (HMP/ FI), Mineral Based Industry (MBI), Rural Engineering and Biotechnology Industry, Plastic and Chemical Based Industry and Service / Textile Industry. It is found that the manufacturing industry has got higher percentage of share than service industry.

Range Wise Performance

The range wise performance is given in fig. 5.

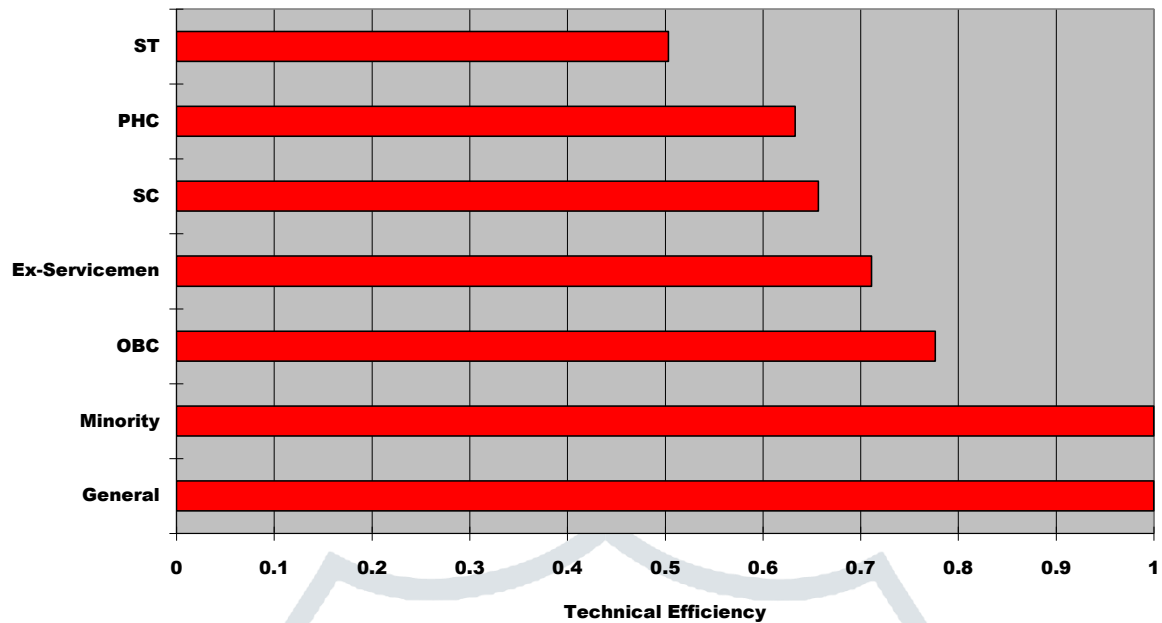


In the range-wise achievement the project cost of less than 0.5 lakhs is 11.22%; Rs.0.5 lakhs to Rs.1 lakhs is 12.26%; Rs.1 lakhs to Rs.2 lakhs is 17.25%; Rs. 2 lakhs to Rs.3 lakhs is 12.98%; Rs.3 lakhs to Rs.4.00 lakhs is 9.4%; Rs.4 lakhs to Rs.5.00 lakhs is 13.66%; Rs. 5 lakhs to Rs.10.00 lakhs is 12.62%; Rs.10.00 lakhs to Rs.15.00 lakhs is 4.83% and Rs.15.00 lakhs to Rs.25.00 lakhs is 5.78%. The Banks should give loan for higher project cost range i.e., between Rs.10.00 lakhs to Rs.25.00 lakhs, as the Fixed Capital and Working Capital amount has gone up for majority of the projects.

Category Wise Performance

The category wise performance is given in figure 6. The no. of unit's target, margin money target and employment target is taken as input variable and the no. of unit's achievement, margin money achievement and employment achievement is taken as output variable. The target fixed for SC is 15%; ST is 7.5%; OBC is 27%; PHC is 3%; Ex-Servicemen is 1% and Minority is 5%.

Fig.6 Social Category-overall

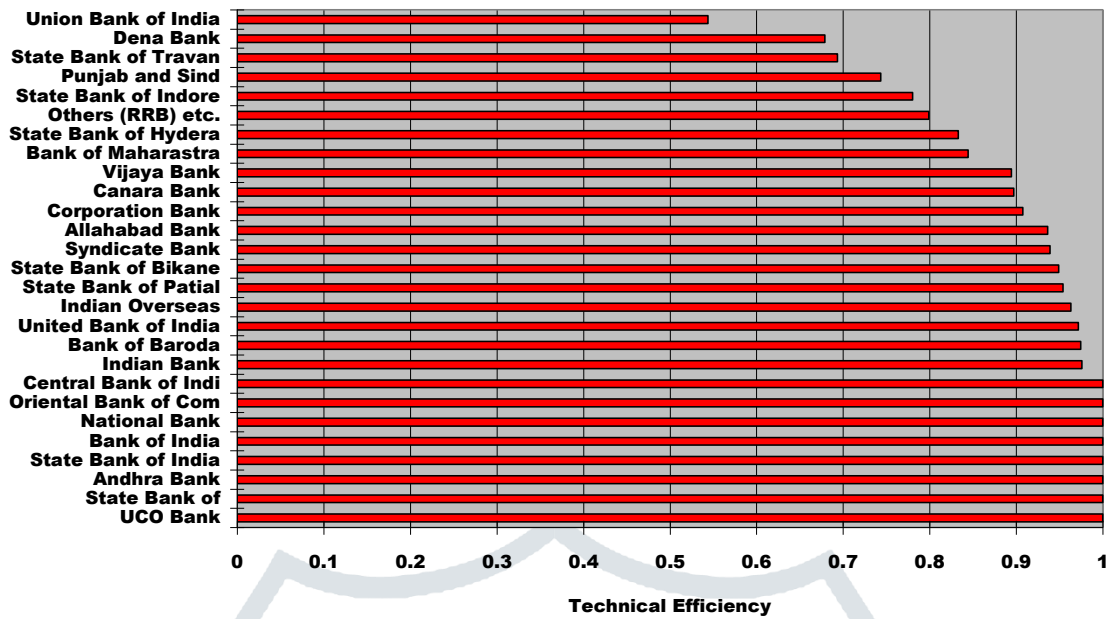


The General and Minority have achieved 100% target and got rank 1. The OBC have got rank 2, Ex-servicemen have got rank 3, SC have got rank 4, PHC have got rank 5 and ST have got rank 6. However the target set for women included in all categories is 30% and the achievement is 27.77%.

Bank Wise Performance

The Bank wise performance is given in fig. 7. The sanctioned nos and sanctioned margin money is taken as input variable and disbursed nos. and disbursed margin money is taken as output variable and the technical efficiency and rank are obtained using DEA.

Fig.7 Bankwise Performance



The UCO Bank, State Bank of Mysore, Andhra Bank, State Bank of India, Bank of India, National Bank, Oriental Bank of Commerce and Central Bank of India have got technical efficiency 1, Rank 1 and achieved 100% target. The Indian Bank has got rank 2; Bank of Baroda has got rank 3 and so on. Even though the target set for leading banks is high when compared to other banks, they should come forward to improve the performance for the benefit of entrepreneurs.

Comparison of Physical and Financial Performance

The comparison of Physical and Financial Performance is given in table-1.

Table-1. Physical and Financial Performance

Year	No. of Projects			Margin Money (Rs. In Crores)			Employment in Nos.		
	Target	Achievement	%	Target	Achievement	%	Target	Achievement	%
2008-09	61227	25507	41.66	740	408.64	55.22	612245	255070	41.66
2009-10	46640	39335	84.34	559.70	742.76	132.71	466400	420185	90.09
2010-11 (upto 15-7-2010)	59714	3311	5.54	836	78.58	9.40	597140	19254	3.22

Source: KVIC, Mumbai.

The non achievement of target during the year 2008-09 is due to late start of the scheme and general elections. However, the performance during 2009-10 is excellent, wherein the achievement on no. of projects is 84.34%; Margin Money release is 132.71% and employment generation is 90.09%.

Findings and Conclusion

- If the 2009-10, trend continues, not only the physical and financial target for the year 2010-11 and 2011-12 can be achieved, but also the entire XI Plan target can be achieved easily by the implementing agencies and banks.
- However, banks should keep eye on the social sector wise target fixed by Government of India and should try to achieve the target accordingly. The Banks should give loan for higher project cost range i.e., between Rs.10.00 lakhs to Rs.25.00 lakhs as the Fixed Capital and Working Capital amount has gone up for majority of the projects.
- The banks should do 100% sanction of the proposals received through DLTF and should cover the loan upto Rs. 10.00 lakh under Credit Guarantee Scheme.
- The banks should reduce the time lag between sanction of loan and margin money settlement and should follow “One bank, One Nodal Branch” concept and should make use of e-module facilities.
- PMEGP units should make use of In-house magazine “Jagriti” and ‘E-Commerce’ facilities formulated by KVIC for creation of Homepage and advertise the products, manufactured by them.
- PMEGP units should make use of funds available for getting ISO Certification for improving their credibility and viability and make use of E-tracking facilities for tracking their application and speedy settlement of their dues.
- To conclude, Banks should come forward as a helping hand to Micro Enterprises as they are facing global financial crisis problems like low order, high cost of finance, non availability of loans and advances which leads to increase in Infrastructure Cost, Technology Cost, Procurement Cost, Production Cost and Marketing Cost.
- Under Micro Small Enterprises - Cluster Development Programme (MSE-CDP), Micro Enterprises should form Sector specific Cluster; thereby Interrelationships takes place between them and the overall cost of the finance and component will get reduced to compete in the global market successfully.

Reference

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