

## **PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME IN SIKKIM: AN ANALYSIS**

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### **ABSTRACT**

The generation of productive remunerated employment is an indispensable component in the fight against Poverty. For employment generation, various programmes were introduced by the Government to make the youth self-employed. PMEGP is one of employment generation programme designed to provide employment to educated unemployed youth of rural and urban areas. The aim of the present research paper is to analyze the performance of PMEGP in Sikkim in terms of the employment generation, project sanctioned and margin money released in a decade under PMEGP in Sikkim. It also aims at finding key problems and corrective actions to be taken for the same.

This study has employed both primary and secondary data. Data's related to employment, projects and release of margin money have been collected from KVIC Gangtok, Sikkim. Personal interview with the senior officials of the agency were conducted to gain insights regarding the same. The period of study is from 2008-09 to 2016-17. The data's have been analyzed with the simple application of MS excel. The findings lay the emphasis on developing the awareness programmes as well as Skill Development infrastructure with a well integrated course and training schedule complimenting the geographical and personal requirements of the workforce in the North Eastern States of India.

**KEYWORDS:** Employment Generation, Prime Minister Employment Generation Programme, Sikkim etc.

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## **1. INTRODUCTION:**

The generation of productive and adequately remunerated employment is an indispensable component in the fight against poverty. This task presents a major challenge for all the States and the Union Territories in India. Success of a country depends on restoration of higher and more stable rates of economic growth complemented with supporting policies and programmes to stimulate employment in all sectors of the economy.

The task of employment generation requires fruitful action by several ministries and Government departments both at national as well as at state levels. For employment generation, various programmes are introduced by the Government to make the youth self-employed. PMEGP is one of employment generation programme designed to provide employment to educated unemployed youth of rural and urban area.

### **1.1 Prime Minister Employment Generation Programme**

Prime Minister Employment Generation, a new credit linked subsidy programme launched by Government of India by merging the two schemes Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) were operation till 31.03.2008 PMEGP is a central controlled programme administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME). This Scheme is implemented by Khadi and Village Industries Commission (KVIC) as the single nodal agency at the National level, under the administrative control of the Ministry of MSME. At the State level, the Scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centers (DICs) and banks. The Government subsidy under the Scheme is routed by KVIC through the identified Banks for eventual distribution to the beneficiaries/ entrepreneurs in their Bank accounts.

The main objectives of this scheme as:

- (i) To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/ projects/micro enterprises.
- (ii) To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.

(iii) To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.

(iv) To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

Quantum and Nature of Financial Assistance Levels of funding under PMEGP Categories of beneficiaries under PMEGP Beneficiary's contribution (of project cost) Rate of Subsidy (of project cost) Area (location of project/unit) Urban Rural General Category 10% 15% 25% Special (including SC / ST /OBC /Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc. 05% 25% 35%

Note:

(1) The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh.

(2) The maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh.

(3) The balance amount of the total project cost is provided by Banks as term loan 4. Eligibility

Conditions of Beneficiaries

(i) Any individual, above 18 years of age

(ii) There is no income ceiling for assistance for setting up projects under PMEGP.

(iii) For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business/service sector, the beneficiaries should possess at least VIII standard pass educational qualification.

(iv) Assistance under the Scheme is available only for new projects sanctioned specifically under the PMEGP.

(v) Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme) are also eligible for assistance under PMEGP.

(vi) Institutions registered under Societies Registration Act, 1860;

(vii) Production Co-operative Societies, and

(viii) Charitable Trusts.

(ix) Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible

## **1.2. REVIEW OF LITERATURE:**

A review of literature is an essential part of academic research project. It is the process of reading, analyzing, evaluating and summarizing scholarly material about a specific topic to answer the research questions. In any form of writing, the literature review must be supported by a guiding concept, not just a descriptive list of the material available or different sets of summaries.

Shukla & Mishra (2013) tried to establish a link between employment generation programmes with the eradication of poverty. Secondary data was used. Various employment generation schemes were mentioned in the paper. They found employment growth transfer from primary sector to secondary sector. Corruption, political rivalry, illiteracy, reservation were some of the challenges in employment generation in India were highlighted. Researchers found high work force, economic work force, liberal exchange rate etc. are some of opportunities in Indian economy for employment generation. Gupta (2013) studied the impact of developmental programme of future entrepreneur's attitude, motivational level, personal control, and self-esteem. Sample of 28 students was taken from one of the leading private autonomous university of Raipur. Non-random convenience sampling was used. Entrepreneurial Attitude Orientation (EAO) scale was used to measure entrepreneurial traits. To study the attitude t-test was used. Shilpi successfully established a relationship between development courses or attitude development of potential entrepreneurs. As per her study, demographic factors like gender parent's qualification, various income groups and business families do affect the individual's entrepreneurial attitude. Jayshree Suresh and Ramraj(2012) said that the trend of entrepreneurs appreciating the significance of environmental factors gained ground towards the later part of the last century. To emphasis the fact that entrepreneurs do require the external environmental factors to be favorable for success, two cases were selected and the points that comes out of this was that there is a need for a model of entrepreneurship that will capture holistically all the

factors that contribute towards entrepreneurship success or failure. The authors have come up with a conceptual framework of entrepreneurial ecosystem.

A model consisting of eight systems of support which are - Moral, financial, network, government, technology, market, social and environmental support. The research concluded that there is a significant influence of the ecosystem factors on entrepreneurship startup and success.

Chowdhery (2011) with the help of National Sample Survey Organization data compared the employment situation of 2005-2005 with 2009-2010. For such comparison, he took labour participation rate, % of population attending educational institution, age wise labour force participation rate, unemployment rate, share of employment in various industries, self-employed / regular employed/casual labour by sex and sector, Average daily real wage rate, growth rate of employment in the non-agricultural sector. The researcher concluded that jobless growth of the Indian economy is accompanied by a significant decline in the labour force participation rate, particularly for women. Daniel J. Isenberg (June 2010) states that to ignite venture creation and growth, the government needs to create an ecosystem that sustains entrepreneurs. He proposed a model for ecosystem consisting of 13 key factors- leadership, government, culture, success stories, human capital, financial capital, entrepreneurship organizations, education, infrastructure, economic clusters, networks, support services, early customers. The different stakeholders include government, educational institutions, financial institution, media and network. Van De Ven (2002) explained in detail the industrial infrastructure that facilitates and constraints entrepreneurship. Infrastructure like institutional arrangement to regulate and standardize a new technology, public resources, endowment of basic scientific knowledge, financing mechanism and a pool of competent work force, as well as research and development, manufacturing, marketing and distribution functions are some of them.

Bruce (1997) tried to explore whether there is connection or not between unemployment and self-employment in Canada between 1961 and 1994. Labour force survey from 1961-1994 was used. Generalized least square regression was applied to find out the results. The researcher concluded that self-employment rate had increased significantly in Canada in recent years, but this increase was not primarily result of change in unemployment. The only relationship between unemployment and self-employment in Canada between 1961 and 1994 was seasonal in nature.

**1.3. OBJECTIVE OF STUDY:**

The main objective of the paper is to analyze the performance of the PMEGP scheme in Sikkim, this have been studied with respect to the employment generation and the actual project

year	Employment generated (person)	YOY (in %)
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sanctioned or undertaken with respect to the targeted projects to be undertaken every year from 2008-09 to 2016-17. The sub objectives are

- (i) To study the employment generation under PMEGP in Sikkim.
- (ii) To analyze the actual project undertaken with respect to the targeted projects over the years.
- (iii) To identify the key problems if any related to enterpruneral activity in general and PMEGP in particular and suggestions to overcome those.

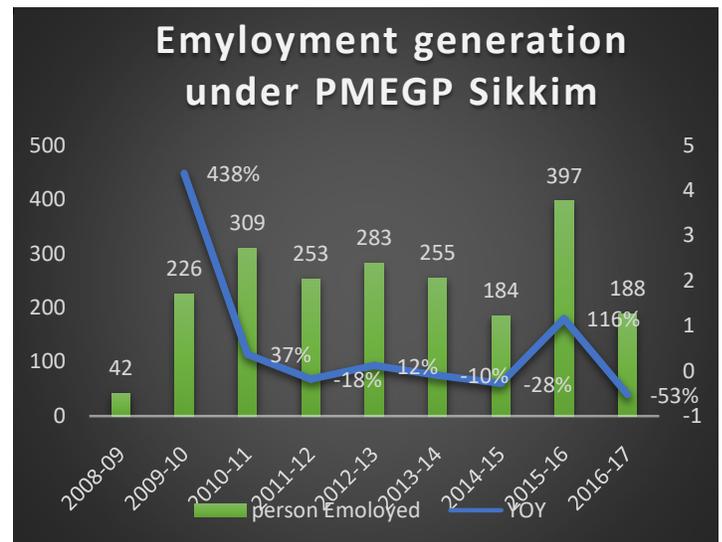
**3. METHODOLOGY OF RESEARCH:**

Keeping in view the objective of the study, this study is based on both primary and secondary data. The secondary data's have been collected from the office of the KVIC Gangtok, East Sikkim. In order to identify the key problems and recommendation personal interview have been conducted with the two key officials from KVIC, Gangtok, Mr. BN Roy and Mr. Mondal, SICON Webcom. The study covers the four districts of Sikkim (North, South, East & West) and the period of study is between 2008-09 to 2016-17. The study makes use of MS-Excel Tools and some Basic mathematical percentage tool to analyze the data.

**3.1 RESULTS AND DISCUSSION****Table 1: Employment generation under PMEGP Sikkim**

**Source: KVIC Gangtok East Sikkim**

	employed)	
2008-09	42	
2009-10	226	438
2010-11	309	37
2011-12	253	-18
2012-13	283	12
2013-14	255	-10
2014-15	184	28
2015-16	397	116
2016-17	188	-53
Total	2137	
Mean	237.44	



**Figure1: Employment generation under PMEGP Sikkim**

The above table demonstrates the employment generation in Sikkim under the scheme of PMEGP covering a period of 9 years from 2008- 09 to 2016 - 17. The table suggest a sharp

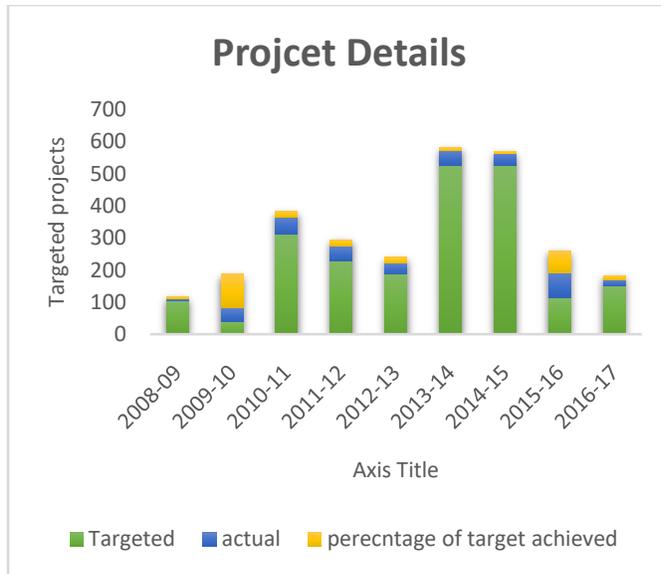
employment creation in the beginning years i.e. from 7 person in 2008-09 to 226 person in 2009-10 with a growth rate of 438% but afterwards as it is reflected in the graph the trend is downwards indicating a decline in growth rate of employment until the year 2015-16 which shows a increase of 114% from the previous year 2014-15 and again it declines to 188 person as compared to 397 person in 2016-17.

Though there is an employment generation in every year but the growth rate is not stable. it shows varied fluctuations to the extent of being negative in the years of 2011-12, 2013-14 and 2016-17 respectively. Till date it has given an employment to 2137 person (in 9 years) averaging to 237 person annually.

**Table 2: Project details under PMEGP Sikkim**

Year	targeted	actual	percentage of target achieved
2008-09	104	07	6.73
2009-10	40	42	105.00
2010-11	311	55	17.68
2011-12	229	46	20.09
2012-13	187	35	18.72
2013-14	526	47	8.94
2014-15	526	37	7.03
2015-16	114	78	68.42
2016-17	150	20	13.33

**Source: KVIC Gangtok East Sikkim**



**Figure2: Project details under PMEGP Sikkim**

From table and graphs one can see that the projects that were targeted to be sanctioned and the actual number of projects that were sanctioned during the period of 2008-09 to 2016-17. It was only in the year 2009-10 when they have been able to achieve their targeted project 40 with actual 42 projects which is 105% of the targeted which supports the maximum employment generation in 2008-09 out of any other years as discussed above. Out of the entire study period only 2 out of 9 years they have been able to achieve the target more than 50% (2009-10 and 2015-16). The worst achievement was in 2008-09 where they achieved 7 projects out of the target of 104 projects

Which is understandable as it was its inception year. The achievement was less than 10% in the year 2013-14 and 2014-15. For all other years i.e. (2010-11, 2011-12, 2012-13 and 2016-17) it was between 13- 21%.

The majority of the projects were granted for food processing industries which happens to be the first priority of the male entrepreneurs in Sikkim over the years followed by grocery and stationary and servicing garage. Beauty parlor is the area where majority of the projects have been granted to women entrepreneurs.

The above table excludes the routine and promotional programs of the KVIC like annual buyers seller meet, people educational programs and other awareness programs.

**Table 3: Margin money release as subsidy under PMEGP Sikkim**

year	Amount in lakhs
2008-09	22.45
2009-10	120.81
2010-11	154.24
2011-12	113.87
2012-13	88.49
2013-14	108.09
2014-15	77.55
2015-16	186.11
2016-17	135.92

**Source: KVIC Gangtok East sikkim**

**Figure3:Margin money release as subsidy under PMEGP Sikkim**

The table 3 shows the amount of money in lakhs which have been granted as a subsidy on the various projects across Sikkim over the period of 9 years from 2008-09 to 2016-17.

As the amount are released as subsidy only once the projects are approved, which means there should be a positive correlation between the number of projects undertaken and the amount of subsidy released in any of the year. Which further means if number of projects undertaken were

more than more will be the subsidy and vice-versa. The board grants the subsidy up to 35% out of the 100% of the amount of project once the proposal is accepted, the individual has to contribute 10% of it and for the rest bank may provide loans subject to fulfillment of there conditions. As discussed above in the year 2015-16 the maximum number of projects (78) were undertaken that's why you will find that the maximum amount (186.11lakhs) have been granted as subsidy in the same year, which was followed by 154.24 lakhs in 2010-11 where 55 projects were undertaken. A minimum of 7 projects were undertaken in the year 2008-09 which is also reflected in the margin money for the same year (22.45 lakhs) which is minimum amount release in any of the year during the entire study period.

### **3.2. Issues and Challenges:**

- (i) The full utilization of the schemes have not been achieved which is reflected from the data depicting failure to achieve the aforesaid targets regarding creation of employment opportunities.
- (ii) Every household is characterized by at least one government employee and 2 private sector employee leading to limited scope of the schemes.
- (iii) Even though the literacy rate is high, generation of innovative ideas is less prominent. This aggravates with less institutional support for skill development.
- (iv) Although the collateral security is done away with in certain schemes, banks ask for collateral security making it difficult for people it difficult to get financed and ignore the benefits of scheme.
- (v) Apart from the subsidies provided under PMEGP, state government also provides various subsidies but still people are not turning up.
- (vi) EDP training programmes should take into consideration the geographical and infrastructural constraints while developing the contents.
- (vii) The acceptance rate of the projects being financed is 6:4 which can be improved further.

### **3.3. RECOMMENDATIONS & SUGGESTIONS:**

- (i) Increased availability of field officers (They are a key connect between beneficiary and agencies and are currently sparse)
- (ii) EDP Training content needs to be more relevant and rigorous. On line EDP could be encouraged.
- (iii) Content partnership/Integration with MOOCs (Massive Open Online Coursewares) of recognized reputational technical and managerial institutes (such as IITs and IIMs)
- (iv) Agencies could consider hiring interns from leading institutions in the state to further handholding of beneficiaries.
- (v) Integration with Aadhar to authenticate the trainee identity and progress so as to reduce defaults.
- (vi) For motivating beneficiaries to repay loans – The people whose Margin Money has been successfully adjusted, need to be rewarded with an option of 2nd round of subsidized loans (at say 10 per cent of subsidy).
- (vii) Enforcement of deadlines (either of 60 or 90 days) on banks to decide about decision (acceptance or rejection) of the loan application should be strictly adhered to.
- (viii) Government should developed skill development institute in the state according to the specific needs of the state. It also needs to develop infrastructure in collaboration with the central government.
- (ix) Need for more awareness program in the state especially for the youth seeking employment.

### **4. CONCLUSION:**

No doubt the scheme has obviously increased the income of the rural poor's and unemployed youths, but to the limited extent. The PMEGP scheme along with other state government schemes have been doing well in providing jobs over the years in Sikkim, but the coverage of the industries is drastically low. More industry specific trainings and furtherance of the industrial base in different other sectors is the need of the hour. The study can further be proceeded by taking certain other variables for studying the impact.

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