



# An Evaluation Of Performance Of Prime Minister Employment Generation Programme In Simdega District Of Jharkhand

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## ABSTRACT:

Unemployment in India has been persistent issue. The Indian economy is facing a major slowdown due to increasing rate of unemployment. Unemployment has resulted in under-utilization of human resources. The ever-growing population of India requires great employment opportunities. Moreover, there are not enough number of jobs to absorb the bulging workforce. In this regard the Prime Minister Employment Generation Programme (PMEGP) is playing a crucial role in promoting self-employment opportunities through micro and small industries development by encouraging the first-generation new entrepreneurs. The study aims to evaluate the performance of the scheme among various category of beneficiaries. The paper focuses to study the growth of small and medium enterprises under the PMEGP scheme in Simdega district of Jharkhand and also analyses the importance of this scheme in employment generation.

## KEYWORDS-

Unemployment, Self-employment, employment generation, PMEGP scheme

## 1.Introduction

Unemployment can be said to be a major economic pandemic; it is a situation which shows that the incapacity of the educated and willing people to gain a livelihood. Unemployment in India has been a persistent problem which brings significant social and economic consequences. It can be a dangerous and atrocious life experience- like an accident whose consequences can be understood by the person who has gone through it. The financial anxiety due to dwindling savings, accepting any job to support finances affects physical and mental health. (Abhishek Chaturvedi). Due to increasing rate of unemployment, the Indian economy is facing a major slowdown. The stagnant rate of growth and high rate of unemployment has resulted in shortage of capital equipment. The unemployment scenario prevailing in India is very different from that prevailing in developed countries of the world. Unemployment in India exists both in rural and urban areas. Unemployment results in under-utilization of labor and human capital which in turn leads to low productivity in the economy. (Shruti Nair)

The bulging population of India requires great employment opportunities. The Indian economy has not been able to create enough number of jobs to absorb this bulging workforce. The low level of education and vocational skills have aggravated the problem and further perpetuates the cycle of poverty and unemployment. There is a mismatch between the skill required by the employers and the job seekers. The majority of people in India reside in rural areas and jobs available are informal ones which are irregular in nature. Moreover, the low productivity in primary sector and lack of alternative opportunity for agricultural workers makes transition from agricultural to industrial sector very difficult. The employment potential is further restricted due to inadequate growth of the manufacturing sector and low level of investment.

After China, India is the second largest populated country in the world. The current population of India is about 1.4 billion which accounts 18 percent of the total population of the world. The rapid increase in population has made the problem of unemployment worse. The World Bank Report 2021 states that the current total workforce in India is 471 million. Around 23 percent of India's youth are unemployed. The drop in the rate fertility has bulged the demographic dividend in the working age population as a result the new entrant in the work force are facing challenge in securing the job. The failure to incorporate youths into the labor market has wider implications for country's growth and development. Youths are the most valuable asset of any economy. The forces which bring the change in major sectors that include social change, economic development and bring the new technological innovations youths play a pivotal role. It's a challenge to harness the dynamism of the youth.

According to the recent statistics released on 1<sup>st</sup> January 2023 by Centre for Monitoring Indian economy India's unemployment rate for 2022 was 8.30 % a 2.32 % increase from 2021 which was highest in last 16 months. Unemployment in urban India was 10.09% and 7.44% in rural India. As per the census 2011 the unemployment rate in Jharkhand is 3.1% which is higher than the national unemployment rate of 2.7%. As per a report by the International Labor Organization India needs to create approximately 90 million non-farm jobs by 2030 to keep up with the growing work force. Economies worldwide grows when more workers have access to work and when more workers are productive. The importance of employment in global economy cannot be denied and hence even SDG 8 states, "to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."

The seriousness of unemployment is well known to all by the facts available to us. Unemployment prevents proper utilization of human resources. Development of any economy depends upon the utilization of human resources. The development of any region is closely connected with the human resource development, employment generation and self-employment. Under-utilization of manpower available is the reason of economic backwardness of the region. In this connection Prime Minister Employment Generation Programme (PMEGP) is playing a crucial role to promote self-employment opportunities through micro and small industrial development by encouraging first generation new entrepreneurs and reducing unemployment, poverty and migration.

#### Prime Minister's Employment Generation Programme (PMEGP)

The government of India approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme and announced it on 15<sup>th</sup> August 2008 by merging the two schemes that were in operation till 31<sup>st</sup> March 2008 namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through the establishment of micro enterprises in rural as well as urban areas. PMEGP will be a central sector scheme to be administered by the Ministry of Micro, Small and Medium Enterprises. The scheme will be implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The government subsidy under the scheme will be routed by KVIC through the identified banks for eventual distribution to the beneficiaries/ entrepreneurs in their bank accounts. The implementing agencies, namely KVIC, KVIBs and DICs will associate reputed NGOs / reputed autonomous institutions / SHGs / National Small Industries Corporation (NSIC)/ Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojna (RGUMY), Panchayati Raj institutions and

other relevant bodies in the implementation of the scheme, especially in the area of identification of beneficiaries, of area specific viable projects and providing training in entrepreneurship development.

Entrepreneurship development is one of the key elements for promotion of micro and small enterprises, particularly, the first-generation entrepreneurs. Entrepreneurship, and resultant creation of employment and wealth, is a major means for inclusive development. In order to ensure that young entrepreneurs are encouraged and suitably equipped to go into new ventures, the government has been providing assistance for a new venture. (Asaraf and Amulya).

### 1.1 Objectives of the Scheme:

The PMEGP scheme worked with following objectives:

1. 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.
2. 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.
3. To provide continuous and sustainable development 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.
4. To increase the wage-earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

### 1.2 Quantum of Financial Assistance:

Under the PMEGP scheme the maximum cost of the project/ unit admissible under manufacturing sector is 25 lakhs. The maximum cost of the project/ unit admissible under business/service sector is 10 lakhs. The balance amount of the total project will be provided by the banks as term loan. The borrower is required to bring in own contribution of 10 percent of the project cost. In case of beneficiaries belonging to SC/ST and borrowers from other weaker sections the beneficiary's contribution of 5 percent of the project cost.

### 1.3 Eligibility for the Scheme:

Any individual above 18 years is eligible to get benefit from this scheme. For setting up of project costing above 10 lakhs in the manufacturing sector and above 5 lakhs in the business/ service sector, the beneficiaries should possess educational qualification of having passed VIII standard. Assistance under the scheme is available only for new projects sanctioned. There will be no income ceiling for assistance for setting up projects under PMEGP. Charitable trusts, Production Co-operative Societies and SHGs are also eligible for assistance under this scheme.

## 2. Review of Literature

Research work on the performance of the Prime Minister Employment Generation Programme and related issues has been done by innumerable researchers and academicians. The researchers have developed various literature to evaluate the performance and progress of the scheme since its inception. The efforts and works of various researchers have been presented here.

The study conducted by Ajithan (2014) stated that in the organized sector the employment opportunities have been stagnant. In such a backdrop, PMEGP scheme has been a boon to the unemployed youth. The beneficiaries were satisfied with the loan amount given, average monthly income has increased hence there has been enhancement in their standard of living. The study showed that the scheme has succeeded in

uplifting the morale of the women beneficiaries by raising their self-confidence, decision making status, improving their communication skills and problem-solving capacity.

Chaturwedi (2015) in his study reported that the PMEGP scheme has impacted positively on the entrepreneurial growth in terms of income, revenue of the enterprise, profit, savings, employment generation. The scheme has also made an impact on the indirect outcome variables like material change, cognitive change and perpetual change. The study concluded that the entrepreneurial development has led to the development of the life style of the respondents.

The scheme played a vital role in the rural people development through entrepreneurship development and employment generation in the rural areas of Kolhapure district. The scheme has led towards enhancement of skill development and makes the people availing the benefits of the scheme self-reliant. This has been analyzed by the study conducted by Salunkhi (2016).

The study conducted by Asaraf and Amulya.M (2016) concluded that the scheme was implemented with the objective of generating employment opportunities in rural as well as urban areas especially at local levels so that migration of the people can be reduced. The paper has also highlighted the other side of the scheme as well as inadequate response from the bank, reduction of project cost by the bank and disbursement of the loan at the end of the year by the bank to the beneficiaries.

The PMEGP scheme has increased the employment opportunities at local levels and enhanced the income of the rural poor and unemployed youth in Sikkim but to a limited extent. The scheme has been doing well in providing jobs over a period of time in Sikkim but the coverage of the industries is drastically low. This has been reported by the study conducted by Gupta (2018).

Jena and Mihi (2018) mentioned in their paper that the PMEGP scheme has benefitted many educated youth including women to lead a decent life. The scheme has proved to be an effective livelihood measure to ameliorate poverty, unemployment and reduce social and economic disparity among the beneficiaries. The study shows that by motivating the unemployed youth towards undertaking some business venture can produce some positive result towards reduction of unemployment, poverty and equidistributional economic power.

Bansal, Yadav and Garg (2019) reported that the government should provide more funds under the PMEGP scheme to increase employment opportunities in villages and rural areas and contribute towards overall GDP. Their paper analyses the empirical relationship between number of units assisted under the scheme, margin money subsidy provided and employment opportunities created in six different zones of the country.

The study conducted by Altamash and Khandare (2020) suggested that the proper and systematic application of government scheme such as PMEGP was a boon for the economy and it has enhanced the entrepreneurial avenues in the Marathwada region of the country and has ensured overall socio-economic development through sustainable livelihood and employment generating capabilities. The study shows that the scheme has provided a scope for development of women entrepreneur in the region of study.

Wadichar, Wadate and Manusmare (2022) in their study aimed to assess the effectiveness of the PMEGP schemes for entrepreneurial development in Nagpur district. It showed that the PMEGP assistance has improved youth empowerment as a result many youths have taken advantage of the scheme in order to reap the benefits of the related incentives. The scheme has improved job possibilities in rural regions thereby contributing to overall GDP growth. The study shows the importance of awareness and knowledge of funds of PMEGP scheme.

The study conducted by Uma and Surendran (2022) has analyzed that the subsidiary loan amount is availed by the beneficiaries by their own interest, hard work and business techniques. Beneficiaries through this scheme has attained their employment, developed skill, enhanced their economic status and fulfilled their basic needs. The study concluded that the PMEGP scheme has effectively increased self-employment opportunities to increase the wage-earning capacity.

### 3. Objectives of the study

The present paper is concerned to explore the Prime Minister Employment Generation Programme in Simdega district of Jharkhand and to analyze its performance and progress. The paper proposes-

- 1.To study the growth of small and medium enterprises under the PMEGP scheme in Simdega district of Jharkhand.
- 2.To evaluate the performance of the scheme among various categories of beneficiaries.
- 3.To analyze the importance of the scheme in the employment generation.

### 4. Methodology

The study is based on the secondary data. The information has been collected from the office of District Udyog Centre of Simdega district and a stipulated period of five years from 2018-2022 has been studied and analyzed.

### 5. Area of Study:

The area of study is Simdega district of Jharkhand which comprises of the 10 blocks of the district, namely, Simdega, Thethaitanger, Bansjor, Jaldega, Kalebira, Bano, Pakartanr, Kurdeg, Kersai, Bolba. The district shares its border with the state of Odisha and has about 32% of forested area. The district basically comprises of rural area with 451 villages and 1 town and agriculture as main source of livelihood. Despite being an agrarian economy, the literacy rate of the district is 67.59% as per the census 2011.

### 6. Analysis:

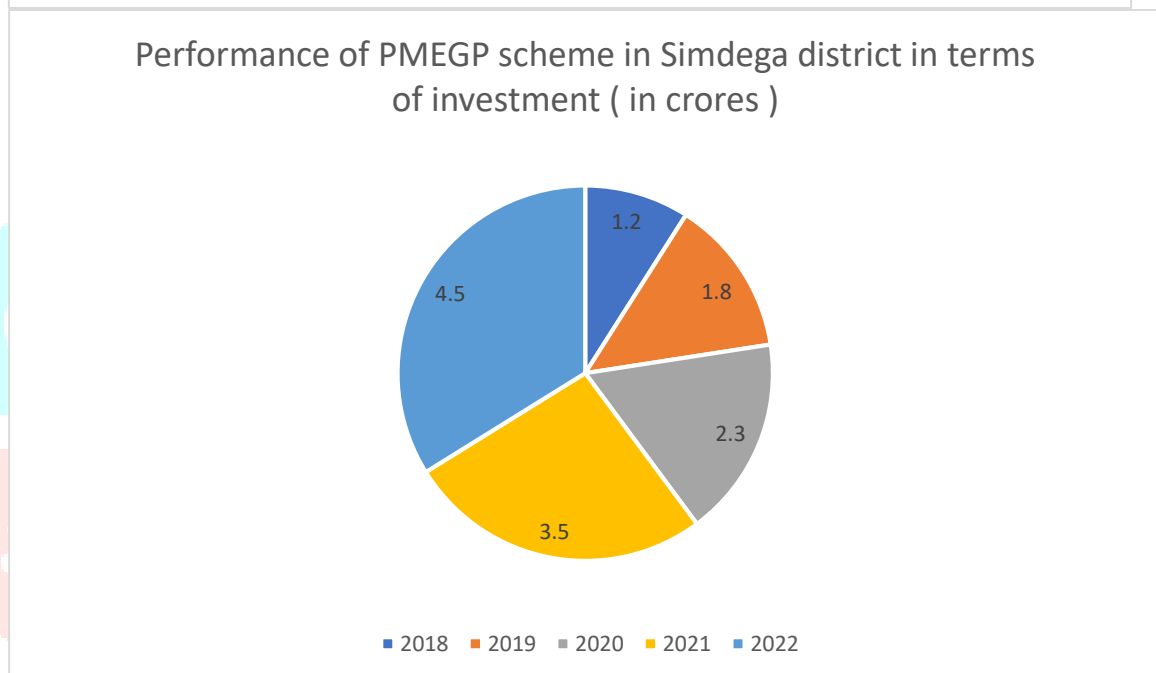
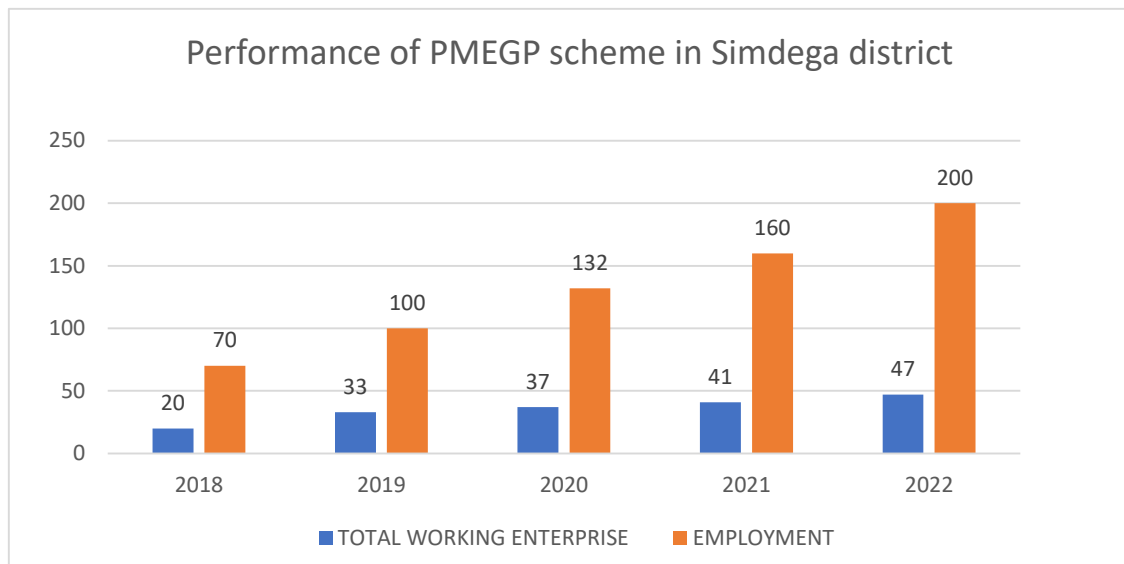
The PMEGP scheme is an ambitious plan of Ministry of MSME, Government of India to provide effective livelihood and ameliorate poverty, unemployment and socio-economic disparity among the beneficiaries of the scheme and contribute towards enhancement of GDP of the economy. The scheme operates in the Simdega district of Jharkhand with the same ambition and it's necessary to evaluate its performance.

Table- 1 Performance of PMEGP scheme in Simdega district

Year	Total working Enterprises	Employment	Investment (in crores)
2018	20	70	1.2
2019	33	100	1.8
2020	37	132	2.30
2021	41	160	3.5
2022	47	200	4.5

Source: District Udyog Centre, Simdega



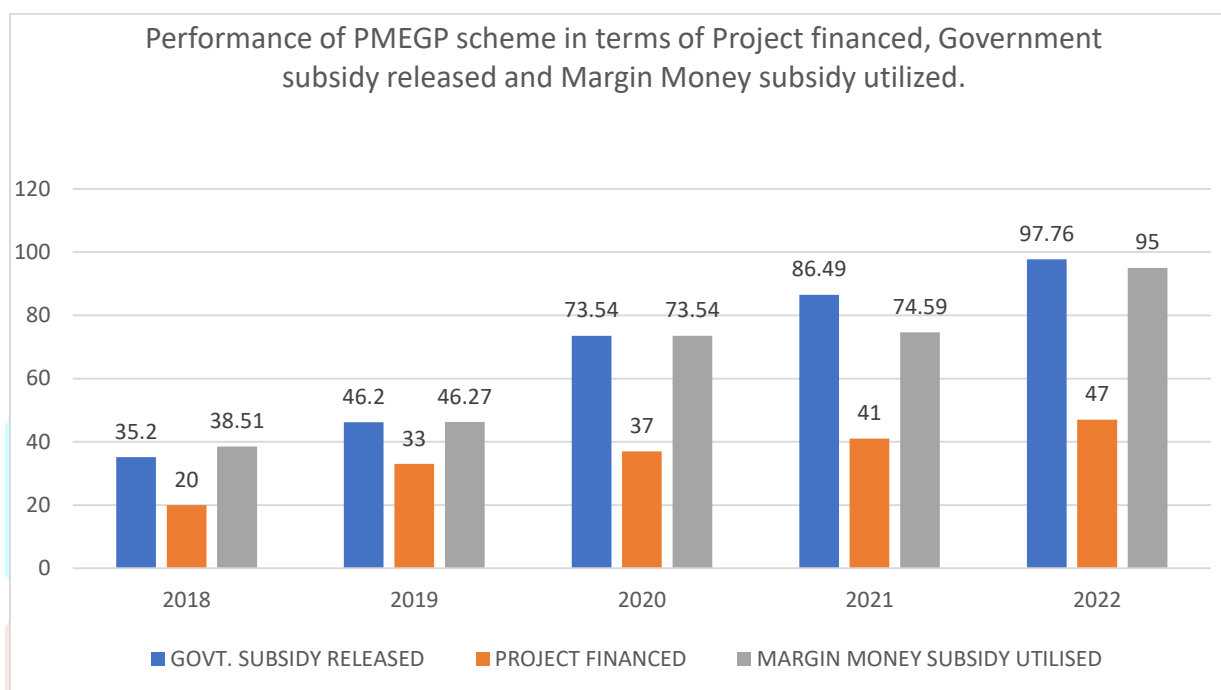


The performance of the scheme in the district has been analyzed taking into consideration the total working enterprises, employment generated through the scheme and investment made by the government through the beneficiaries over a period of 5 years from 2018-2022. It has been observed that the total number of working enterprises which was just 20 units in 2018 has shown an upward trend. It increased to 33 units in 2019 and then 37 units in the following year and in the subsequent year it increased to 41 units and then 47 units in 2022. The credit for this increase in the total working enterprise can be due to the awareness drive initiative taken by the banks operating in the district. The employment generated by these working enterprises in the district has also increased from 2018 to 2022. Employment generated through 20 working enterprises in 2018 was 70, which increased to 100, 132, 160 and 200 respectively in the year 2019, 2020, 2021 and 2022. Creation of employment opportunities in the local area has become a means to check migration of the people. Likewise, investment made by the government through the beneficiaries of the scheme is also showing the upward trend. With each subsequent year the investment has increased from 1.2 crore in 2018, 1.8 crore in 2019, 2.30 crore in 2020, 3.5 crore in 2021 and 4.5 crore in 2022.

Table-2 Performance of PMEGP scheme in terms of Project financed, Government subsidy released and Margin Money subsidy utilized.

Year	Govt. subsidy released (in lakhs)	Project Financed	Margin money subsidy utilized (in lakhs)
2018	35.3	20	38.51
2019	46.2	33	46.27
2020	73.54	37	73.54
2021	86.49	41	74.59
2022	97.76	47	95

Source: District Udyog Centre, Simdega



The performance of the scheme has also been evaluated in terms of government subsidy released, margin money subsidy utilized and project financed for a term of five year from 2018 to 2022. It was observed that the government subsidy released has increased from 35.3 lakhs in 2018 to 97.76 lakhs in 2022 within the span of five years. Likewise, the margin money subsidy utilized in the scheme by the beneficiaries for the project financed has also increased from 38.51 lakhs in 2018 to 95 lakhs in 2022. Over the stipulated period of study the margin money subsidy utilized has increased from 38.51 lakh in 2018, 46.27 lakhs in 2019, 73.54 lakhs in 2020, 74.59 lakhs in 2021 and 95 lakhs in 2022. The increment in number of project financed from 20 units in 2018 to 47 units in 2022 is an encouraging step towards self-employment for the educated population of the district.

Table-3 Achievement of the PMEGP scheme in Simdega district

Year	Application Received	No. of Application to banks	Sanctioned by bank
2018	148	129	16
2019	104	119	27
2020	131	145	36
2021	138	121	46
2022	307	270	87

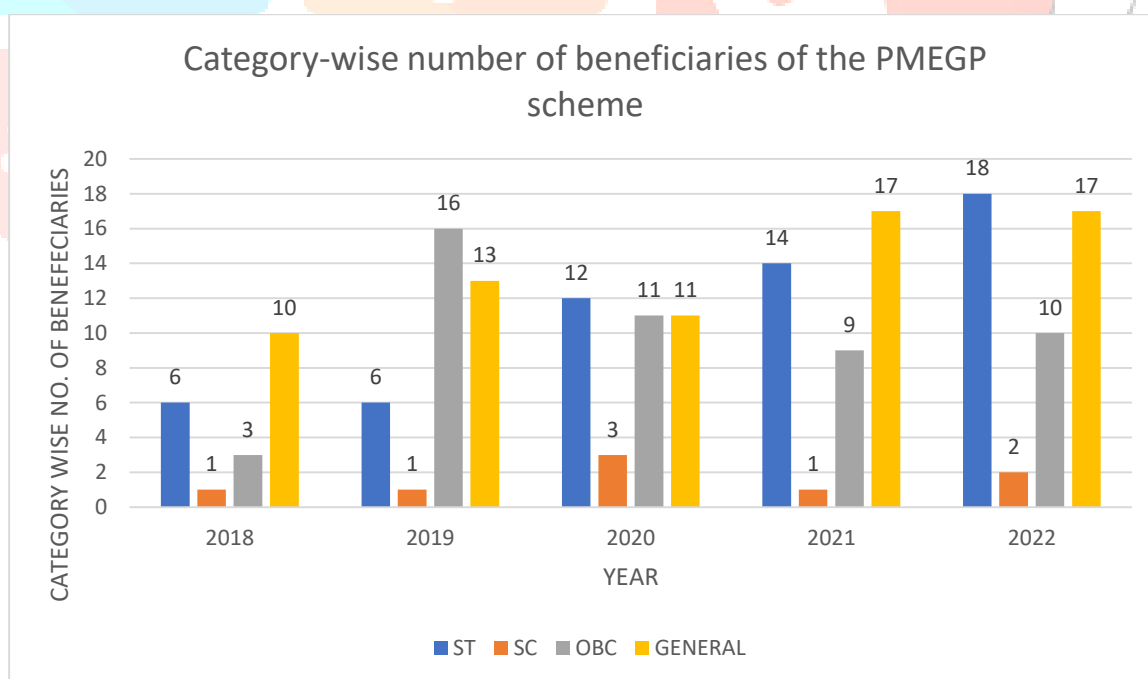
Source: District Udyog Centre, Simdega

It is observed that there is fluctuation in application received in the District Udyog Centre, Simdega for the PMEGP scheme from 2018 to 2022. Similarly, there has been fluctuation in the number of applications forwarded to the banks for the approval of the project. In 2018 it is seen that number of applications received in District Udyog Centre, Simdega in 148 and number of applications forwarded to the banks in 129 and application sanctioned by the banks is just 16. In 2019 the number of applications received is 104 and number of applications to the banks is 119. The year 2020 also saw that the number of applications received was 131 and the number of applications to the banks was 145. These two years 2019 and 2020 witnessed an increase in number of applications to the bank was more than the number of applications received. The reason behind this is the factor that the application received in the previous year has been carried forward to the next year, hence the number of applications received is less than the number of applications forwarded to the bank. The year 2021 and 2022 witnessed that the number of applications has increased in comparison to the previous year and the number of applications to the banks also increased from 121 in 2021 to 145 in the year 2022. Regarding the application sanctioned by the various banks of the district shows an increasing trend. It has increased from 16 in 2018 to 87 in the year 2022.

Table- 4 Category-wise number of beneficiaries of the PMEGP scheme

Year	Category			
	ST	SC	OBC	General
2018	6	1	3	10
2019	6	1	16	13
2020	12	3	11	11
2021	14	1	9	17
2022	18	2	10	17

Source: District Udyog Centre, Simdega



The above table shows the category-wise distribution of number of beneficiaries from the year 2018 to 2022. It was observed that the number of beneficiaries from scheduled tribes has increased from 2018 to 2022. The number of beneficiaries in the year 2018 was 6, there was no change in the following year and the number of beneficiaries remained constant at 6. From the year 2020 to 2022 it has increased in number from 12 in 2020, 14 in 2021 and 18 in 2022. This shows that the educated unemployed youth belonging to scheduled tribe are striving for self-employment as well as employment generation for the people of their category. The response to the scheme by the scheduled castes was not satisfactory however the positive outcome was that the response was not nil over the period of study. In OBC category the number of beneficiaries was 3 in 2018 which increased to 16 in 2019 but in 2020 the number of beneficiaries declined to 11, it further declined to 9

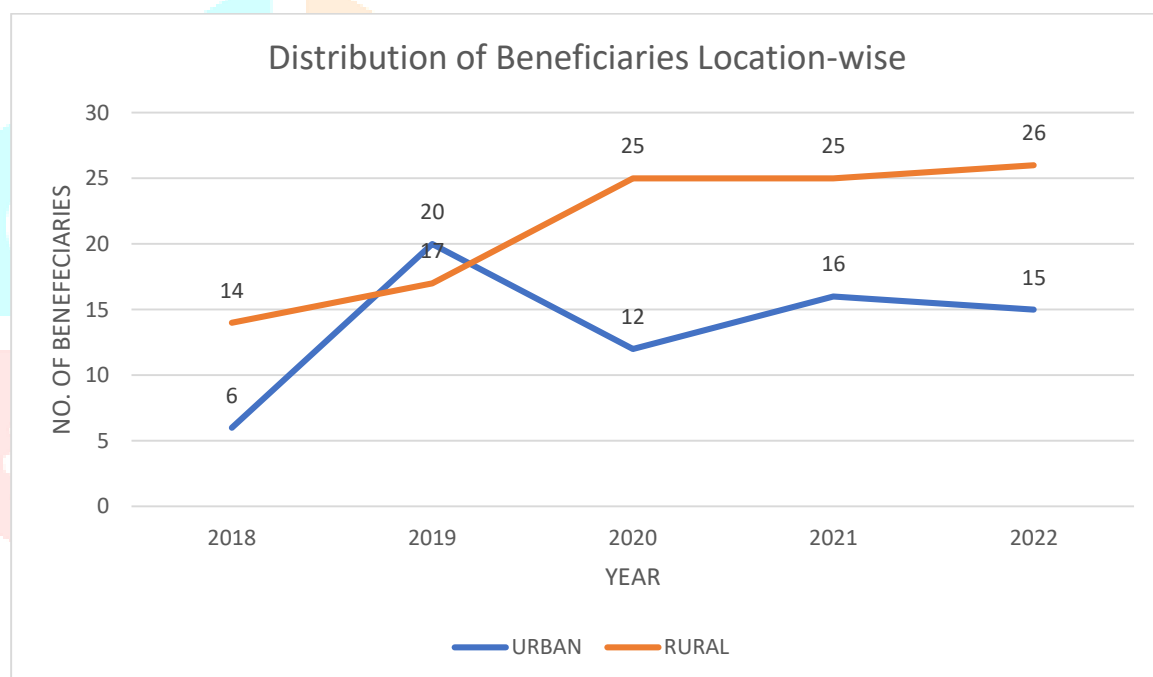


in the year 2021 but revived in 2022 by increasing to 10. It is seen that the major number of beneficiaries belonged to general category from 2018 to 2022. The number of beneficiaries in the general category has been consistent. The number of general category beneficiaries was 10 in 2018; it increased to 13 in 2019 but declined to 11 in 2020 due to the outburst of Covid-19 when the business came to a standstill. But the year 2021 witnessed an increase in the number of beneficiaries to 17 and which remained consistent in the year 2022.

Table-5 Distribution of Beneficiaries Location-wise

Year	Urban	Rural
2018	6	14
2019	20	17
2020	12	25
2021	16	25
2022	15	26

Source: District Udyog Centre, Simdega



It above table shows that the number of beneficiaries of the PMEGP scheme in rural areas has increased from 2018 to 2022. It is a welcome sign of providing employment opportunity to the people at the local level. The number of beneficiaries in urban areas has been fluctuating from 2018 to 2022. In comparison to urban areas the beneficiaries in the rural areas have increased more.

Table- 6 Block-wise number of beneficiaries of the PMEGP scheme

Year	Thethaitanger	Bano	Kolebira	Jaldega	Simdega	Pakartanr	Kersai	Kurdeg	Bolba	Bansjor
2018	3	0	2	3	9	0	0	0	3	0
2019	5	0	4	0	21	3	0	0	0	0
2020	3	2	5	1	19	3	1	1	2	0
2021	3	1	4	2	23	2	0	0	2	1
2022	5	3	7	3	25	0	0	0	0	0

Source- District Udyog Centre, Simdega

The above table shows the number of beneficiaries of the scheme distributed block-wise in 10 blocks of the district. The response to the scheme in Bano, Kersai, Kurdeg and Bansjor is unsatisfactory. Employment opportunities available in these blocks are nil. The response of Simdega block is satisfactory and number of beneficiaries in this block has increased. The blocks like Thethaitanger, Kolebira, Jaldega, Pakartanr and Bolba has been slow in responding to the scheme.

## 7. Conclusion:

The scheme aims to reduce poverty and socio- economic disparity and enhance self- employment and employment opportunities but despite this the scheme coverage area is very low in the district. Simdega with literacy rate of 67.59% which is more than the national average, the study observed that the initiative for employment generation through innovative ideas is less prominent. This actually worsens the financial support received from financial institution for skill enhancement. Though the employment generated through the scheme is increasing but it has still long way to go. The need of the hour is to provide productive engagement and proper direction and motivation to educated unemployed youth towards undertaking some business venture to fetch a positive result towards employment generation in the area and to prevent migration of the people. It is necessary to improve awareness and knowledge of the funds available in PMEGP scheme to the people so that they can undertake business venture. This can be done by conducting training programmes among the educated unemployed youth in every block and this can improve youth empowerment in the district through entrepreneurial development.

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