

ACHIEVEMENTS OF KHADI AND VILLAGE INDUSTRIES BOARD IN J&K: A STUDY OF PRIME MINISTERS EMPLOYMENT GENERATION PROGRAMME (PMEGP)

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ABSTRACT

This study is designed to study the physical and financial performance of J&K Khadi and Village Industries (KVI) under Prime Ministers Employment Generation Programme (PMEGP). The study is based on secondary data collected from Khadi and Village Industries Commission Annual Reports and J&K Annual Economic Surveys. The results of the study reveal that, the physical and financial target of the KVI was achieved to its fullest in recent years. Under PMEGP, J&K KVI achieved the target by about 95% in 2015-16. The study also reveals that, the services and textile industries are the best performers. Among different social categories, Minority community was found to be the highest beneficiary of PMEGP in J&K. Further, the highest number of projects financed under PMEGP were found to be in the financial range of Rs 4-5 Lakhs and Rs 1-2 Lakhs. Besides, the study also highlights some of the important features of PMEGP.

Keywords: Financial target, financial range, khadi, PMEGP, village industry.

INTRODUCTION

Khadi and Village Industries play an important role in the Indian economy in creating income and employment opportunities in the rural, semi-urban and urban areas. These industries generate production at low capital cost, promote use of local material, utilize local skills and prevent migration of labor force to urban centers. Jammu and Kashmir Khadi and Village Industries Board, established in the year 1962, is playing a vital role in generating employment for rural poor, unemployed youth and down-trodden artisans of the state by providing financial and technical assistance for setting of micro and small industrial production units under various schemes which come under the purview of All India Khadi and Village Industries Commission, Government of India.

The Commission has three main objectives which guide its functioning. These are:

- Providing employment in rural areas.
- Providing salable articles.
- Creating self-reliance amongst people and building up a strong rural community spirit.

Madaswami (2004) pointed out that village and cottage industries provide immediate large-scale employment and offer a method of ensuring a more equitable distribution of national income and facilitate effective mobilization of capital resource and skill. Dr. Darakshan Anjum (2011) found out that the overall performance of Khadi Village Industry sector in J&K has been encouraging in terms of production, sales, and employment during the last decade from 2001-02 to 2011-12. The volume of production of Khadi Village Industry sector in J&K during this period has increased substantially. In this respect, Ministry of Micro Small & Medium Enterprises (MSME) has launched a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) in 2008-09 by merging the two schemes namely, Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of Micro Enterprises in rural areas.

OBJECTIVES:

- To highlight important features of PMEGP scheme.
- To study physical and financial achievements of Khadi & Village Industries under PMEGP scheme in J&K.
- To evaluate different category-wise performance of PMEGP in J&K.

METHODOLOGY:

For highlighting different features of PMEGP scheme and achievements of Khadi and Village Industries in J&K, reliance is made on the secondary data collected from the J&K Khadi & Village Industries board, Ministry of Micro Small & Medium Enterprises, J&K Economic Survey and annual reports by Khadi & Village Industries Commission (KVIC). Further, this study relies on percentages and frequencies to arrive at the results. Extensive use of software like *SPSS* and MS Excel was made for tabulation and calculating the descriptive statistics.

DISCUSSION:

PMEGP is a credit linked subsidy Scheme of Govt. of India was launched in 2008-09 by merging erstwhile REGP and PMRY schemes for setting up of micro-enterprises in rural as well as urban areas.

PMEGP- Salient Features:

- The financial assistance pattern under PMEGP scheme is as follows:

Categories of beneficiaries under PMEGP	Beneficiaries own contribution (of project cost)	Rate of Subsidy	
		Urban	Rural
Area (location of project/unit)			
General Category	10%	15%	25%
Special (including SC/ST/OBC/Minorities/ Women, Ex-Servicemen, Physically handicapped, NER, Hill and Border areas etc.	5%	25%	35%

Source: KVIC Annual Report 2015-16

- Implemented through KVIC and State/UT KVIBs in rural areas and DICs in urban and rural areas in ratio of 30:30:40 respectively.
- No income ceiling for setting up of projects. Assistance is available only to new units under the Scheme.
- Existing units or units already availed any Govt. Subsidy either under State/Central Govt. schemes are not eligible.
- Per capita investment upto Rs. 1.00 lakh in plain areas and Rs. 1.50 lakh in hilly areas.
- Maximum project cost of Rs. 25.00 lakh in manufacturing sector and Rs.10.00 lakh in service sector.
- The financing agencies under the scheme are all Public Sector Banks, Regional Rural Banks, Co-operative Banks and Private Sector Banks approved by State Level Monitoring Committee (SLMC).
- The scheme has a provision for backward and forward linkages to meet expenditure towards conducting Entrepreneurs Development Programme (EDP), workshops, bankers and District Level Task Force Committee (DLTFC) meetings; e-Tracking of applications, physical verification of units; organizing exhibitions.

Achievements of J&K KVIB under PMEGP:

Some of the major activities under KVIB's Rural Employment Programme are Pottery, Textiles, Cane and Bamboo, Hosiery, Fiber, Fruit and Vegetable preservation, Bee keeping, Gur and Khandsari, Stone and Lime etc. PMEGP scheme has received very encouraging response from

unemployed youth of Jammu & Kashmir. Due to various initiatives like awareness camps, workshops, bankers meetings as well as review meetings by Commissioner/CEO, KVIC and Zonal Dy. C.E.O. from time to time, there is an impressive performance of PMEGP in J&K. Against margin money target of Rs. 40.07 crore, achievement was Rs.37.81 crore (94.36%) during the year 2015-16. The physical and financial performance of Khadi and Village Industries under PMEGP in recent years is as under:

Table 1: Physical, Financial Performance and Turnover of J&K Khadi and Village Industries under PMEGP.

Year	Total no. of Projects	Total Margin Money (Rs in Lakh)	Production (Rs in Lakh)	Sales (Rs in Lakh)	Employment (Nos.)	Earnings (Rs in Lakh)
2012-13	2036	3413.99	10218.86	12773.58	17452	8756.93
2013-14	1855	3226.20	19357.20	24196.50	12301	10646.46
2014-15	1565	3274.63	19647.78	24559.73	11025	10806.28
2015-16	2207	3781.19	22687.14	28358.92	12115	12477.93

Source: KVIC Annual Reports

Table 1 show that the total number of projects/units financed under PMEGP in J&K increased from 2036 in 2012-13 to 2207 in the year 2015-16. The margin money utilization has also grown from Rs 3413.99 Lakhs to Rs 3781.19 Lakhs, during the same period. The turnover of the Khadi and Village Industries (KVI) depicted by the production, sales and earnings has shown a significant change. Table 1 reveals that the production increased from Rs 10218.58 Lakhs in 2012-13 to Rs 22687.14 Lakhs, thus showing growth of about 45%. Further, sales of KVI in J&K grew to Rs 28358.92 Lakhs in 2015-16, again showing an increase of 45% over the past four years. While as, earnings in KVI sector increased to Rs 12477.93 Lakhs in 2015-16. Further, Table 1 reveals that the employment in this sector was highest i.e. 17452 in 2012-13.

There are different industrial units/projects financed under PMEGP. These are: Agro-Based Food Processing Industry (ABFPI), Polymer and Chemical Based Industry (PCBI), Mineral Based Industry (MBI), Hand Made Paper and Fiber Industry (HMP/FI), Forest Based Industry (FBI), Service and Textile Industry. The performance of these industries under PMEGP in J&K is as under:

Table 2: Industry Group-Wise No. of Projects under PMEGP in J&K.

Year	ABFPI	FBI	HMP/FI	MBI	PCBI	REBT	Service/Textile	Total
2012-13	175	54	47	127	34	180	1419	2036
2013-14	126	54	11	72	13	206	1373	1855
2014-15	134	37	13	70	19	251	1041	1565
2015-16	160	49	14	85	15	203	1681	2207

Source: KVIC Annual Reports

Table 3: Industry Group-Wise Margin Money Utilization under PMEGP in J&K.

(Rs in Lakhs)

Year	ABFPI	FBI	HMP/FI	MBI	PCBI	REBT	Service/ Textile	Total
2012-13	367.28	107.00	51.16	402.95	117.11	467.55	1900.94	3413.99
2013-14	264.02	67.74	21.17	207.84	40.70	598.03	2026.70	3226.20
2014-15	300.99	80.51	44.27	214.96	70.59	766.16	1797.15	3274.63
2015-16	298.92	95.27	28.48	254.32	45.05	532.04	2527.13	3781.19

Source: KVIC Annual Reports

Table 4: Industry Group-Wise No. of Employment under PMEGP in J&K.

Year	ABFPI	FBI	HMP/FI	MBI	PCBI	REBT	Service/ Textile	Total
2012-13	1468	488	427	1641	574	1509	11345	17452
2013-14	877	328	88	781	103	1692	8432	12301
2014-15	936	219	90	579	131	1880	7190	11025
2015-16	822	246	60	607	89	1154	9137	12115

Source: KVIC Annual Reports

Table 2 shows industry group-wise number of units/projects financed under PMEGP in J&K from 2012-13 to 2015-16. It reveals that, the highest number of service and textiles industries is being financed under this Scheme in J&K, increasing to its highest in 2012-13 to 1419. This is followed by REBT industries, increasing to its highest in 2014-15 to 251. Secondly, Table 3 shows group-wise margin money utilization under PMEGP. It also reveals that the margin money utilization was highest in services and textiles industry, with highest release of margin money in 2015-16 i.e. Rs 2527.13 Lakhs. This is again followed by REBT industry, with highest margin money release in 2014-15 i.e. Rs 766.16 Lakhs. Lastly, Table 3 reveals the same trend that, the highest employment was provided by services and textiles industry followed by REBT industry. In 2012-13, services and textiles industry employment generation was highest i.e. 11345. For REBT industry, employment was found to be highest in 2014-15 i.e. 1880.

The beneficiaries of the PMEGP include people belonging to different social categories. These are: Schedule Caste (SC), Schedule Tribe (ST), Other Backward Classes (OBC), Physically Handicapped (PHC), Ex-Servicemen (Ex-Ser), Minority and General category. These include women beneficiaries also. The following tables show the performance of PMEGP in J&K among different social categories.

Table 4: Social Category Wise No. of Projects under PMEGP in J&K.

Year	SC	ST	OBC	PHC	Ex-Serv	Minority	Gen	Total	Women
2012-13	44	353	64	8	12	1201	354	2036	209
2013-14	92	247	53	3	12	1271	177	1855	533
2014-15	82	157	44	2	5	1132	143	1565	490
2015-16	86	168	28	4	15	1753	159	2207	690

Source: KVIC Annual Reports

Table 5: Social Category-Wise Margin Money Utilization under PMEGP in J&K.

(Rs in Lakhs)

Year	SC	ST	OBC	PHC	Ex-Serv	Minority	Gen	Total	Women
2012-13	80.76	112.00	35.64	3.27	143.49	2695.67	343.16	3413.99	605.17
2013-14	162.69	592.19	130.80	2.10	27.30	1997.09	314.03	3226.20	753.78
2014-15	180.66	379.68	105.80	3.85	14.85	2240.97	348.82	3274.63	611.75
2015-16	131.26	293.75	62.35	6.53	30.56	2973.34	283.40	3781.19	1007.57

Source: KVIC Annual Reports

Table 6: Social Category-Wise Employment under PMEGP in J&K. (in Nos.)

Year	SC	ST	OBC	PHC	Ex-Serv	Minority	Gen	Total	Women
2012-13	392	586	185	22	743	13804	1720	17452	311
2013-14	554	1743	300	7	73	8578	1046	12301	2635
2014-15	378	1180	233	7	24	8325	878	11025	2650
2015-16	379	912	138	20	80	9737	849	12116	3261

Source: KVIC Annual Reports

Table 4 shows the distribution of KVI projects financed under PMEGP among different social classes of J&K. It reveals that the highest number of beneficiaries is minority community owned projects. This is followed by General category, SC and ST owned projects. Table 4 also reveals an increase in women owned projects financed under PMEGP. Women owned projects have increased from 209 in 2012-13 to 690 in 2015-16. Then, Table 5 shows different social category-wise margin money utilization under PMEGP in J&K. It reveals that, the highest amount of margin money is released for the Minority community owned projects. This is also followed by General category, SC and ST community. It further shows an increase in margin money utilization by women owned projects. Finally, Table 6 shows social category-wise employment generation under PMEGP in J&K. It reveals that, the employment is highest among Minority owned projects with highest employment in 2012-13 i.e. 13804. Table 6 also shows that, the employment among women owned projects has increased from 311 in 2012-13 to 3261 in 2015-16.

The beneficiary projects under PMEGP have also been categorized on the basis of financial range. Table 7 shows financial range-wise number of projects under the Scheme in J&K.

Table 7: Financial Range-Wise No. of Projects under PMEGP in J&K. (in Nos.)

Year	Upto 50,000	.50- 1.00 Lakh	1.00- 2.00 Lakhs	2.00- 3.00 Lakhs	3.00- 4.00 Lakhs	4.00- 5.00 Lakhs	5.00- 10.00 Lakhs	10.00- 15.00 Lakhs	15.00- 25.00 Lakhs	Total
2012-13	20	130	520	290	272	409	240	60	95	2036
2013-14	1	154	422	275	122	445	330	37	69	1855
2014-15	6	71	294	307	97	350	311	45	84	1565
2015-16	12	114	474	436	144	559	346	28	94	2207

Source: KVIC Annual Reports

Table 7 reveals that, the highest number of projects financed under PMEGP are in the financial range of Rs 4-5 Lakhs. This is followed by the projects which are in the range of Rs 1-2 Lakhs. This shows that most of the projects financed under PMEGP in J&K fell in the medium financial range category i.e. not too low and not too high finance range.

CONCLUSION:

From the above discussion, it is concluded that PMEGP has registered an impressive performance in J&K over the recent years. It has not only enabled the first generation entrepreneurs to set up their own units but also created an entrepreneurial wave in every nook and corner of the state especially rural areas. As per the physical performance of the scheme, against the set target of projects to be financed under PMEGP, there was full achievement of the target most of the time. In 2015-16, physical target achievement of the Scheme was about 95%. Also, the financial target of the Scheme was achieved with margin money utilization of about 96% in 2015-16. The employment generation by KVI under PMEGP is significant with total employment of 52893 from 2013-16. The turnover of the KVI in J&K, depicted by production and sales, has also shown a significant change i.e. increasing by 45% from 2013-16. Further, it was revealed that, services and textile industry is the best performer with highest projects under PMEGP, highest margin money utilization and highest employment over the recent years. Lastly, social category-wise, it was found that the Minority community benefited most from this Scheme in J&K.

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