



Prime Minister's Employment Generation Programme (PMEGP): A Review

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Abstract

Government has been implementing a credit linked subsidy programme named Prime Minister's Employment Generation Programme (PMEGP) in 2008 by merging the two schemes namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP), with Khadi and Village Industries Commission (KVIC) as the nodal agency. PMEGP has been implemented at the national level for generating employment in the country by setting up of microenterprises in the nonfarm sector. Under PMEGP, general category beneficiaries can avail of margin money subsidy of 25 per cent of the project cost in rural areas and 15 per cent in urban areas. For beneficiaries belonging to special categories such as scheduled castes, scheduled tribes, OBCs, minorities, women, ex-servicemen, physically handicapped, beneficiaries belonging to North Eastern Region, hill and border areas, etc., the margin money subsidy is 35 per cent in rural areas and 25 per cent in urban area. Under the scheme, the maximum cost of project is Rs 25 lakh in the manufacturing sector and Rs 10 lakh in the service sector. Government has released Rs 1,019 crore as margin money. The government had released 1,093.06 crore as margin money subsidy under the programme. Nearly 41,000 jobs have been created under the Scheme in 2015.

Key words: MAME, PMEGP, REGP, KVIC.

1. Introduction

Prime Minister's Employment Generation Programme (PMEGP) has been announced on 15th August, 2008 his address from Red Fort and launched in place of Rural Employment Generation Programme (REGP) Scheme for generation of employment opportunities through 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 (MoMSME). 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 Non Government Organization (NGOs)/reputed autonomous institutions/Self Help Groups (SHGs)/ National Small Industries Corporation (NSIC) / Udyami Mitras empanelled under Rajiv Gandhi Udyami Mitra Yojana (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. Hence, entrepreneurship development has been one of the priorities in countries the world over. 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. MoMSME has also been supporting the efforts of State Governments/ Union Territories, Industry Associations, Financial Institutions, Technical/ Management Institutions, other Non-Governmental Organisations (NGOs), etc. for establishment of new training institutions as well as strengthening of the infrastructure of existing training institutions.

1.1 The MSMED Act was framed with the following objectives:

To facilitate the promotion and development of Micro, Small and Medium Enterprises (MSMEs);

- To enhance the competitiveness of MSMEs;
- To concentrate on the related matters of MSMEs;
- To extend the scope of benefits from SSI undertaking and ancillary industries to MSMEs.

The following slabs have been prescribed under the MSMED Act to determine the status of the Enterprise:
Meaning of MSMEs

Type of Enterprise	Manufacturing Industry (Investment in Plant and Machinery)	Service Industry (Investment in Equipments)
Micro	Does not exceed Rs. 25 Lakh	Does not exceed Rs. 10 Lakh
Small	Exceeds Rs. 25 Lakh but does not exceed Rs. 5 crore	Exceeds Rs. 10 Lakh but does not exceed Rs. 2 crore
Medium	Exceeds Rs. 5 Crore but does not exceed Rs. 10 crore	Exceeds Rs. 2 Crore but does not exceed Rs. 5 crore

Source: MSME website

2. Performance of MSMEs in India

Micro, Small and Medium Enterprises (MSMEs) are widely dispersed across the country and produce a diverse range of products and services to meet the needs of the local markets, the global and the national and international value chains. MSMEs have a second place in employment generation after agriculture. Other than large number of employment generation, this sector contributes to manufacturing output, GDP and export of the country is quite significant. It contributes nearly 8% of the country's GDP, 45% of the manufacturing output and 40% of the export. According to Fourth All India Censuses of SSI, MSME sector employs nearly 40% of work force of the country. Sector generates millions of jobs especially at the low- skill level.

Table 1: Performance of MSME, Employment and Investments

Year	Total Working Enterprises (in Lakh)	Employment (in Lakh)	Investment (Rs. in Crore)
2006-07	361.76	805.23	868,543.79
2007-08	377.36	842	920,459.84
2008-09	393.7	880.84	977,114.72
2009-10	410.8	921.79	1,038,546.08
2010-11	428.73	965.15	1,105,934.09
2011-12	447.64	1,011.69	1,182,757.64
2012-13	447.54	1,061.40	1,268,763.67
2013-14	488.46	1,114.29	1,363,700.54

Sources: Annual Reports

3. Prime Minister's Employment Generation Programme (PMEGP)

MSME sector has emerged as a highly vibrant and dynamic sector of the country for the employment generation over the last five years. Khadi and Village Industries (KVI) are two national heritages of India. One of the most significant aspects of KVI in Indian economy is that it creates employment at a very low per capita investment. Prime Minister's Employment Generation Programme (PMEGP) is implemented by Khadi and Village Industries Commission (KVIC). PMEGP is a credit-linked subsidy programme launched by Ministry of MSME in 2008-09 for creation of employment in both rural and urban area of the country.

The main objectives of this scheme are to generate employment opportunities in both rural and urban areas and to increase the wage earning capacity of the artisans. The major intend of this scheme is to give self-employment opportunity to the probable extent to the urban and rural / traditional artisans and also to provide permanent and sustainable employment to them.

The borrower is required to bring in own contribution of 10 per cent of the project cost. In the case of beneficiaries belonging to SC/ST and borrowers from other weaker sections, etc., the beneficiary's contribution is 5 per cent of the project cost. Any individual above 18 years is eligible to get benefit from this scheme. 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 educational qualification of having passed at least VIII standard. Assistance under the Scheme is available only for new projects sanctioned.

By the end of March 2008, the Ministry was able to generate an estimated 46.62 lakh and 49.45 lakh additional employment opportunities under PMRY and REGP respectively. As reported by KVIC, 06 workshops, 162 awareness camps and 91 exhibitions have been organized during 2014-15 and 23097 persons have undergone EDP training and 3,37,070 applications have been received under the Scheme of which 1,39,410 projects were recommended to banks. Banks have, however, sanctioned 32,924 cases and made disbursement only in 18,141 cases involving margin money assistance of 428.08 crore during the year.

Table 2: Performance of Prime Minister's Employment Generation Programme

Year	Govt. subsidy released by MSME	Projects Financed (No.)	Margin Money subsidy utilized (Rs. In crores)	Employment opportunities created (No of persons)	MM/ proj	Emp/proj
2008-09	740.00	19166	356.23	204747	1.86	10.68
2009-10	504.21	40918	762.44	424982	1.86	10.39
2010-11	877.2	49064	891.18	480613	1.82	9.8
2011-12	1010.24	55135	1057.84	495523	1.92	8.99
2012-13	1228.44	57078	1080.66	428221	1.89	7.5
2013-14	988.36	50493	1076.44	378907	2.13	7.5
2014-15	1020.75	18141	428.08	138728	2.36	7.65

Sources: National Institute for Micro, Small and Medium Enterprises

4. Conclusion

Prime Minister's Employment Generation Programme (PMEGP) is implemented with the objective to generate employment opportunities in rural as well as urban areas, Creation of self employment opportunities at local level, Mitigate migration of rural youth to urban areas, Increase wage earning capacity of artisans and Increase growth rate of rural and urban employment. The other side of PMEGP is facing many problems viz., inadequate response from Bank, Sanction of proposals from the Bank at the end of the year, Reduction of Project Cost from the Bank, Disbursement of the loan at the end of the year by the Bank and Huge pendency at branch and nodal banks.

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