

CMJSY and PMEGP an Instrument for Rural Development in Assam



Management

KEYWORDS :

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ABSTRACT

The present Paper makes an attempt to find out the functioning of two flagship schemes in Assam for rural entrepreneurship development. The paper shows the pre and post performances of the beneficiaries under the two schemes.

Introduction: - The present study makes an attempt to find out the importance of Development Institutes in promoting rural entrepreneurship development in the State of Assam. It focuses on functioning of two flagship schemes of two Development Institutes in Assam for rural entrepreneurship development. A field survey is carried out to know the efficacy of two schemes. The work is based on secondary as well as primary data. For primary data, two Development Institutes viz. State Institute of Rural Development (SIRD) and Khadi and Village Industries Commission (KVIC) have been selected. From SIRD one flagship scheme viz. Chief Minister's Jeevan Jyoti Swaniojan Yojana (CMJSY) and from KVIC Prime Minister's Employment Generation Programme (PMEGP) has been selected for the study. Structured Schedule has been framed to collect the primary data as per the objectives.

CHIEF MINISTER'S JEEVANJYOTI SWANIOJAN YOJANA (CMJSY): - Rural Development is the prioritized objective of development planning for every state in India. In Assam 87 per cent of the total population are live in rural areas of the state and most of them are found poverty ridden and economically backward. The State Government has been giving special thrust for elimination on of rural poverty as well as for upliftment of economic Condition of people in rural areas. To achieve the objectives, State Government has been implementing various poverty alleviation programmes/schemes undertaken by the Government of India The objective of the project is to provide financial assistance to educated unemployed youth by providing institutional credit supported by Government subsidy to enable them to undertake productive income generation activities for self employment. The State Government entrusted the responsibility to the State Institute of Rural Development for implementation of the project in July' 2005 to make an experiments in the name of Chief Minister's Jeevan Jyoti Swaniojan Yojana. From 2008 - 09, State Government has decided to implement the project vigorously with a target of assisting 10000 youth annually.

PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME (PMEGP) :-

Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 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 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 Centers (DICs) and banks. The Government subsidy under the Scheme will be routed by KVIC through the identified Banks for eventual distribution to the beneficiar-

ies / 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.

The North Eastern region, comprising of the eight states viz. Assam, Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur Tripura and Sikkim are far lagging behind in the industrialization scene. Though these states account for 7.7% of the total land space and 9.8% of the total population of the country (2011 census), still it only accounts for a mere 2.7% of the total number of industries of the country. According to a survey (2006) conducted by the Ministry of Industries, Government of India, total number of the industries in the country is 7,32,169 employing about 41,61,710 people while the North East region have 11,330 units employing about 78,693 people which are only 1.54% and 1.89% of the country's total respectively.

Problem under the Study:

Though Assam is richly endowed with mineral and natural resources, yet it has still been considered as an industrially backward region in the country. It will be apparent from the fact that there are less than 3 percent of countries large and medium scale industries and less than 2 percent of small-scale industries are in this region.

Industrial backwardness of Assam is reflected in the fact that the contribution of the manufacturing sectors to the state domestic product of the region is much smaller than the contribution of this sector to the national product in the country. The total number of registered small-scale industrial units in the region is 45193 as on 31st March 2006. It is less than 2% of the national total. Unemployment problem in Assam has become a paradox. Unemployment is growing not because there is a lack of opportunities for employment but because the unemployed have failed to take advantage of the employment opportunities available through various schemes offered by the development institutes. This has happened mainly for lack of awareness, about the various assistance, lack of motivation and failure to get properly equipped for the opportunities. Under this backdrop, the proposed study would like to examine the role of the Development Institutes in promoting rural entrepreneurship development in Assam through their schemes.

Scope of the Study:

The study covers the two institutions viz. SIRD and KVIC involved in rural entrepreneurship development in the State of Assam. The study looked into the types of assistance provided, the impact of these assistances, the extent to which the post assistance follow up and escort services provided and the problems and constraints faced by the beneficiaries in Nagaon and Morigaon districts of Assam.

Objectives:

1. To make a comparative analysis of schemes offered by Development Institutes for promoting rural entrepreneurship in Assam.
2. To assess the extent of utilization of disbursement of some selected schemes provided by the development Institutes for promoting rural entrepreneurship.
3. To identify the problems of the entrepreneurs in availing financial support for rural entrepreneurship development
4. Suggestions for effective utilization of Schemes for providing financial support for development of rural entrepreneurship in Assam.

Methodology:

1. **Sampling frame:** The sampling frame is the beneficiaries of two schemes viz. CMJSY and PMEGP for Nagaon and Morigaon district of the State Assam.
2. **Population and Sample size:** The total number of beneficiaries represents the population for the study which is 695. Of the population size 695, 405 is from CMJSY scheme and 290 are from PMEGP scheme. The sample size for the present study has been taken 350 which are more than 50% of the population. But in the field survey 30 beneficiaries were not available in their units. Hence sample size for the study is taken as 320 and it is 46% of the population. Out of these 195 were drawn from CMJSY which is 48.15% and 125 were from PMEGP and it is 43.10% of the total.
3. **Sampling technique:** Systematic sampling method has been used for collecting the sample size from the population. Every alternate beneficiary from the list of beneficiaries provided by the two Development Institutes viz. SIRD and KVIC under the two schemes CMJSY and PMEGP for the year 2008-09 and 2009-10 has been selected for the study.
4. **Parameters:** The purpose of the study is to find out the performance of the schemes offered for rural entrepreneurship development in Assam by comparing them on different angles, viz. availing and utilizing the assistance, finding problems of beneficiaries, 60 variables selected and after codification processed them in the SPSS for analysis. The major parameters used to examine the role of Development Institutes are status of loan repayment, turnover, house hold income, employment of local people in the unit etc.
5. **Tools used for primary and secondary data collection:** Structured Schedule has been framed to collect the primary data as per the objectives. For the purpose of secondary data, Government publications, Annual reports of various financial institutions, daily news papers, magazine, etc. are relied on. The secondary information has been also collected from the library sources of Indian Institute of Entrepreneurship, Guwahati, and some earlier thesis related to the subject have also been utilized for gathering secondary information. For primary data personal visits were made to the beneficiaries with the Schedule for gathering the information.
6. **Method of Analysis:** Descriptive Statistical method has been used for data analysis, various Cross-tables were framed and a few statistical tool i.e., Pearson's correlation, rank-correlation are done to get the findings.

Summary of major Findings:

1. In CMJSY ratio of male, female is 95:5 where as in PMEGP it is 89:11 i.e. in PMEGP, the number of female is somehow more than CMJSY.
2. In CMJSY 53.3% beneficiaries are from the age of below 35 years but the result is reverse in PMEGP i.e. 53.6% beneficiaries are from the age of 35-45 years.
3. Out of the total most of the beneficiaries is under-graduate which is 54.7%. Below HSLC it is 42.2%, Graduate and above is only 3.1%. It is found that there is lack of graduate and post graduate beneficiaries in both the schemes.
4. It is seen that 100% beneficiaries of PMEGP has been doing proprietary type business only and in CMJSY 62.1% are doing proprietary type and 37.9% are doing partnership business.
5. Among the total beneficiaries 27.2% are from OBC followed by General caste which is 45.3%. ST beneficiaries are only

- 5.9% followed by SC which is 21.6%. The same characteristics has been seen comparing CMJSY and PMEGP.
6. In both the schemes more than 50% beneficiaries have work experience before starting the business but comparing CMJSY and PMEGP the percentages of PMEGP is more i.e. 84.8%.
7. In CMJSY more than 87% beneficiaries have got their assistances through the facilitator but no such facility has been seen in PMEGP. Hence PMEGP beneficiaries face more problems in getting the assistances as because their proposal is to be passed through the district administration.
8. In CMJSY creation of rural entrepreneurs is more (84.3%) as compared to PMEGP (15.7%).
9. It is seen that the popular subsidy rate is between 20% to 30%. More than 72% beneficiaries have got assistance under this subsidy rate. Comparing CMJSY and PMEGP it is noticed that the highest rate of subsidy has been provided under PMEGP i.e. more than 59% beneficiaries have got subsidy above 30%. But in CMJSY it is only 0.5%.
10. More than 80% beneficiaries has been repaying loan installment regularly. Only 19.1% beneficiaries have faced problem to pay loan installment regularly. Comparing CMJSY and PMEGP, no vast dissimilarities have been seen. In CMJSY the percentage of regular loan payment is 79% and in PMEGP it is 84%.

Suggestion and conclusion:

Keeping in mind findings of the analysis and experience of field survey the following suggestions are forwarded:

1. It is found that number of female beneficiaries is very poor in both the schemes. Hence it is suggested that awareness programme from time to time must be arranged by the Development Institutes for female entrepreneurs only to encourage them for starting business. Beside this awareness advertisement should be given through television, news paper etc.
2. It is seen that only 3.1% beneficiaries are graduate and above graduate, hence it is suggested that minimum graduation should be made compulsory for getting the assistance.
3. In PMEGP assistance is provided to proprietary business only. It is suggested that it should be also available to the partnership business.
4. It is observed that subsidy is open for all beneficiaries at equal level. It should be made slab wise for above poverty line (APL) and below poverty line (BPL) entrepreneurs separately.
5. Following the policy of SIRD, KVIC should also provide the facility of Facilitator through whom the entrepreneurs can aware about the schemes.
6. It is seen that beneficiaries facing problem as they can not purchase advance equipment for their product. Hence, it is suggested that a provision may be made for separate assistance to purchase equipment only.
7. Last but not the least, The proposals should be sanctioned with in a fixed period of time which should not be more than one month i.e. a time bound policy should be followed for sanction of loans.

Both the schemes are quite effective in promotion of rural entrepreneurship in the state of Assam. The implementing organization viz. SIRD and KVIC are doing their best in disseminating the benefits to the masses for creating entrepreneurship. However, a strict vigil on the utilization of released amount and its continuous monitoring will definitely help in achieving the desired objectives.

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