

THE ROLE OF COMMERCIAL BANKS IN PRIME MINISTER EMPLOYMENT GENERATION PROGRAM SCHEME: A STUDY IN THE CONTEXT OF BIHAR

Author's Name: Mr. Rakesh Kumar

Affiliation: Research Scholar, University department of economics, L.N.M.U., Darbhanga, Bihar, India

E-Mail: jdb280288@gmail.com

DOI No. – 08.2020-25662434

Abstract

Various types of schemes have been run by the Government of India from time to time to encourage entrepreneurship and alleviate youth unemployment, one of which is the Prime Minister Employment Generation Program Scheme. The scheme was launched in the year 2008 by combining two schemes, the Rural Employment Generation Program and the Prime minister employment scheme (Pradhan Mantri Rojgar Yojana). The success of the Prime Minister Employment Generation Program depends on banking facilities. Entrepreneurs face a lot of problems due to banking inconvenience. The subsidy amount is not available to most of the beneficiaries. Most of the applications that come to the banks are rejected, due to which unemployed educated youth are not able to become entrepreneurs, that is, they are not able to take advantage of the employment generation program scheme. Therefore, the flexibility of banking facilities is absolutely essential for the success of the scheme.

Secondary data has been used in the research paper. Secondary data is collected from KVIC, District Industries Center and Bihar Economic Survey. The data has been analyzed through graphs and charts. The area of research study is Bihar and study year 2011-12 to 2015-16 has been taken.

Keywords: Unemployment, bank, prime minister employment generation program etc.

INTRODUCTION

Bihar is an agricultural state, about 90% of its population lives in the village. The contribution of industrial sector to Bihar's GDP is only 16% in 2010-11, which is the lowest as compared to other states. The number of large and medium industries in the state is only 259. In fact, the state of Bihar is running industrially ill. The condition of small scale industries is also not good. Lack of capital is the most fundamental reason for industries getting sick. The Prime Minister's Employment Generation Program Scheme provides capital for entrepreneur. The Prime Minister Employment Generation Program Scheme was started in the year 2008 by the Government of India. Earlier this scheme was known as Rural Employment Generation Program Scheme and the Prime minister employment scheme (Pradhan Mantri Rojgar Yojana). The Prime Minister's Employment Generation Program Scheme was made by combining these two schemes. The scheme is administered by the Union Ministry of Micro, Small and Medium Enterprises (MSME), Government of India. The scheme is regulated at the national level through the Khadi and Village Industries Commission (KVIC), at the state level by the State Khadi and Village Industries Board (KVIB) and at the district level by the District Industries Center (DIC) and banks.

Categories of beneficiaries under PMEGP	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)	
		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.	05%	25%	35%
---	-----	-----	-----

Source: KVIC Annual Report 2015-16

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 will be provided by Banks as term loansubsidy
- Source: KVIC Annual Report 2015-16

It is clear from the above table that the subsidy amount is different for different areas (urban and rural) and different categories (reserved and unreserved). 15% subsidy is given to the general category people living in urban area and they have to pay 10% of the total project himself. The people of the general category living in rural areas will get 25% subsidy and 10% of the total project will have to be self-imposed. People belonging to reserved category living in urban area will get 25% subsidy and will have to pay 5% of the total project themselves. The people belonging to reserved category who are from rural area will get 35% subsidy and will have to pay 5% of the total project themselves. In the Prime Minister Employment Generation Program Scheme, to encourage the female class, the subsidy amount is given 35% of the total project amount and they have to contribute 5%.

Eligibility for getting loan under Prime Minister Employment Generation Program Scheme: - Under this scheme, people above the age of 18 years can apply for the loan, whose educational qualification is eighth pass.

Objective of Prime Minister Employment Generation Program Scheme:-

- (i) To provide employment to unemployed educated youth.
- (ii) To make self-reliant by providing self-employment to educated unemployed youth.
- (iii) To make the youth employment-generating.
- (iv) To make the country self-sufficient by industrial development of both rural and urban areas.

LITRATURE REVIEW

Shobha ajithan K * (2014)

There are employment opportunities in the PMEGP scheme. Due to the possibility of employment, this scheme is proving to be a boon for the youth. The beneficiaries of PMEGP scheme are satisfied with the loan amount given in the study area as well as their average mental income has increased which has improved their standard of living. There are delays in sanctioning loans only, apart from this, beneficiaries do not face much of any other problems. This scheme also makes women self-reliant. Hence, this scheme is proving to be a boon for women also.

Gajanan J. Salunkhe (2016)

In its study stated that the Prime Minister Employment Generation Program Scheme plays the pivotal role in economic development of people by developing entrepreneurship in rural areas of Kolhapur district. This scheme provides assistance to those who want to help themselves and help others. This scheme helps in the economic development of the people in rural areas and

increases the national income.

Ms. AsarafUnnisa L &Dr.Amulya M (2016), in his study Prime Minister's employment generation program (PMEGP): A Review said that the objective of the Prime Minister's Employment Generation Program is to provide self-employment opportunities in both rural and urban areas. Reduces the number of migrations from rural areas to urban areas. This scheme makes the youth financially self-reliant. On the other hand the beneficiaries in this scheme have to face a lot of problems like delay in loan payment by the bank, low trend of bank and related offices etc.

Dr. Sudhanshu Chaturvedi (2015) in his study Entrepreneurial development of tribal beneficiaries and PMEGP in Bihar: effect and consequences pointed out that the Prime Minister's Employment Generation Program Scheme reduces social and economic inequality among beneficiaries by reducing poverty and unemployment in the study area Plays the pivotal role. The scheme provides self-employment to educated youth including women. PMEGP scheme solves the problem of capital for youth employment. This scheme has proved helpful in eradicating poverty by providing self-employment to the youth.

RESEARCH METHODOLOGY

(I) Data collection: - The data related to research in the presented research paper has been obtained from Khadi and Rural Industries Commission, District Industries Center and Bihar Economic Survey.

(II) Primary / secondary data: - Secondary data has been used in research studies and the data obtained has been analyzed by classification, tabulation and graphical representation.

HYPOTHESIS

Ho: The total applications received in the study area under the Prime Minister Employment Generation Program Scheme in the state of Bihar are not sanctioned.

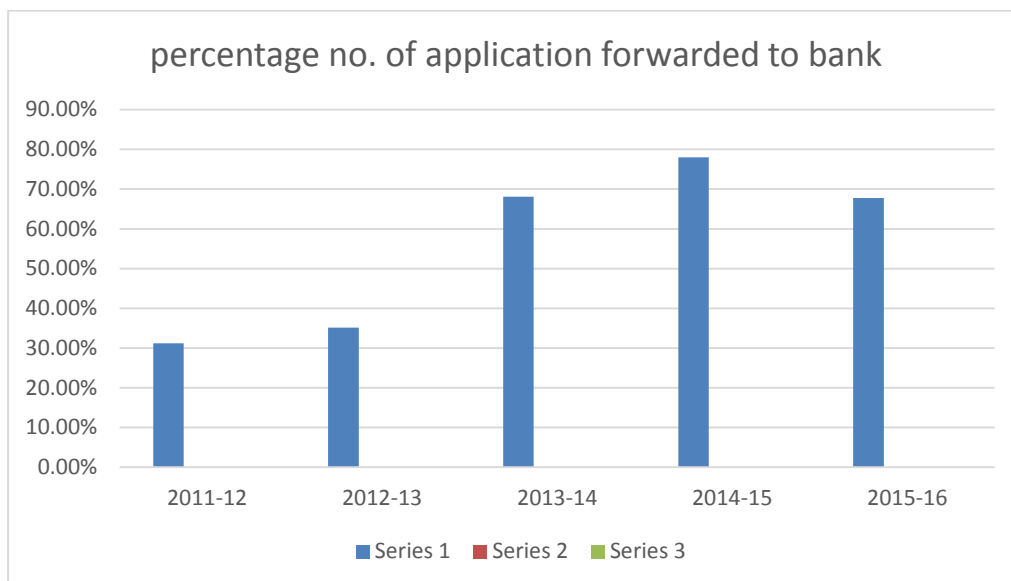
Ho: The total Sanctioned applications received in the study year are not disbursed under the Prime Minister Employment Generation Program Scheme in the state of Bihar.

Analysis and discussion:-

Year	No. of application received	No. of application forwarded to bank	Percentage of application forwarded to bank
2011-12	6398	1996	31.19%
2012-13	7589	2671	35.19%
2013-14	20792	14153	68.06%
2014-15	14069	10970	77.97%
2015-16	13156	8916	67.77%

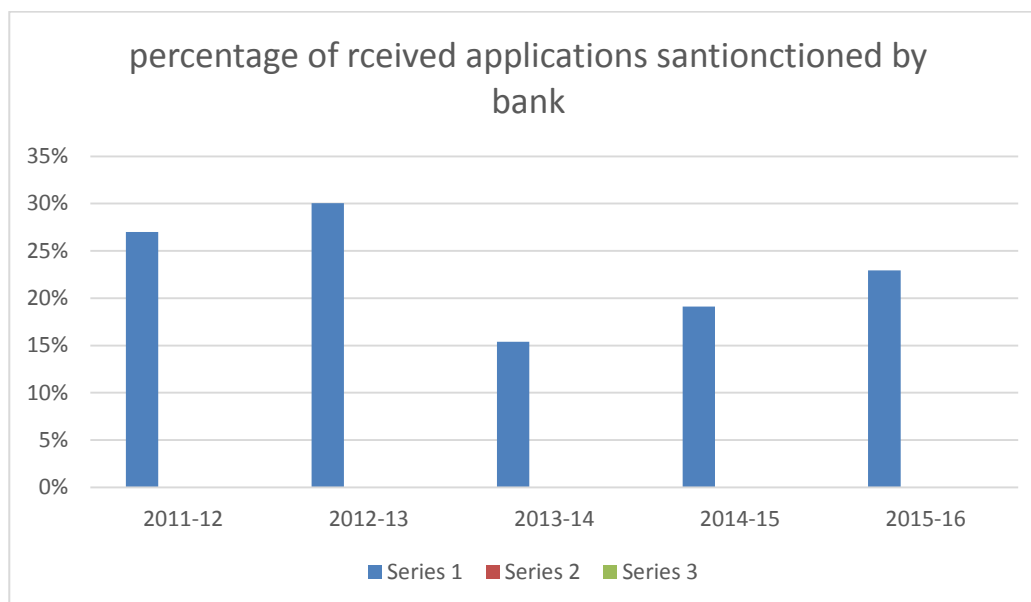
Source:-www.kviconline.gov.in

The table (above) and graph (below) shows the number of applications received from the year 2011-12 to 2015-16 and the number of applications forwarded to the banks. In the study area and the study year the percentage of applications have been forwarded to banks have also shown. It is clear from the table and graph that while 31.19 percent applications are forwarded to banks in the year 2011-12, 67.77 percent applications are forwarded to banks in the year 2015-16. The highest percentage of this in the year 2014-15 is 77.97 percent.



year	No.of application received	No. of application sanctioned by bank	Percentage application sanctioned by bank
2011-12	6398	1728	27%
2012-13	7589	2281	30.05%
2013-14	20792	3200	15.39%
2014-15	14069	2690	19.12%
2015-16	13156	3017	22.93%

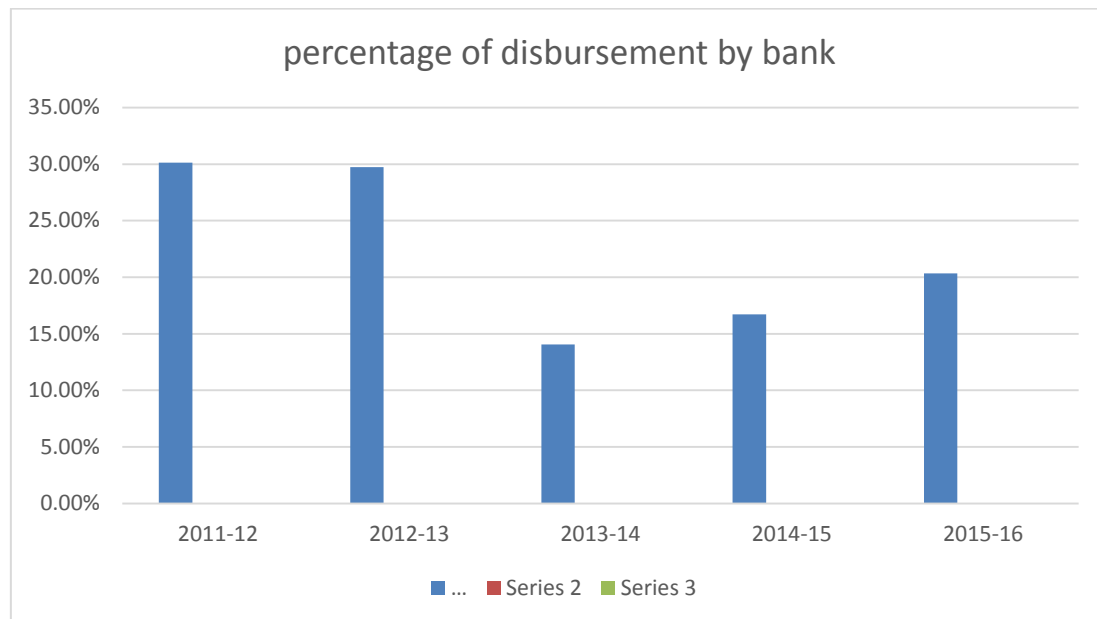
Source:-www.kviconline.gov.in



The above table shows the number of applications received by the applicants and the number of applications sanctioned by banks in the study area and year of study, as well as the percentage of applications accepted by banks. It is clear from the table and graph that in the year 2014-15, the minimum number of 15.39 percent applications has been sanctioned by banks. In the year 2012-13, 30.05 percent has been sanctioned.

year	No.of application received	MM disbursement unit	Percentage unit disbursement by bank
2011-12	6398	1928	30.13%
2012-13	7589	2258	29.75%
2013-14	20792	2926	14.07%
2014-15	14069	2355	16.73%
2015-16	13156	2678	20.35%

Source:-www.kviconline.gov.in



The above table shows the number of applications received in the study year and the margin money disbursement unit. The percentage of applications disbursed by the bank have also been shown. It is clear from the above table and graph that in the year 2013 14 the lowest percentage payment has been made e.g, 14.07 percent. At the same time, the maximum payment has been made in the year 2011-12.

LIMITATIONS

The presented research studies the roles of commercial banks in the Prime Minister Employment Generation Program Scheme under the state of Bihar. Its study year is from 2011-12 to 2015-16. Secondary data has been used in the research paper not using primary data.

RECOMMENDATIONS

- (I) Banks should increase their loan payment limit so that more and more applications can be benefited.
- (ii) In the field of study, the government should promote the Prime Minister's Employment Generation Program, due to which more and more people can know and benefit from the scheme.
- (iii) The reasons why most applications are rejected should be studied and diagnosed by the government.

FINDINGS

- (i) The lowest disbursement has been made by commercial banks in the years 2013-14 and

2014-15.

(ii) The limit of disbursement by commercial banks in the state of Bihar and in the study year is only about 20% to 30%.

CONCLUSION

The tables and graphs make it clear that only 15% -30% of the applications received in the study year are sanctioned of the total applications received under the Prime Minister Employment Generation Program Scheme in the state of Bihar. Also, only about 14% to 30% of the applications are disbursed in the study year. Therefore, it can be said that the role of commercial banks in the state of Bihar under the Prime Minister Employment Generation Program Scheme is poor. Hence, the commercial banks requires to increase the loan disbursement limit under the Prime Minister's Employment Generation Program Scheme.

REFERENCES

- (a) Economic Servey.(2011-12). Finance Department. Bihar Government.
- (b) Economic Servey.(2012-13). Finance Department. Bihar Government.
- (c) Economic Servey.(2013-14). Finance Department. Bihar Government.
- (d) Economic Servey.(2014-15). Finance Department. Bihar Government.
- (e) Economic Servey.(2015-16). Finance Department. Bihar Government.
- (f) Sing,Dr. Kulvant.(2010).Khadhi and Village industries.Delhi:Regal Publications.

WEBSITES

<https://msme.gov.in>

<https://www.kviconline.gov.in>

<https://kvibbihar.com>