

An Analysis of the Performance of Mizoram Khadi and Village Industry Board under PMEGP Scheme

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Abstract:

The state of Mizoram, in the north east corner of India has been very lack behind in Industrialization. Due to unavailability of large or medium industries, the state is called “No Industrial state”. The khadi and village industries play as significant role in its economic development, especially in rural areas, it generate employment for the people. The Mizoram Khadi and Village Industry played a pivotal role in developing and promoting rural industries in the state of Mizoram. The MKVIB provide various assistances like finance, technical services, and in making Detailed Project Report (DPR). For the last five years, the MKVIB gives financial assistance to 1137 enterprise under Prime minister Employment Generation Programme (PMEGP). It distributes Margin money of Rs 15,11,15,514 to 1137 enterprise. It has the production of amount 9567.57 and sales of Rs 13597.69 lakh during five years that is 2009-2014.

Key words: MKVIB, Sales, Production and PMEGP

1. Introduction

Mizoram is one of the states in India, situated in the north east corners flanked by Myanmar and Bangladesh having an area of 21,081 Sq.Km. Due to its proximity, the growth of industrial sector in the state is steady and slow. The state is also called 'No industrial state' due to absence of large industries within the state. Since large industry are not present in the state, the khadi and village industry play a significant role in developing the growth of economic conditions and generate large number of employment opportunities for its people.

Khadi is a handspun and woven material made from cotton, silk and woolen yarn. It is a mixture of any two or all such yarns. Started with the spinning on Takli, 2-Spindle new model Charkha, 4-Spindle, 8-Spindle, 10-Spindle and 12-Spindle new model charkas have been introduced in spinning of khadi yarn. Under the guidance of Mahatma Gandhi, the Father of the Indian Nation, the provisional activities of khadi was started in 1922, when khadi was the symbol of "Fight for Freedom". The khadi programme was thus closely linked with the struggle for freedom. The father of the nation conceived in the development of the khadi and village industry involved processing and conversion of agricultural produce in to final goods by the villagers/locals themselves. According to him 'Khadi' means the "livery of freedom". Khadi rendered an opportunity to every man; woman and Childs to cultivate self discipline and self sacrifice as part of the non-cooperative movement during the time of struggling for freedom (Debabrata Maji, 2012).

Village industries otherwise called cottage industries provide immediate large-scale employment and offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of capital resources and skill (Venkatasamy, 1999). According to Khadi and Village Industry Commission (KVIC), any industry located in a rural

area village or town with a population of 20,000 and below and per capita investment of Rs. 50,000 in plants and machinery is classified as a village industry (Dahiya, 2004).

2. Khadi and Village Industry in Mizoram

The Mizoram Khadi and Village Industry Board in Mizoram was established in March 1986 by an act of Assembly that is the Mizoram Khadi & Village Industries Act, 1982. The board plays a pivotal role in generating employment for rural poor, unemployed youth and down trodden artisans of the state by providing financial and technical assistance for setting up of the enterprise under various schemes. The numbers of enterprise units, registered under the department of Industry Mizoram, investment and employment generated during the year is highlighted in the below table.

Table No. 1 Registered Enterprise Units

Year	No. of registered	No of registered during the year	Investment during the year (Rs in lakh)	Employment	Employment ratio per enterprise units
2004-2005	6,080	319	717.50	1,116	3.49
2005-2006	6,395	315	661.50	1,228	3.89
2006-2007	6,739	344	791.20	1,376	4
2007-2008	6,944	594	593.00	594	1
2008-2009	7,431	487	866.30	4,113	8.45
2009-2010	7,888	457	1,978.29	3,977	8.7
2010-2011	8,088	200	2,164.50	1,328	6.64
2011-2012	8,219	131	1,072.98	906	6.9
Total		2847	8,845.27	14638	5.14

Source: *Economic survey Mizoram 2013*

The above Table no 1 highlights the numbers of registered units available in Mizoram with their contribution on employment and investment made for the year. It ensure that during the period of 2004 to 2012 there were 2847 enterprise has been registered and together made an investment of Rs8,845.27 lakhs and contribute employment around 14637 persons. The

average employment generated per enterprise units comes to 5.35 persons to one enterprise units only.

3. Objectives of the Study

The focus of the study is based on the following objectives:

- i) To review the pattern of financial assistance under PMEGRP in Mizoram.
- ii) To review the performance of Khadi Village Industry Board under PMEGP in Mizoram.
- iii) To study the sales turnover of Khadi Village Industry Board PMEGP in Mizoram.

4. Methodology Adopted

The two sources of data that had been utilized for the study are primary and secondary data. The significant part of the study is based on the secondary data obtained from Khadi and Village industry Board Mizoram (MKVIB). Other information has also been gathered from various sources, which include interviews, comments, observations, opinion, notes, etc. of the persons working with the Khadi and Village Industry Board in Mizoram. The materials for the present study were collected from various journal and books and as well as MKVIB report etc.

5. Limitation Of The Study

The present study suffers from certain limitations. The study mainly depends on the secondary data collected form MKVIB, the information available in the Agency is very limited and unavailability of the necessary information in the agency causes difficulties in developing this article. However, attempt has been made to collect maximum information from the official record of Khadi and Village Industry Board in Mizoram.

6. Role of Khadi and Village Industry

The main objective of the khadi and village industry is to generate employment opportunities by promoting various khadi and village activities and to conduct training to the rural artisans on modern technology. The board undertakes multifarious activities, which can enhance the potential under village industries and target the social categories including SC, ST and Ex-serviceman and reach the unreached area for coverage in remote and far-flung areas of the state.

7. Khadi and Village Industry Board in Mizoram

The Mizoram Khadi and Village Industry Board (MKVB) Act 1982 was passed in 1985 in Mizoram State legislative Assembly. The rules and regulation of the Mizoram Khadi and Village Industry Board was drafted after studying Assam Khadi and Village Industry Act and Rules. The Board has been established under the initiative of the department of Industry, Government of Mizoram. It is statutory body by an act of Legislative Assembly, jointly look after by the Khadi and Village industry commission and Mizoram state government. It is also a promontory body, but having power to take up trading and business activities for the benefits of its registered Village Industries units, so as to promote Village industry. The Mizoram KVIB is established to provide for the better facility development and regulation of Khadi & Village Industries in the state of Mizoram. All the funds loans and promotional activities is met by the commission and the establishment funds is met by the state government. As the acts impose, the Board landed assistance:

1. To help the people by providing them with work in their home and to give loans and other form of monetary helps to individuals, registered co-operative societies and registered institutions.

2. To encourage establishment of societies for Khadi and Village Industry and Handicraft.
3. To train people with a view to equip them with necessary knowledge for starting or carrying on the Khadi & Village Industries.

Other than that, Mizoram KVI Board provides financial assistance to enterprise units, as the board is one of the implementing agencies for Prime Minister Employment Generation programme (PMEGP) in the state of Mizoram. The boards is also work as a consultant for enterprise providing the entrepreneurs various services through Rural Industries Consultancy Service (RICS), which was meant to facilitate an enterprise in preparing project report, guiding entrepreneurs in implementing project, arranging support services from various organization and local authorities, facilitate in obtaining machinery and Raw materials, rendering marketing support for the final product etc. The Board also established Tung oil producing centers at Saitual in 2011. From this center the board process 150 quintals of Tung seed as Mizoram is the sole producer of Tung oil in India. Since the board had given marketing support to enterprises units, it established Emporium of marketing in every district of Mizoram. KVIB Board is the sole agency to sell National flag of different size in Emporium and lifted Paraffin wax for selling at the emporium to the candle making industry. The Boards also established Multi Disciplinary Training Centre (MDTC) at Zemabawk; through this centre the Board facilitates technical support to industrial units and runs Rural Industrial Consultancy Service to help industrial units in making Detail Project Report (DPR).

8. Prime Minister Employment Generation Programme

Prime Minister Employment Generation Programme (PMEGP) is a new credit linked subsidy programme implemented by

Khadi and Village Industries Commission (KVIC) in the National level. It was introduced on 31st March 2008, by merging 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 both rural and urban areas. This scheme is implemented by state KVIC, Khadi and Village Industries Board (KVIB) and District Industries Centre (DICs). The objectives of PMEGP are highlighted as;

1. Generation of employment opportunities in rural and urban areas by setting up new ventures or micro enterprises.
2. To bring together widely dispersed traditional artisans, rural and urban unemployed youths.
3. To provide continuous and sustainable employment to a large segment of traditional and prospective artisans to prevent from migration of rural artisan to urban artisans.

The scheme is a credit link subsidy the financial composition of the scheme is highlight in the following table.

The below table shows the level of funding under Prime minister Employment Generation Programme (PMEGP)

Table no. 2 LEVEL OF FUNDING UNDER PMEGP SCHEME

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, PH, NER and Border areas etc.	05%	25%	35%

Source: KVIC Mizoram section

The above table no 2, indicates the level of funding under PMEGP scheme. It is highlighted that the rates of subsidy provided to the enterprise units differs as per Urban, rural and

the entrepreneurs category that is General or cast and tribe, minority etc. The rate of subsidy provided in urban areas comprise of 15 percent and 25 percent in case of general categories and special categories. The enterprise located in rural areas was allocated more than urban that consist of 25 percent and 35 percent in case of general category and special categories. The entrepreneur's contribution may also differ from category to category. Where general category entrepreneurs may contributes 10 percent of the project cost and special category are liable to contributes only 05 percent of the total project cost.

9. Performance Of MKVIB Under PMEGP Scheme

The Mizoram KVIB is the leading agency for implementing PMEGP scheme in Mizoram. The performance of MKVIB under PMEGP scheme is shown as under:

Table no. 3 PERFORMANCE OF MKVIB UNDER PMEGP SCHEME

S/N	Year	Nos. of unit Financed	Bank Loan Amount (Rs-in lakh)	Margin money (Rs-in lakh)
1	2009-2010	88	400.41	1,33,52,419
2	2010-2011	208	852.88	3,16,21,376
3	2011-2012	219	984.27	3,51,01,897
4	2012-2013	244	764.56	2,80,84,548
5	2013-2014	378	1173.87	4,29,55,274
	Total	1137	4175	15,11,15,514

Source: MKVIB

The above table no 3 highlights the performance of Mizoram Khadi and Village Industry Board (MKVIB). It shows a continuous increase in number of unit financing since the inception of PMEGP in Mizoram, but continuous growth in Bank loan amount sanction and margin money distributed. During the year of 2009 to 2010, 2010 to 2011, 2011 to 2012, and 2012 to 2013 the numbers of units financed were increased every year, constitutes 88 units, 208,219,244 respectively. But

during the year of 2013 to 2014 the numbers of units financed were only 378. The table also shows the amount, bank contributed for the scheme year wise where it is obtained an increased in yearly loan amount except during the year of 2102 to 2013. The margin money distributed to the loan waver also sticks to increased in every year except on 2102 to 2103. It is implied that in most of the year the numbers of units, beneficiaries, amount of loan and margin money distributed shown increased.

Table no 4 SALES TURN OVER OF MKVIB UNDER PMEGP SCHEME

S/N	Year	Production	Sales
1	2009-2010	959.77	1322.17
2	2010-2011	2203.77	3009.42
3	2011-2012	2120.81	3127.66
4	2012-2013	1536.28	2189.88
5	2013-2014	2747.10	3948.56
	Total	9567.57	13597.69

Source: MKVIB

The above table no 4, highlight the turnover of Mizoram Khadi and Village Industry Board. It is shows that during the year of 2009 to 2010 production was 959.77 and sales Rs 1322.17 lakh, Rs 3009.42, 3127.66, 2189.88,3948.56 during 2010 to 2011, 2011 to 2012, 2012 to 2013, 2013 to 2104 respectively. Thought there was a continuous increased in margin money distributed and numbers of units assisted, that does not reflect on the production and sales since table no 3 implies there was a contentious in production and sales of MKVIB.

10. Conclusion

The Mizoram Khadi and Village Industry Board play a very important role in the economic development of the poor rural and unemployed youth in the state by providing technical and financial assistance for setting up of micro enterprise units. Since the introduction of PMEGP in Mizoram the board

provides assistance to a numbers of enterprise units under this scheme. During the study periods of 2009 to 2014 the board assisted 1137 enterprise units. Through the units assisted the board has gained Rs 13597.69 lakh with the production of 9567.57. The Mizoram Khadi and Village Industry Board had assisted the entrepreneurs in getting loans through PMEGP scheme. Since the inception of PMEGP, the MKVIB issued the subsidy to a numbers of enterprises which amounting Rs 15,11,15,514 .

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