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*International Journal of Economic Perspectives*, 15(1), 368–376.

Retrieved from <https://ijeponline.org/index.php/journal/>

**An analytical study on impact of Prime Minister Employment Generation Program on growth of MSME in Bilaspur District**

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**Abstract:** Credit facilities from government initiatives are a major source of money and employment for the poor masses in various developing countries. India is no exception in this case. In India, a large number of unemployed youths are attempting to overcome financial constraints in order to start a business. In this context government of India has started Prime Minister Employment Generation Program to promote entrepreneurship. This paper focuses on to study the impact of PMEGP on growth of MSME and also to find whether the scheme has been properly utilized or not. It is found that PMEGP has a significant impact on sustainable growth of MSME and the impact is positive.

**Keywords:** PMEGP, MSME, Subsidy, etc.

**1.1 Introduction:** The word 'Entrepreneur' is a mix of two Latin words 'Entre' signifies to swim out, and 'Preneur' signifies to get it or to understand. French-Irish business analyst Jean-Baptiste had consolidated these two words to promote the term entrepreneurs, during 18th Century. He opined, "The entrepreneur shifts economic resources out of an area of lower and put into an area of higher productivity and better yield" (Hindle, 2012). One dictionary defines entrepreneur as one who undertakes an enterprise, especially a contractor acting as the intermediary between capital and labour. As indicated by the Schumpeter, business visionaries is an 'inventive destructor' who makes or cause a unique disequilibrium in the economy, by taking advancement to commercializing, by implanting it in a domain where it didn't exist already. The entrepreneur is a pioneer which may happen in any of the accompanying five structures:

1. Presentation of new item;
2. Presentation of another strategy for generation;

3. Inaugural of a new market;

4. Discovery of innovative source of supply of raw ingredients; and

5. Booming out of the new system of organization of any industry.

### **1.2 Prime Minister's Employment Guarantee Program(PMEGP):**

It has been approved as a new credit linked subsidy plan by the Government of India on August 15, 2008, by merging two existing schemes (PMRY and REGP) that had been in operation until March 31, 2008, to create employment opportunities through the creation of micro-enterprises in rural and urban areas. "Ministry of Micro, Small and Medium Enterprises (MSME)" and "Khadi and Village Industries Commission (KVIC)" oversee the PMEGP, which is a central sector initiative for micro, small, and medium enterprises. The state's KVIC Directorates have given their approval to the framework. State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), and District Industries Centers (DICs) and banks implement the scheme at the state level. KVIC is in charge of channeling the government funding for this project through reputable banks so that it can reach the intended recipients as quickly as possible and have the greatest impact on their personal finances. When it comes to putting the plan into action, the organizations KVIC, KVIBs, and DICs partner with reputable "Non-Government Organizations (NGOs), Self Help Groups (SHGs), National Small Industries Corporation (NSIC), and other relevant bodies," particularly when it comes to identifying beneficiaries and providing entrepreneurship training.

### **1.3 SIGNIFICANCE OF THE STUDY:**

Credit facilities from government initiatives are a major source of money and employment for the poor masses in various developing countries. India is no exception in this case. In India, a large number of unemployed youths are attempting to overcome financial constraints in order to start a business. With the expanding population of the state and the country as a whole, there is a lot of unemployment and underemployment. In recent decades, government schemes like as the PMEGP have provided financial help to unemployed youngsters educated in the state, which has become an important component in the study areas' microenterprise.

Simultaneously, plans launched in the study region are not perceived to be effective; is this due to a lack of knowledge, training, or motivation on the part of the beneficiaries? Is it because the implementing agency and disbursing banks haven't provided adequate support? Is it correct that the

scheme, which is intended for educated impoverished youngsters, has percolated to them? Is it necessary to reinterpret the role of the government's livelihood initiatives in this context? To create a favorable investment environment, administrators, policymakers, academics, and civil society must pay close attention to all of these research questions and myths. Employment stagnation and the inadequacy of various policies and measures implemented thus far indicate that the goal of securing work for all must be tackled in a far more basic manner than in the past (T. Singh, 1974, p-115).

It is critical to identify linked variables that contribute to the scheme's ineffectiveness, as well as to assess if it was successfully developed and performed. Both the bad and good aspects of the program must be evaluated thoroughly since such a scheme has enormous potential to alleviate fundamental socioeconomic problems in society. The researcher is also curious about the operational and financial effectiveness of the study area's PMEGP-sponsored business owners. This research project will emphasize the overall image of the government's livelihood strategy and determine the profitable segment of entrepreneurship in the studied area.

## **2. Literature Review:**

Altmash and Khandare (2020) found that the Prime Minister's Employment Generation Programme (PMEGP) has a major impact in reducing youth unemployment in their study article titled, "Study of Prime Minister's Employment Generation Programme in Selected Districts in Marathwada Region." It also provides opportunities for future development of women entrepreneurs in India, which will aid in the country's economic progress in a developing country like India. PMEGP had a good impact on socioeconomic characteristics such as age, educational qualification, income, job creation, and so on, and greatly contributed to India's economy. The gradual increase in income, profitability, asset acquisition, revenue, and employment during the examined years demonstrates PMEGP's favourable progress.

According to Bannigol and Kirankumar in 2018, financial inclusion, a multidimensional phenomenon, has become one of the key determinants of an economy's performance and has garnered substantial attention these days. The current article focuses on unemployed youngsters who have received microcredit from the government of India (GoI) through the Prime Minister Employment Generation Programme (PMEGP) scheme, as well as their perceptions of financial inclusion in practise. It draws on a survey to conduct a study of the Financial Inclusion and Prime Minister Employment Generation programmes in India, as well as secondary data sources. In addition to descriptive analysis, a grounded theory approach was employed to investigate novel topics relating financial inclusion plan

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beneficiaries, i.e., PMEGP micro credit recipients. Four distinct themes emerged from the data about the themes arose: (a) People's perceived unawareness of Financial Inclusion Plans (FIP) (b) A lack of interest on the part of bank personnel in providing guidance; (c) a perceived lack of documentation and red tape; and (d) the phrase literacy is confused with the term financial literacy. And, depending on the study's findings, policymakers could implement various measures.

Buvaneswaran (2016) discusses "policy measures for encouraging and strengthening Micro, Small, and Medium Enterprises in Tamil Nadu" in his article. He emphasised the importance of MSMEs, shifting trends in employment growth in this sector, and addressed issues about starting and maintaining a business successfully. It also advised support systems for encouraging start-ups, doing and developing company, and easing closure and exit, as well as highlighting the importance of doing so. He also believes that the development of MSMEs is critical to addressing not only the problem of industrial development, but also unemployment and regional imbalances. It is a deliberate action that engages in the inception, promotion, and production of economic activities for the generation and distribution of wealth. It is an essential component of socioeconomic transition, which is the key to any country's economic growth. Any region's economic development is the result of deliberate human activity.

### **3.1 Research Methodology:**

For the purpose of this research a descriptive research design has been used to describe the impact of Prime Minister Employment Generation Program (PMEGP) on growth of Micro, Small and Medium Enterprises and also to identify whether the Subsidy based scheme of growth on MSME is properly utilized or not.

### **3.2 Objective of the Research:**

The objectives of the present research are:

- a. To study and understand the benefits of PMEGP scheme for MSMEs.
- b. To examine the impact of PMEGP Scheme or development scheme on growth of Micro, Small and Medium Enterprises.
- c. To identify whether the Subsidy based scheme of growth on MSME is properly utilized or not.

### **3.3 Research Hypothesis:**

The hypotheses of the present research are:

1. There is no significant impact of PMEGP's on sustainable growth for MSME
2. Subsidy based scheme of growth on MSME is not properly utilized

### **3.4 Data Collection:**

For the purpose of this research, both primary and secondary data has been collected. Primary data has been collected from the beneficiaries who are now working on various PMEGP-funded livelihood programs and the beneficiaries who had previously been beneficiaries but had quit the profession for reasons unknown to them. The data has been collected through structured questionnaire.

Secondary data and information were gathered from books, journals, government publications, unpublished documents and articles, and research papers.

### **3.5 Sampling Technique and Sample Size:**

A field survey of the entire district, including all administrative circles, was done. Because the study was exploratory in nature, 400 people were chosen to participate in the field survey. In terms of total respondents or sample size, 400 beneficiaries were chosen at random from each administrative circle in the study area. Random selection and Convenient Sampling approaches were employed to pick respondents from the study locations for the study.

### **4.1 Impact of PMEGP's on sustainable growth for MSME**

To test the hypothesis "Impact of PMEGP'S has Positive in sustainable growth for MSME" the means of income generated by entrepreneurs before and after starting an enterprise through the loan received under PMEGP are compared using paired sample t-test and the relationship has been studied using paired correlation. Following paired samples statistics table shows the means, standard deviation and standard error mean,

**Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 What was the annual income before start the Enterprises?	2.4200	400	1.19254	.05963
What is the present annual income?	2.7000	400	1.03085	.05154

The above table shows that the mean income before starting an enterprise was 2.42 and mean income after starting the enterprise is 2.70 whereas the standard deviation obtained is 1.19 and 1.03 respectively.

**Paired Samples Correlations**

	N	Correlation	Sig.
Pair 1 What was the annual income before start the Enterprises? & What is the present annual income?	400	.767	.000

The above table shows the relationship between the income and growth before starting the enterprise and income and growth after starting the enterprise. The correlation between the two variables obtained is found to be 0.767 which states that there is positive growth observed in MSME due to PMEGP.

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 What was the annual income before start the Enterprises? - What is the present annual income?	-.28000	.77337	.03867	-.35602	-.20398	-7.241	399	.000

The seventh column in the above paired sample test table shows the paired sample t-value of -7.241 at 399 degree of freedom. The sig. (2-tailed) value i.e. p-value obtained in 0.00 which is less than the alpha value of 0.05 ( $T=-7.241$ ,  $p < 0.05$ ), this states that there is significant impact of PMEGP on growth of MSME.

Hence, it is concluded that PMEGP has a significant impact on sustainable growth of MSME and the impact is positive. Therefore, the hypothesis i.e. “Impact of PMEGP’S has Positive in sustainable growth for MSME” is **accepted**.

#### 4.2 Utilization of Subsidy based scheme:

To test the hypothesis “Subsidy based scheme of growth on MSME is not properly utilized” one-way ANOVA test has been applied to compare the means and variances of respondents who have received the subsidy with those who have not received the subsidy. Also, the attempt is made to study whether the subsidy and grants received have been adequately utilized or not.

##### Descriptives

Do you agree that availment of incentives and subsidies & grants from government are adequate?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Less than 1 year	96	2.5208	1.49370	.15245	2.2182	2.8235	1.00	4.00
Less than 2 Years	128	2.6719	1.40365	.12407	2.4264	2.9174	1.00	5.00
Less than 3 Years	80	4.2125	1.17671	.13156	3.9506	4.4744	2.00	5.00
Less than 5 Years	96	3.2500	1.09545	.11180	3.0280	3.4720	2.00	5.00
Total	400	3.0825	1.45292	.07265	2.9397	3.2253	1.00	5.00

The above descriptive table shows that the mean value of respondents who have received the subsidy in less than one year is found to be 2.52, mean of respondents who received subsidy less than 2 years is 2.67, less than 3 years is 4.21 and less than five years is 3.25. The standard deviation obtained is 1.49, 1.40, 1.17 and 1.09 respectively of the four groups of respondents.

##### ANOVA

Do you agree that availment of incentives and subsidies & grants from government are adequate?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	156.713	3	52.238	30.174	.067
Within Groups	685.565	396	1.731		
Total	842.278	399			

The above ANOVA table gives the F-value of 30.174 in the fifth column and sig. value i.e. p-value of 0.067 in the sixth column. The p-value obtained is more than the alpha value of 0.05 ( $F=30.174$ ,  $p >$



0.05) this states that there is no significant utilization of subsidy and grants received by MSME. Hence, the hypothesis i.e. “Subsidy based scheme of growth on MSME is not properly utilized” is **accepted**.

## **5. Findings and Conclusions:**

It was found during the research that 32.5% of entrepreneurs had the annual income of below 1 lakh before the start of the enterprises, 19.25% of entrepreneurs had the annual income of 1 lakh to 3 lakh before the start of the enterprises, 22% of entrepreneurs had the annual income of 3 lakh to 5 lakh before the start of the enterprises, and the remaining 26.25% of entrepreneurs had the annual income of 5 lakh to 10 lakh before the start of the enterprises. However, 13% of entrepreneurs have the present annual income of below 1 lakh, 33.5% of entrepreneurs have the present annual income of 1 lakh to 3 lakh, 24% of entrepreneurs have the present annual income of 3 lakh to 5 lakh, and the remaining 29.5% of entrepreneurs have the present annual income of 5 lakh to 10 lakh. This shows that there is growth in annual income of beneficiaries due to the scheme. Further hypothesis testing also proves that PMEGP has a significant impact on sustainable growth of MSME and the impact is positive.

It is further found during the research that 26% of entrepreneurs agree that the availment of incentives and subsidies & grants from government are adequate, followed by 21.5% of entrepreneurs who strongly agree that the availment of incentives and subsidies & grants from government are adequate, 11% of entrepreneurs neither agree nor disagree that the availment of incentives and subsidies & grants from government are adequate. However, 22.25% of entrepreneurs disagree that the availment of incentives and subsidies & grants from government are adequate and remaining 19.25% of entrepreneurs strongly disagree that the availment of incentives and subsidies & grants from government are adequate. The hypothesis testing shows that there is no significant utilization of subsidy and grants received by MSME.

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