Economic Development through Prime Minister Employment Generation Programme in India: An Analysis

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Doi:10.5901/mjss.2015.v6n3p435

Abstract

Gandhiji often said that village economics is different from industrial economics and the nation can progress only, when the villages are self reliant. That is why more concentration is given towards the rural sector of the Indian economy. The Govt. of India is giving great importance to the Khadi and Village Industries programmes which are the backbone for the development of rural economy of our country. In this paper we investigate the performance of Prime Minister Employment Generation Programme in the economy of India as well as Jharkhand State in the 11th Five Plan (2007 -2012) in terms of numbers of project started, production, sales, employment and earnings. An explorative as well as descriptive research methodology is used to get the data related to the production and employment generated by village industries in India which is well segregated into six zones by the commission (East, West, North, South, Central and North East). The correlation analysis shows a very strong relationship between the selected variables in India. But in case of Jharkhand there is a strong correlation between Number of Village Industries started and Production from those village industries, and the product produced and the sales of those product, but the correlation between the project started and employment generated from those industries and employment generation and the earnings from those employment is very weak, which shows that although the number of industries increased under the PMEGP scheme but still lot have to be done to promote village industries in the economy.

Keywords: PMEGP(Prime Minister Employment Generation Programme), Khadi and Village Industries, Micro Small Medium Enterprises, Jharkhand, India

1. Introduction to Village Industries

As per the KVIC Act., 1956(No.61 of 1956 and amended in 2006), Village Industry means any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed [one lakh rupees] or such other sum as may, by notification in the official gazette, be specified from time to time by the Central Government;

Provided that any industry specified in the scheduled and located in an area other than a rural area and organized as a village industry in any time before the commencement of the Khadi and Village Industries Commission (Amendment) Act, 1987 shall, notwithstanding anything contained in the sub-clause, continue to be a village industry under this Act;

Provided further that in the case of any industry located in a hilly area, the provisions of this sub-clause shall have effect as if for the words "one lakh rupees", the words "one lakh and fifty thousand rupees" had been substituted.

....any other non-manufacturing unit established for the sole purpose of promoting, maintaining, assisting, servicing (including mother units) or managing any village industry. (Directorate of Economic Research, 2011 - 2012)

Village Industries attracted the Father of Nation, Mahatma Gandhi's attention in 1935. This resulted in the formation of All India Village Industries Association (AIVIA). Thus, the village industries, as a group, came under systematic development process in 1935. At that point of time, there was no specific definition given to the village industries. The industries in rural areas, processing local raw material for local markets with simple techniques and equipments were categorized under "Village Industries". Traditional village industries like Ghani Oil, Pottery, Leather, Beekeeping, Carpentry, and Blacksmithy, Soap, Agarbatti, Papad, Pickles, etc. were thriving in rural India, since time immemorial.

The Village Industries in the country worked on self-supporting basis, with an underlying theme of taking advantage of the local raw materials and local skills to achieve production locally and also to provide employment opportunities for local people. Every village had its share of potters, cobblers/tanners, carpenters and blacksmiths. Bee-keepers, oil-crushers etc., working with traditional skills and bringing out exclusive products not only for the consumption of local population but also sending to urban markets.

Because of the declining trend in the additional employment generation opportunities in the agricultural sector, village industries in the non farm sector, is playing an important role in bridging the demand-supply gap in rural employment. With the enlarged scope of micro finance, village industries capability to provide livelihood to rural unemployed people are enhancing. With comparatively low per capita investment and adoption of appropriate skills and technology, Village Industries have been definitely playing a commendable role as an employment provider in the rural areas.

1.1 Built-in-Strength of Village Industries:

In India village industries are a major source of rural employment. In large and medium industries per capita investment is very high, therefore, only a small portion of the labour force could be accommodated. Agriculture alone cannot provide employment to the rest, thus village industries are especially important for all developing economies. The scope of village industries is changing fast and today it does not include only the traditional village industries but any industry with or without the use of power which can be established in the villages, with appropriate technology, can be taken as village industries.

The rural industries provide immediate large scale employment and they also offer a method of ensuring a more suitable distribution of the national income. Rural industries facilitate an effective mobilization of resources, capital, and skill which might otherwise remain unutilized.

Some of the problem that unplanned industrialisation tends to create will be avoided by the establishment of small centres of industrial production all over the country. The development of small scale industry is seen as a way of serving the following objectives.

- Employment Generation.
- An equitable distribution of income.
- Mobilisation of capital.
- Entrepreneurial skill.
- Regional Industrial Dispersal.

1.2 Historical Perspectives of Village Industries in India

Initially KVIC was responsible for planning, organizing, and implementing of village industries, within due course of time 96 industries were eligible for assistance under the commission's development programme.

In this context we may quote Prof. P.C. Mohalnobis, according to Prof. Mohalnobis, there is no possibility in the short run for creating much employment through the factory-industry i.e. the large industries. On the other hand, the household or cottage industries require very little capital with any given investment, employment possibilities, would be ten or fifteen or even twenty times greater or comparison with corresponding factory industries .

Like other developing nations, in India, next to agriculture, cottage and village Industries were the main-stay of the villages since pre-historic times. Agriculture can't provide employment to everyone and since in large and medium industries, the per capita investment is very high, only very small portion of the total labour force could be accommodated.

In a developing country, small scale industries and village industries are generally of two distinct type:

- i) Modern small industries
- ii) Traditional Cottage industries

Modern small industries are mostly in town and cities, but with the tendency to scatter in interior areas for various reasons like the tax reduction in backward area, availability of cheaper land and labour, availability of local raw material, ready market, special raw material, special climate favourable to the industry or the existence of a clustered localization of a particular industry in that area for availability of special skill.

On the other hand, the traditional cottage industries, using simple tools and requiring less capital, operates both in urban cottages and in villages. The village industries, in rural areas, catered to the staple needs of the villagers, mostly or

exchange basis.

In India, traditional small industries include khadi textiles and handloom textile, village industries, handicrafts, sericulture etc. to add the national wealth of a developing country, it is necessary to help the small industries and village industries, which provides an outlet for the creative faculties and resourcefulness of the people. Village industries can provide jobs to the large number of unemployed people to earn an honest living.

2. Prime Minister's Employment Generation Programme

The Prime Minister's Employment Generation Programme (PMEGP), came into existence during the year 2008-2009 (September, 2008), by merging the erstwhile, Rural Employment Generation Programme (REGP), implemented by KVIC and Pradhan Mantri Rojgar Yojna (PMRY) implemented by DICs. This is a 'credit linked subsidy programme' for generation of employment opportunities through establishment of micro enterprises in the rural as well as urban areas. KVIC is the Nodal agency at the National level for implementation of the programme (Directorate of Economic Research, 2011 - 2012).

2.1 Implementing agencies

The Ministry of MSME, Government of India has nominated KVIC as 'National Nodal Agency to implement the scheme with the active participation of Banks, State Khadi & Village Industries Boards and DICs of the State Governments

The scheme is being implemented by KVIC (Khadi Village Industries Commission), State KVIBs (i.e. State Khadi & Village Industries Boards) and DICs (District Industries Centres) in rural areas, while in urban areas, by DICs only. Maximum cost of the project under the scheme in manufacturing sector is Rs.25.00 lakhs and in service sector Rs.10.00 lakhs.

2.2 Industries under PMEGP

Any industry, including coir based projects (except those mentioned in the negative list), which produces goods or renders any service with or without the use of power and in which the fixed capital investment per head of a full time artisans or worker i.e. Capital Expenditure on workshop/work-shed, machinery and furniture of the project does not exceed Rs.1.00 lakh in plain areas and Rs1.50 lakh in hilly areas.

2.2.1 Segments under village industry (PMEGP scheme)

- Mineral based industries
- Forest based industry
- Agro based and food industry
- Polymer and chemical based industry
- Engineering and conventional energy
- Textile industry(excluding khadi)
- Service industry

2.2.2 Negative list of activities:

Any industry/business connected with Meat (slaughtered) i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sales of intoxicant items like Beedi/Pan/Cigar/Cigarette etc., any hotel or dhaba with sales outlet serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale.

Any industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber, Sericulture (Cocoon rearing), Horticulture, Floriculture, Animal Husbandry like Pisciculture, Piggery, Poultry, Harvester machines etc.

Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item, which causes environment problems.

Industries such as processing of Pashmina Wool and such other products like hand spinning and hand weaving, taking advantage of Khadi programme.

Rural Transport (except Auto Rickshaw in Andaman & Nicobar Island; House Boat, Shikara & Tourist Boats in J&K and Cycle Rickshaw).

Business activities like opening of grocery and stationary shops etc. involving no manufacturing process and value addition.

2.2.3 Area of operation

Rural area as defined under KVIC Act, 2006:

Any area classified as village as per the revenue record of the State/U.T., irrespective of population.

It will also include any area even if classified as town, provided its population does not exceed 20,000 persons. Scheme is being implemented by KVIC, KVIBs and DICs.

Urban area means those areas not covered under Rural Area. Scheme is being implemented by DICs only.

3. Objective and Methodology

The objective of this paper is to examine and critically analyze the existing structure of village industries with emphasis upon number of village industries established, production, sales, employment generation and earnings by the village industries as defined by Khadi and Village Industries Commission and to find out the existing relationship between various variables

In order to achieve the objective the present study require secondary data from published and unpublished work on the related topic(economic survey, journals, etc.), government organizations(Directorate of Industries, Directorate of KVIC Ranchi, Directorate of Economics and Statistics).

An explorative as well as descriptive research methodology is used to get the data related to the production and employment generated by village industries in India which is well segregated into six zones by the commission (East, West, North, South, Central and North East).

4. Literature Review

Small scale sector holds an important place in agro – industrial economy of India. A number of researchers and subject experts have done a commendable job by providing their feedback in the form of experience and inferences from data analysis. This certainly needs to be studied for a better understanding of the small – scale sector in agro – industrial economy its present status and implications.

Village Industries is one of the means of providing gainful employment opportunities to a number of people in the countryside, due to various inherent limitations of the growth of the organised industry sector and insufficient potentialities of agricultural development and migration of rural people to urban areas where opportunities are too limited, village industries play a significant role (Dubashi, 1984), although the removal of poverty is a very difficult task but Khadi and Village Industries can contribute its share to remove poverty (Thomas, 1984),through rural industrialisation as a poverty alleviation programme (George, 1984),although substantial income and income generating opportunities could be created through agriculture and allied programmes but village industries can diversify the poor rural masses towards gainful employment and promoting rural industrialisation (Bhanujan, 1984), because rural development programmes has to address both the open employment and disguised employment and Khadi and Village Industries provide an important means for rural industrialisation through which poverty can be reduced by means of industrial employment (Adiserhiah, 1992),rural industrialisation should be encouraged to provide suitable employment to the rural household without involving any dislocation and migration (Prema, 1998) Khadi and Village Industries programme had registered an impressive growth during 1987 – 88. The production of these industries had attained a level of Rs. 1488.39 crores during 1987 – 88 registering an increase of 13% over the production level of Rs.1316.72 crore during 1986 – 87, it also provide employment (full time as well as part time) to 41.80 lakhs person whose earnings amounted to Rs. 468.98 crore (Jain, 1989) in 1990 – 91 Khadi products worth Rs. 2780.02 crore were produced in the country, in 1993 – 94 the production increased to Rs. 3233.86 crore. The earnings went up from Rs.784.05 crore in 1990 – 91 to Rs.1140.65 crore in 1993 – 94. This sector provided employment to 53.28 lakhs person during this period against 48.57 lakhs in 1990 -91. During 1993 – 94, over 8000 artisans were trained under village industries which included over 900 women, about 450 scheduled caste and 280 scheduled tribe candidates were also trained during the period (Arunachalam, 1995) Khadi and Village Industries provide crucial non – farm opportunities to the rural population, small scale sector employs over 15 million workers and account for over 40% of Indian manufacturing output and 35% of its export (Gangal, 1996).

Indian population faced the problem of unemployment and underemployment which is more grave in rural sector. The unemployment of rural youth is the new dimension of the problem. This hassled to the problem of migration to urban areas abandoning the village, which in turn has generated many problems in urban areas like development of slums, unemployment proliferation of antisocial elements. In such a condition rural industries and village industries through massive rural industrialisation is the only measure to cure the problem and accelerate the development of rural India, large scale industries could not contribute in solving the gigantic national problem of unemployment and poverty, Khadi and Village Industries in rural areas would expand work opportunities, raises incomes and standards of living and bring more balanced and integrated rural economy (Khatri & Bhandari, 1998); (Sahaya, 1999) Khadi and Village Industries helps to generate non – farm employment opportunities and restrict migration of rural population to urban centres for employment and livelihood (Tripathy, 1998); (Bhargava, 1998), Agro based Industries also contribute to the development of economy, they would achieve economic growth, reduce dependency of rural population on government and other agencies and would also lead to industrialisation, they utilise local tools and materials provide employment opportunities and raises the income level of rural people and to help eradicate growing poverty (Sahaya R. ..., 1998) but a backward and forward linkages should be ensured in respect of agro – based industries that maximum growth impulses are generated (Sundaram, 2002) Khadi and Village Industries sector will be part and parcel of economic system of India by providing sustainable employment (Meenakshisundaram, 2000) these industries can effectively bring about rural economic development with relatively less financial resources (Gupta, Singh, & Pruthi, 1998) Khadi and Village Industries provide entrepreneurial opportunities to ideal rural women workforce and contribute for accelerating economic growth (Hanamashetti, 1999). To solve the problem of unemployment and underemployment a well designed integrated approach towards rural employment has to be prepared (Dwarkanath, 1999). The problem of unemployment has to be brought into the sharpest focus while planning and implementing the programme of the economic growth of the nation (Sharma, 1999) in the terminal year of Eighth five year plan only 58.17 lakhs person employed in Khadi and Village Industries in other words only half – percent of rural population engaged themselves in Khadi and Village Industries (Bhardwaj, 1998).

Development goals must be defined in terms of progressive reduction and eventual elimination, diseases, illiteracy squalor, unemployment and inequalities (Haq, 1971). If the poverty, unemployment and inequalities declined from higher, then beyond doubt this has become period of development for the country concerned, if one or two of the central problem have been growing worse, especially if all three have it would be strange to call the result 'development' even if per capita income doubled (Seers, 1969), village industries have a unique role to play in the economic development of the poor rural people in India (Patel, 1970), it was observed that agro industries have played an important role in the economy of developing countries, the economic prosperity of a developing country like India is dependent on integration of its agriculture with industry (Baig & Iqbal, 1981).

Khadi and Village Industries Sector plays an important role in the economic development of rural areas from the angel of exploitation of local resources and skills and generation of employment and income of rural people (Bhusan, 1995) these industries provide immediate large scale employment offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilisation of resources which might otherwise remain unutilised (Balasubramanya, 1999) small scale and household enterprises is an important component of an employment oriented strategy of industrialisation. The employment output ratio is the lowest in the small scale sector while that employment generation capacity is eight times higher than that of large sectors (Datt & Sundaram, 1979) the large volume of unutilised labour possessed by less developed countries has a productive potential, capable of creating capital and increasing production by labour intensive technique (Myrdal, 1968) in this sense, Khadi and Village Industries should be developed and promoted especially in an economy where capital is scarce (Lewis, 1954) as there is a positive relationship among productivity of labour, output and employment (Keynes, 1936).

Village Industries are labour intensive industries with a short gestation period which results in higher growth rate both in terms of employment and output and most important labour intensive pattern of industrialisation can avoid the pitfall of concentration of industries in few industrial areas (Jamal, 1999), village industries would play an important role in the rural areas whereas modern small units are likely to be more concentrated in the urban areas because of the sophistication in the product, rural development is a basic necessity and economic imperative and there is a need for evolving proper policies and measures to promote small scale industries and village industries in rural areas with a view to raising the incomes, increasing employment opportunities encouraging participations in the development process and adding to the quality of life. Achievement of these would contribute to the correlating of industrial growth and reducing migration (Singaravelu, Ali, & Kanakaiah, 2000).

Khadi and Village Industries now be considered as a second freedom struggle i.e., freedom from want and poverty (Panditrao Y. ..., 1999) village industries have the potential to play a very major role in bringing about rural industrialisation

(Raghavrao, 1999). In the process of rural industrialisation there is a development of rural markets, roads, transport, employment and quality of life of the rural masses shall improve in the natural courses which are the basic needs of rural development (Singh, 2000); (Siddiqui, 2002).

The pace of technological development in rural cottage and village industries including Khadi sector in India has been extremely slow, for centuries the technology has almost stagnant, an integrated approach is needed to remove the blockage for the development and transfer of the technology in village industry so that it leads to increasing work opportunities and ensuring reasonable income and banish poverty from the land (Panditrao Y. A., 1998) ; (Seerangarajan, 1998).

The promotion of Small Scale Industries have been widely recognised as one of the most appropriate means of developing industries in developing countries, which are facing mounting pressure of population, and acute shortage is in investable capital fund and lack of entrepreneurial and managerial abilities (Bharti, 1978) small scale industry can act as a integral part of country's economic structure as a whole (Prasad L. , 1983)

If small scale industries are properly developed they can provide a large volume of employment, can raise income and standard of living of the people in lower income group and can bring about more prosperity and balanced economic development.

5. Performance of Prime Minister Employment Generation Programme in India

Table 1: Number of Projects (In Nos.)

S.No	YEAR	NORTH	EAST	NORTH-EAST	SOUTH	WEST	CENTRAL	INDIA
1	2008-09	2596.00	12204.00	2246.00	4040.00	2138.00	4384.00	27608.00
2	2009-10	5195(100.11)	10465(-14.24)	3720(65.62)	9327(130.86)	4216(97.19)	6579(50.06)	39502(43.08)
3	2010-11	7102(36.70)	11359(8.54)	6847(84.05)	8839(-5.23)	6821(61.78)	8851(34.53)	49819(26.11)
4	2011-12	6722(-5.35)	15528(36.70)	9781(42.85)	8465(-4.23)	4723(-30.70)	9916(12.03)	55135(10.67)

Source:- Statistical Statement, KVIC, Mumbai

Table 2: Production (Rs. In lakhs)

S.No	YEAR	NORTH	EAST	NORTH-EAST	SOUTH	WEST	CENTRAL	INDIA
1	2008-09	34251.92	120765.78	29474.71	53520.40	28297.65	48128.84	314439.30
2	2009-10	47723.35(39.33)	55301.85(-54.20)	11933.45(-59.51)	88412.95(65.19)	27138.97(-4.09)	87045.90(80.86)	317556.47(0.99)
3	2010-11	52346.89(9.68)	74471.03(34.66)	29689.65(148.79)	94353.79(6.71)	45274.02(66.82)	120683.59(38.64)	416818.97(31.25)
4	2011-12	45500.01(13.07)	102617.57(37.79)	44985.98(51.52)	93927.62(-0.45)	39819.01(-12.04)	146765.21(21.61)	473615.40(13.62)

Source: Statistical Statement, KVIC, Mumbai

Table 3: Sales(Rs. In Lakhs)

S.No	YEAR	NORTH	EAST	NORTH-EAST	SOUTH	WEST	CENTRAL	INDIA
1	2008-09	52789.06	194959.95	45426.43	82485.64	43612.33	74176.17	493449.58
2	2009-10	55764.55(5.63)	97720.55(-49.87)	23967.35(-47.23)	135686.43(64.49)	44560.55(2.17)	126763.55(70.89)	484462.98(-1.82)
3	2010-11	65433.63(17.33)	93088.80(-4.73)	37112.09(54.84)	117942.25(13.07)	56592.53(27.00)	150854.49(19.00)	521023.79(7.54)
4	2011-12	56875.15(-13.07)	128272.04(37.79)	56232.57(51.52)	117409.58(-0.45)	49773.81(-12.04)	183456.57(21.61)	592019.72(13.62)

Source: Statistical Statement, KVIC, Mumbai

Table 4: Employment (In Numbers)

S.No	YEAR	NORTH	EAST	NORTH-EAST	SOUTH	WEST	CENTRAL	INDIA
1	2008-09	43372.00	130003.00	72823.00	60452.00	31668.00	59882.00	398200.00
2	2009-10	46977.00(8.31)	95641.00(-26.43)	23920.00(-67.15)	152612.00(152.45)	31262.00(-1.28)	69585.00(16.20)	419997.00(5.47)
3	2010-11	64506.00(37.31)	106723.00(11.58)	51656.00(115.95)	112035.00(-26.58)	56973.00(82.24)	90131.00(29.52)	482024.00(14.76)
4	2011-12	47653.00(-26.12)	124858.00(-16.99)	78417.00(51.80)	105361.00(-5.95)	45790.00(-19.62)	93444.00(3.67)	495523.00(2.80)

Source: Statistical Statement, KVIC, Mumbai

Table 5: Earnings(Rs. In Lakhs)

S.No	YEAR	NORTH	EAST	NORTH-EAST	SOUTH	WEST	CENTRAL	INDIA
1	2008-09	15636.00	59401.12	13455.21	24432.06	12917.88	21970.82	147813.09
2	2009-10	22447.10(43.56)	33901.10(-42.92)	8197.05(-39.07)	49606.10(103.06)	14918.45(15.48)	55511.35(152.65)	184581.15(24.87)
3	2010-11	34761.52(54.85)	49803.88(46.90)	22261.97(171.58)	58298.96(17.52)	30584.49(105.01)	72170.15(30.00)	267880.97(45.12)
4	2011-12	31279.07(-10.01)	67714.28(35.96)	34109.59(53.21)	58805.86(0.86)	29886.29(-2.98)	87914.35(21.81)	309709.44(15.61)

Source: Statistical Statement, KVIC, Mumbai

5.1 Performance of Prime Minister Employment Generation Programme in Jharkhand

Table 6: Projects (In Nos), Production (Rs. in Lakhs), Sales (Rs.in Lakhs), Employment (In Nos), Earning (In Nos)

S.No	YEAR	PROJECT	PRODUCTION	SALES	EMPLOYMENT	EARNING
1	2008-09	538.00	7133.88	10994.74	7705.00	3256.62
2	2009-10	353(-34.38)	2954.60(-58.58)	5114.05(-53.48)	3250.00(-57.81)	2250.10(-30.90)
3	2010-11	1545(337.67)	10917.98(269.52)	13647.47(166.86)	15450.00(375.38)	6896.60(206.50)
4	2011-12	2372(53.52)	14514.23(32.93)	18142.80(32.93)	7116.00(-53.94)	9939.53(44.12)

Source: Statistical Statement, KVIC, Mumbai

6. Demography of Jharkhand

Jharkhand is primarily an agricultural state. Out of the total population of 2.69 crore, the rural population is 2.09 crore and urban population is 59.85 lakh. In this way nearly 77.75% of the people live in rural areas. Most of them are dependent on agricultural activities. The total agricultural land of the state is 38lakhs hectare out of the total area of 79,714 square kilometers. Only forty percent of the land is fertile and assured irrigation is available in 2 Lakh hectare. The total geographical area of the state is 79.71ha. An area of 23.22 lakh ha (29.13%) is under forests, 5.66 lakh ha(7.10%) is barren land, 7.24 lakh ha(9.08%) is under non- agricultural, 0.90lakh ha(1.13%) is under pastures and other grazing lands, 3.07 lakh ha(3.85%) is under cultivable waste land, 1.18 lakh ha(1.48%) is under miscellaneous trees and groves, 12.04 lakh ha(15.10%) is current fallows, 8.45 lakhs ha(10.60%) is other fallows and 17.95 lakh ha(22.53%) is the sown area. These figures indicate that an area of 24.4 lakh ha is under agricultural wasteland and must be usefully utilized.

6.1 Naxalism in Jharkhand

Naxalism is a movement which originated in the north Bengal country side near Naxalbari thana in early 1967. The uprising was not a disorganized outburst of peasant anger but the result of political agitation by a group of communist organizer. Secondly the uprising was not a sharp, short event, soon ignited and soon put down, but a lingering and fairly long drawn out struggle between the forces organized by revolutionaries and the groups opposed them.

The naxalites ideology is against India in its present form They believe that india is still to acquire freedom from the hunger and deprivation and that the rich classes – landlords, industrialists, traders, etc – control the means of production. Their final aim is to overthrow of the present system, hence they targeting the politician, police officer, forest contractor etc.

More recently there has been a spurt in the naxal violence especially against the police in many district such as Ranchi, Palamu, Khunti, Latehar, Giridih, and Bokaro. They are important in the sense that the maoist have proved that they can penetrate even the capital town. They mobilized civilian in their struggle areas for the first time and tested their mobile warfare. Such developments are real causes of concern to the state authorities.

The MCC maintains close relationship with the maoist insurgents in Nepal. On July 1, 2001, nine naxal outfits of India, Nepal, Bangladesh, and Sri Lanka joined hands to form an umbrella organization, the Coordination Committee of Maoist Parties and Organisations (CCOMPOSA) with a purpose to unify and coordinate the activities of the Maoist Parties and Organisations in South Asia.

6.2 Factors Behind Naxalism

The origin and growth of Naxalities movements can be attributed to a combination of economic, social, and political factor. It has been estimated that 54 percent of the Jharkhand's population still lives Below the Poverty Line(BPL). It implies that a large mass of Jharkhand population leads a miserable life despite six decades of development effort. It can largely been attributed to the imbalance between the growth of population and the growth of Economy. The government tried to tackle the problem of poverty but the result were offset by the population explosion.

The employment front is also perplexing. Employment opportunities have not expanded enough to reduce poverty. The backlog of employment is rising steadily. Some of the salient features of unemployment in rural areas, under – employment among women and higher incidence of unemployment among the educated.

There are various theories of extremism. The most popular theory is the “grievance – frustration” concept. Some analyst attribute insurgency as “deviant social behavior” , while other ascribe it to the break – up of traditional societies and the process of modernization.

6.3 Khadi and Village Industries in Jharkhand

Jharkhand being a mineral rich state primarily focuses on iron ore and coal reserves. Majority of reform process have been considered as MOU for development of large scale private players eyeing for the natural mineral resource of the state. However the state is still waiting for the new industrial policy to come into force which was formulated in 2003. The Jharkhand economic survey have revealed the fact of the under utilization of arable land. Although the policy makers have stated the importance of Village Industries in terms of art and craft, tussar, handloom, Lacs, cosmetics, processed foods etc. However there need to be exhaustive and critical study of Khadi and Village Industries prospects in Jharkhand state. This is much needed to overcome the problem of underdeveloped rural economy which is forcing extreme poverty, naxalism and mal nutrition. Over and above the central government policy of MNERGA have not benefited the rural economy due to multi crore corruption.

7. Village Industries under Prime Minister Employment Generation Programme in 11th Five Year Plan(2007 – 2012) – A Correlation Analysis

The correlation analysis indicates mutual dependence of two variables. It shows the relationship between two such variables in which the value of one variable changes due to the change in the other variable.

A bivariate Correlation analysis was undertaken between number of projects started under PMEGP scheme and product produced in Indian Rs.(In Lakhs), number of project started under PMEGP scheme and employment generated (In Nos), Employment Generated (In Nos) and Earnings in Indian Rs.(In Lakhs) and product produced in Indian Rs(In Lakhs) and Sales of the product produced by Village Industries in Indian Rs.(In Lakhs) under PMEGP scheme in the country between 2008 – 2012, result of the correlation is ($r = .918$), ($r = .973$), ($r = .993$) and ($r = .939$) respectively in the entire country.

Another bivariate Correlation analysis was under taken between of projects started under PMEGP scheme and product produced in Indian Rs.(In Lakhs), number of project started under PMEGP scheme and employment generated (In Nos), Employment Generated (In Nos) and Earnings in Indian Rs.(In Lakhs) and product produced in Indian Rs(In Lakhs) and Sales of the product produced by Village Industries in Indian Rs.(In Lakhs) under PMEGP scheme in the Jharkhand State between 2008 – 2012, result of the correlation is ($r = .963$), ($r = .399$), ($r = .416$) and ($r = .993$) respectively.

8. Interpretation

8.1 Interpretation of Prime Minister Employment Generation Programme in entire India

The project sanctioned under PMEGP scheme has revealed a fluctuating trends during the period under study. The project sanctioned was recorded to the tune of 27608 and 55135 respectively during the first year of PMEGP(2008-09) and last year of 11th five year plan (2011-2012). It is found that the maximum increase in project was noted during 2009-10 revealing a hike of 43.08 percent and minimum in 2011-2012, 10.67 % respectively. The average growth rate is 26.62 %.

The production by industries under PMEGP has revealed a fluctuating trend during the period under study. The

production was recorded to Rs. 314439.30 and Rs. 473615.40 in 2008-09 and 2011-2012 respectively. It is found that the maximum increase in production was noted 31.25% in 2011 and minimum increase in production was noted 0.99% in 2009-2010. The average growth rate is 15.28 % .

The revenue from the sale of products constitute the source of income to the KVI sector. Sales of Village Industries product under PMEGP scheme was registered to Rs.493449.58 lakhs in the year of 2008-09 which was further gone up to Rs 592019.72 in 2011-2012. It is found that maximum increase in sales was recorded during the 2011-2012 revealing a hike of 13.62% and a negative growth of (-) 1.82% in 2009-2010. The average growth rate is 6.44% in India.

The employment generated by industries under PMEGP has showing fluctuating trends. During the first year of implementation PMEGP provided employment to 398200 persons and it raised to 495523 persons in 2011-2012. The maximum increase in employment generated is noted in PMEGP at 14.76 % in 2010-2011 and minimum growth is 2.80 % in 2011-2012. The average growth is 7.67 %.

The earnings generated by industries under PMEGP has showing fluctuating trends. The earning by the PMEGP industries were registered to Rs. 147813.09 lakhs in 2008-09 when reached to Rs. 309709.44 lakhs in 2011-12. It is found that the maximum increase in earnings in 2010-2011 was recorded 45.12 percent. The average growth rate is 28.53%.

8.2 Interpretation of Prime Minister Employment Generation Programme in entire Jharkhand

The project sanctioned under PMEGP scheme has revealed a fluctuating trends during the period under study. The project sanctioned was recorded to the tune of 538 and 2372 respectively during the first year of PMEGP(2008-09) and last year of 11th five year plan (2011-2012). It is found that the maximum increase in project was noted during 2010-11 revealing a hike of 337.67 percent and minimum in 2009-2010, (-) 34.38 % respectively. The average growth rate is 118.93 %.

The production by industries under PMEGP has revealed a growing trend during the period under study. The production was recorded to Rs. 7133.88 in lakhs and Rs. 14514.23 in lakhs during 2008-09 and 2011-2012 respectively. It is found that the maximum increase in production was noted 269.52% in 2010-2011 and negative growth in production was noted (-) 58.58% in 2009-2010. The average growth rate is 80.99 % .

The revenue from the sale of products constitute the source of income to the KVI sector. Sales of Village Industries product under PMEGP scheme was registered to Rs.10994.74 lakhs in the year of 2008-09 which was further gone up to Rs 18142.80 in lakhs during 2011-2012. It is found that maximum increase in sales was recorded during the 2010-2011 revealing a hike of 166.86% and a negative growth of (-) 53.48% in 2009-2010. The average growth rate is 48.77% .

The employment generated by industries under PMEGP has showing fluctuating trends. During the first year of implementation PMEGP provided employment to 7705 persons and it raised to 15450 persons in 2010-2011. The maximum increase in employment generated is noted in PMEGP at 375.38 % in 2010-2011 and negative growth of (-) 57.81 % in 2009-2010. The average growth is 87.87 %.

The earnings generated by industries under PMEGP has showing fluctuating trends. The earning by the PMEGP industries were registered to Rs. 3256.62 lakhs in 2008-09 and reached to Rs. 9939.53 lakhs in 2011-12. It is found that the maximum increase in earnings in 2010-2011 was recorded 206.50 % . The average growth rate is 73.24%.

The correlation analysis shows a positive strong correlation between the variables; number of projects started under PMEGP scheme and product produced in Indian Rs.(In Lakhs) is $r = .918$, number of project started under PMEGP scheme and employment generated (In Nos) is $r = .973$, Employment Generated (In Nos) and Earnings in Indian Rs.(In Lakhs) is $r = .993$ and product produced in Indian Rs(In Lakhs) and the Sales of the product produced by Village Industries in Indian Rs.(In Lakhs) is $r = .939$ under PMEGP scheme in the country between 2008 – 2012.

In case of Jharkhand a strong correlation was observed between number of projects started under PMEGP scheme and product produced in Indian Rs.(In Lakhs) is $r = .963$, product produced in Indian Rs(In Lakhs) and the Sales of the product produced by Village Industries in Indian Rs.(In Lakhs) is $r = .993$, but a weak relation was observed between number of project started under PMEGP scheme and employment generated (In Nos) is $r = .399$, Employment Generated (In Nos) and Earnings in Indian Rs.(In Lakhs) is $r = .416$ under PMEGP scheme between 2008 – 2012.

9. Conclusion

One of the flagship programmes undertaken by the Govt. of India for creating employment opportunities for the rural as well as urban masses during the year 2008 – 09 is the PMEGP. The result of the study shows a mix trend in case of growth rate of number of village industries/projects established, goods produced from those industries, sales of goods

produced from those industries, employment generated by those industries, and the earning generated by those industries in Jharkhand state as well in India.

The correlation analysis shows a very strong relationship between the selected variables in India. But in case of Jharkhand there is a strong correlation between Number of Village Industries started and Production from those village industries, and the product produced and the sales of those product, but the correlation between the project started and employment generated from those industries and employment generation and the earnings from those employment is very weak, which shows that although the number of industries increased under the PMEGP scheme but still lot have to be done to promote village industries in the economy.

Collecting our result provide the holistic scenario of PMEGP in India and Jharkhand, the study shows the importance of village industries in the economic growth and economic development of the region as well as country suffering from regional imbalance, extremist problem and unemployment.

Ganhijee stated that “*production by masses rather than mass production*”

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