Sickness of Small-Scale Industries in PMEGP Scheme : Hurdles & Remedies : A Study of District Bilaspur Chhattisgarh

1Dr. Priyank Mishra & 2Sarita Pandey
1Associate Professor, Dr.C.V.Raman University, Bilaspur, Chhattisgarh (India)
2Research Scholar, Dr. C.V.Raman University, Bilaspur, Chhattisgarh (India)

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ABSTRACT: The success and failure of any Govt. Scheme is based on the ultimate sustainable growth rate of the program. The paper aim to evaluate PMEGP in terms of the sickness of industry, the nature of sickness and problem of the study group faced during the set up, Management, and Growth of Enterprises in last five year. The study area is selected for the Bilaspur District of State Chhattisgarh. The sample unit for research is planned for 130 unit financed under PMEGP in five to six year back, the causes and remedies of industrial sickness of small scale industries in India.

Key Words: PMEGP, PMRY, REGP, DTIC, EDP, MSME, Etc.

Introduction –
Prime Minister Employment Generation Program (PMEGP) is a centrally controlled and managed scheme of Central Govt. with the objective of wage employment generation and Entrepreneurship Development among youth. This scheme is controlled by Mo MSME Govt of India Through the KVIC new Delhi. This scheme is management by State Govt of each state by KVIC Statelevel office with the help of DTIC,KVIB And local operating Nationalized, Regional, and some Private Bank. The Limit of project finance is maximum for 25 lacs in case of manufacturing sector and for 10 laces in case of Business and service sector enterprises. The PMEGP Scheme covered a wide range of activity of Tiny sector industry, Cottage Sector Micro, Small and medium Industry sector. The procedure for apply of loan is very simple applicants can apply through DTIC, KVIB and KVIC Department with the defined norms of document like Project report, Rent paper, lease paper, M/c quotation, Project report with market survey report, education certificate, Employment registration, NOC from concerning department, etc. The application collected from the DTIC, KVIB and KVIC are examined by a task force committee headed by DTIC General Manager and Members of Concerning Bank, Lead bank, KVIB, KVIC, District Govt. Representative, etc. The case is scrutinize on the basis of applicants entrepreneurial capability, Experience, Market survey report, Financial Viability, Technical feasibility by the task force committee. The Task force committee forwarded the case to the concerning Bank where the applicant is interested to get finance or as per the norms of service area approach of Lead Bank of the District. The application is further evaluated by the concerning branch Manager on the basis of Ground reality of project and then it consider for the sanction. Bank may issue a formal sanction letter to applicant for full fill all the relevant terms and condition of Bank beforefinance is required as per norms of Banks and them after Bank Disbursement letter issued by the Bank. Bank released the finance either directly to the vendor who supply the goods and machine equipment to applicant and in form of cash for working capital management

Significance of Study-
The Significance of this study is to analysis the PMEGP Scheme Impact on growth of Micro, Small Industry and Entrepreneurs of District Bilaspur Chhattisgarh.

1. To find out the impact of PMEGP scheme on sustainable growth of micro enterprise development in District Bilaspur Chhattisgarh.
2. Effectiveness of this scheme for growth of Entrepreneur in the span of last Five year.
3. To measure nature of problems of the scheme and suggest remedies.

SICKNESS -
Definition of Sickness according the Ministry of Micro Small And Medium Enterprise

CRITERIA TO IDENTIFY SICKNESS/ INCIPIENT SICKNESS:-
The Ministry of Micro, Small and Medium Enterprises Govt. of India have their own guidelines about the sickness of Industry which is defined as
"In order to measure the sickness, information on, whether the unit has an outstanding loan, if so the source (s) of the loan (institutional/ non- institutional), whether there was delay in repayment of institutional loan for more than 12 months and whether there was erosion in the net worth to the extent of 50 per cent of the net worth during the previous accounting year, was collected in the Third Census."

The definition given by the latest definition of Sickness given by the Working Group on Rehabilitation of Sick Units set up by the RBI (Kohli Committee) is to measure sickness.

"In order to measure incipient sickness, the continuous decline in gross output for three consecutive years was identified as a suitable indicator, and so information on whether there was continuous decline in gross output compared to the previous two financial years was also collected. Thus, the following criteria were adapted to identify sick/ incipient sick units in the Census."

- Continuous decline in gross output compared to the previous two financial years;
- Delay in repayment of institutional loan, for more than 12 months; and
- Erosion in the net worth to the extent of 50 per cent of the net worth during the previous accounting year.

Sickness is a parameter which are used to evaluate the functioning of an industry, Enterprise, Business venture, with an overall view about the growth, financial weakness, problem in sector, etc. Sickness means unit is not a healthy unit it means unit is not earning the profit as it was expected during set up of unit. The sickness means the profit / loss generated in unit is not in proportionate as the capital employed in the industry.

**SICK ENTERPRISES TYPES AND REVIEW:-**

The sick enterprises or Industry in normally based on the types of circumstances which they have from start to the working stage:

We may classify the sick industry in following category:-

1. Sickness with launching of project
2. Sickness with Management problem
3. Force Sickness

A. Sickness with launching of project:
   Some of the project is having sickness in project from the day of launching of the project planning. This types of industry are become sick due to wrongly identification of industry, location, under valuation of fund, under finance, inadequate market study, single customer based, technology selection, improper fund planning, more fund in fixed assets etc

B. Sickness with Management issue:
   Most of the projects are sick due to the poor Management issues, lack of Entrepreneurship, fund diversification in nonproductive work, poor finance Management, poor market decision, and mismanagement in human resource, etc

C. Force to Sick:
   One of the reasons of sickness of industry is push for sickness by the External issues like change in Govt. policy, Technology up gradation, Macro, Political, social, economic issues of region.

**Methodology:-**

This study is planned with the primary and secondary data available. The data is collected from the reliable sources of Govt. department like DTIC, KVIB, KVIC, BANK, RBI annual report, District Credit plan annualbook, etc. The secondary data is collected directly from the beneficiary of this Scheme with telephonic interview, email, what's-app, and other e-sources for survey. The work is divided in different Phase for market study.

1. The Primary phase is completed with, source of data, Design of questionnaire, Sample survey on random basis for 130 units finance in yr 12-13 under PMEGP Scheme.
2. The secondary phase is completed with the questionnaire testing in field, modification in questionnaire and finalization, Data collection from the Bank, DTIC, KVIB, and KVIC.
3. The Third Phase is completed with the interview with the beneficiary, physical visit in industry, Interview with worker.
4. The Fourth phase is completed with the data collection, documentation, tabulating, analysis of data, draft report preparation, discussion with expert view, and finalization the report.

**DATA COLLECTION AND ANALYSIS**

Details of Sick unit under PMEGP Financed:-

In this study it was find that the total 130 unit are financed under PMEGP in year 12-13.
The data collected is tabulated in this Table No -1

<table>
<thead>
<tr>
<th>S.N</th>
<th>IMPLEMENTING AGENCY</th>
<th>Working unit ( Healthy, Intend to sick unit )</th>
<th>( Sick unit )</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DTIC URBAN</td>
<td>10</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>DTIC RURAL</td>
<td>21</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>KVIB</td>
<td>29</td>
<td>17</td>
<td>46</td>
</tr>
<tr>
<td>4</td>
<td>KVIC</td>
<td>19</td>
<td>10</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>79</td>
<td>51</td>
<td>130</td>
</tr>
</tbody>
</table>

The data is collected from the DTIC, KVIB, KVIC sponsored unit under PMEGP Scheme for the year 2012-13. This data is based on the philosophy that working unit and Sick unit which are registered in DTIC. The data is verified with the help of questionnaire and telephonic interview with the entrepreneur. This data indicate that 39% of the finance unit 130 is sick or close down due to various reason. This data indicate that the sickness in PMEGP is in higher % than small scale industry sickness rate.

**REASON FOR SICKNESS IN INDUSTRY**

The objective of the PMEGP is to establish a growth oriented self sustainable industry for economic growth of the country and generation of wage and self employment in rural area. Industry is becoming sick with different issues related to internal and external factor during growth of industry. The causes of the sickness may be classified in two category one in external and internal factors. Internal factors like Management problem, Demand Forecasting, Gestation Period , poor technology, labor problem, Financial problem etc. External factors are like Power cut, Government policy, poor raw material, control raw material etc.

**TABLE -2**

<table>
<thead>
<tr>
<th>Reason of Sickness</th>
<th>No's of yes</th>
<th>% of reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem in identification of Business</td>
<td>32</td>
<td>63</td>
</tr>
<tr>
<td>Lack of Demand</td>
<td>42</td>
<td>82</td>
</tr>
<tr>
<td>Shortage of working capital</td>
<td>28</td>
<td>55</td>
</tr>
<tr>
<td>Non availability of Raw material</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Power shortage</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Labour problem</td>
<td>27</td>
<td>53</td>
</tr>
<tr>
<td>Marketing problem</td>
<td>32</td>
<td>63</td>
</tr>
<tr>
<td>Equipment problem</td>
<td>15</td>
<td>29</td>
</tr>
<tr>
<td>Management problem</td>
<td>33</td>
<td>65</td>
</tr>
<tr>
<td>Family problem</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Delay in finance</td>
<td>49</td>
<td>96</td>
</tr>
</tbody>
</table>
CORRECTIVE MEASURE:-

Subsidy Motive:-
Most of the entrepreneur comes under this scheme to avail the subsidy and they don’t concern with the management of enterprises. To avoid selection of entrepreneur should be under certain parameter.

Training:-
The Entrepreneurship Development Program must be organized in serious manner from the quality organization to change the attitude of the Entrepreneur.

Marketing support
The Govt. must give the priority is govt. supply, purchase, service sector tender for PMEGP Unit. The special privilege should be given during participation in Govt. Tender.

Technology up gradation
The technology selection and machine equipment finalization is one of the important factor for unit, so that during finance of industry it must be to avoid the under finance case which tends to motivate beneficiary for old technology machinery and those are not market competitive. These cases should be avoid to sanction or finance during scrutinize of project by Task Force Committee

Financial Assistance:
The Financial institution must have a duty to avoid the under finance cases specially during finance of working capital due to liquidity assets creation,

SUGGESTION

Rehabilitation Program:
The State or Central Govt. should form a board or body who observer the sickness of enterprises after finance under scheme and Form a board as a board is working for Small scale industry like Board for Financial and Industrial Reconstruction ( BIFR ).

Effective Task Force Committee:
The selection of entrepreneur should be in such manner to avoid the subsidy motive person and lack of entrepreneurial beneficiary. The approval of project should be on the basis of study on techno market feasibility report.

Marketing support:
The industries under PMEGP are mostly in small and tiny sector those need a support system for survival. They are not having highly salary paid consultant or expert to resolve the issue of market problem of industry. There must be one consultancy cell to resolve the issue of marketing and management problem. The Govt. order and priority on marketing should be given to the sick industry The Govt. should work on the capacity building exercise for the beneficiary through workshop training, and events.

Financial Assistance:
The sick unit should be revival with financed from bank on priority basis with prior identification of sickness of industry by a revival package plan .This reduce the problem of shortage of working capital and rectify the issue mismanagement of fund.

Technology up gradation fund:
Most of PMEGP industry have a need of refinance for technology up gradation to reduce the per unit cost of production or service sector. This facility work as add on facility for the PMEGP Industry which may help them to be competitive with other unit.

CONCLUSION

A small scale Industry or unit financed under PMEGP is having a small size and these units are having so many reason for sickness of enterprises. The reason may be internal or external factors in case of PMEGP.The internal factor are more responsible for sickness of enterprises .There should be a monitoring team for these units because of the sickness of industry or enterprise are having some characteristic and it start from the day of unit setup work is started . It may be observed in form of under capacity utilization, Shortage of fund. Irregular Bank account, delay in payment of dues etc. Most of the beneficiary are from the segment of first generation Entrepreneur so that they have to trained and regular capacity building work must be done by the Govt. or beneficiary must be aware with this type of capacity building exercise.

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