

Boosting Rural Income

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The role of MSMEs is critical in rural industrialisation. MSMEs today provide employment to more than 111 million workers with around 63.4 million units across the country. We need to identify areas for developing rural hubs based on resources, markets and infrastructure, where MSMEs can flourish and ensure employment and income to rural youth.

The impact of industrialisation on lives and livelihoods is known to all. The more industrialised a country is, not only are the wages and employment higher but so are other parameters of human development such as housing, healthcare, education, financial inclusion, besides supporting infrastructure such as connectivity and transport. These benefits are not only limited to the citizens in urban areas, but also percolate to those living in rural areas. However, given that India is still predominantly an agriculture-based economy and majority of the population still resides in rural areas, rural industrialisation is the key to boosting rural income

and employment. As such it is obvious that for any rural industrialisation scheme to be successful it needs to have strong sustainable linkage with the agriculture sector. Agro-based industrialisation, which over a period of time shifts to the non-farm sector leveraging economies of scale can help here. A strong linkage between farm and non-farm sectors can augment rural incomes and create jobs in rural areas.

Multi-pronged strategies have been adopted by the Government of India to address rural poverty and improve the economic well-being of the people in rural areas with the main



focus on increasing livelihood opportunities, empowering rural women, providing social safety net, skilling of rural youth, rural industrialisation, infrastructure development, reducing migration to urban areas in search of jobs, etc., through various programmes. The Ministry of Rural Development and the Ministry of Micro Small and Medium Enterprises (MSME) have been working in tandem to ensure that rural citizens do not lag behind their urban counterparts in accessing employment opportunities in their own towns and villages while harnessing the natural resources of the hinterland. Entrepreneurship and micro-units are the hallmarks of rural industrialisation programmes in the non-farm sector for generating employment opportunities and thereby boosting rural incomes.

As such, the Village Industries Programme is broadly classified under seven groups for the purpose of implementation of the various programmes, which are as under:

- i. Agro Based and Food Processing Industry (ABFPI)
- ii. Forest Based Industry (FBI)
- iii. Hand Made Paper and Fibre Industry (HMPFI)
- iv. Mineral Based Industry (MBI)
- v. Polymer and Chemical Based Industry (PCBI)
- vi. Rural Engineering and Bio-Technology Industry (REBT)
- vii. Service and Textile Industry.

Concurrently, the Mahatma Gandhi Institute for Rural Industrialisation (MGIRI) is working in following six verticals for strengthening rural industrialisation in micro and small industries sector through providing entrepreneurship development trainings, skill development trainings, quality testing, and guidance services.

- i. Khadi and Textile
- ii. Bio Processing and Herbal
- iii. Rural Chemical Industries
- iv. Rural Craft and Engineering
- v. Rural Energy and Infrastructure
- vi. Management and Systems

The Government of India has been implementing various schemes/programmes

through various Ministries/Departments for promotion of the above agro and rural industries in the country. Among them, the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Prime Minister's Employment Generation Programme (PMEGP) through Khadi and Village Industries Commission (KVIC) is of particular relevance.

Following are the salient features of these schemes and how they are gradually changing the face of rural India, boosting rural employment opportunities and rural incomes.

SFURTI Scheme

The Ministry of Micro Small and Medium Enterprises (MSME) implements the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) across the country with the view to organise traditional industries and artisans into clusters to make them competitive and increase their income. SFURTI clusters are of two types: Regular Cluster (500 artisans) with government assistance of up to Rs. 2.5 crore and Major Cluster (more than 500 artisans) with government assistance up to Rs. 5 crore. The timeframe for functionalisation of a SFURTI cluster since its approval is 12 months for a Regular Cluster and 18 months for a Major Cluster.

Under the scheme, traditional artisans and industries are organised into clusters to add value to their production and enhance their income by supporting them in:

- upgradation of infrastructure by developing Common Facility Centers (CFCs) with latest machineries and creation of Raw Material Bank,
- training and skill development of artisans, exposure visits, product development,
- developing new market linkages, including e-commerce tie ups,
- partnerships with institutes of eminence for creation of new designs, etc.

Since 2014-15 till 31-03-22, 498 clusters have been approved under SFURTI in the country with GoI assistance of Rs. 1,29,493 lakh benefitting 2,87,159 artisans. The Ministry conducts regular assessment of the functional SFURTI clusters in respect of their profitability and marketability

through various review meetings, visits to clusters, third party evaluation, etc. Based on the same, it has been observed that marketability and profitability of the clusters require special support due to the COVID-19 pandemic. To ensure the same, the Ministry has taken various initiatives like training on design development and product diversification to cater to the market demand, encouraging linkages with e-commerce portals, etc.

While the SFURTI scheme is applicable across the country, to expand the reach of the scheme across the country, special focus is given on proposals received from districts without any existing approved SFURTI cluster as well as those received from the Aspirational districts. The convergence of the SFURTI scheme with other welfare schemes of Ministries/Departments of Central and State Governments is encouraged. Though minimum wage for artisans is not specified under SFURTI, necessary initiatives are taken under the scheme to upskill the traditional artisans and provide them with infrastructural support to add value to their products, thereby increasing their income in a sustainable manner. The Implementing Agencies of the clusters are required to open bank accounts and provide general and health insurance to all artisans, thus ensuring financial inclusion and better health facilities for these workers.

Prime Minister's Employment Generation Programme (PMEGP)

The Ministry of MSME is implementing the Prime Minister's Employment Generation

Programme (PMEGP) since 2008-09 through KVIC as nodal agency at the national level for generating self-employment opportunities in the country by setting up micro-enterprises in non-farm sector, including cottage, khadi and village Industries units, thus helping traditional artisans and unemployed youth.

Under PMEGP, General Category beneficiaries can avail of Margin Money subsidy of 25 percent of the project cost in rural areas and 15 percent in urban areas. For Special Categories such as SC/ST/OBC/minorities/women/ex-serviceman/physically handicapped /NER/Hill and Border areas, etc., the Margin Money subsidy is 35 percent in rural areas and 25 percent in urban areas. Maximum project cost for manufacturing unit has now been raised from Rs. 25 lakh to Rs. 50 lakh and for service sector it is now Rs. 20 lakh from the earlier Rs. 10 lakh.

Since its inception, about 7.8 lakh micro enterprises have been assisted with a subsidy of Rs. 19,995 crore generating estimated sustainable employment for 64 lakh persons. The scheme has been successful in generating rural employment spread across various social categories. Around 80 percent of the PMEGP units have been set up in rural areas and about 50 percent of the units have been set up by SC/ST/Women entrepreneurs. Out of the total units set up and margin money subsidy disbursed to the entrepreneurs under PMEGP Scheme, the average share of agro-based food processing industries (ABFPI) is 16 percent in respect of units set up and 20.30 percent in respect of margin money subsidy disbursed.

Table 1: Target set and achievement under the PMEGP Scheme during the last four years

Year	Target	Achievement				
		Margin Money disbursed	Estimated Employment Generated	No. of Units assisted	Margin Money disbursed	Estimated Employment Generated
2018-19	72381	206880.00	579048	73427	207000.54	587416
2019-20	79236	239644.00	633888	66653	195082.20	533224
2020-21	78625	228968.52	629000	74415	218880.15	595320
2021-22 (as on 27.01.22)	92666	285000.00	741328	60180	185122.76	370840

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU269.pdf>

In order to enhance the employment opportunities, Ministry of MSME has also introduced a scheme of second financial assistance for expansion/upgrading existing PMEGP/MUDRA units. The second financial assistance for manufacturing units is up to Rs. 1 crore and for service/trading unit it is up to Rs. 25 lakh with subsidy of 15 percent for non-NER (North Eastern region) and 20 percent for NER and hilly states.

As per guidelines of PMEGP scheme, 100 percent physical verification of units is carried out through outsourced agencies after completion of 24 months and before 36 months of setting up of units. It has been observed that on an average about 80 percent of PMEGP units are found working and the rest are either closed or not found existing at the original registered location.

Schemes Being Implemented by Coir Board

The Ministry of MSME through Coir Board, is implementing various schemes for improving the Coir industry in the country under the Umbrella Scheme 'Coir Vikas Yojana'. Components of the scheme are as follows.

- i. Science and Technology
- ii. Skill Upgradation and Mahila Coir Yojana
- iii. Domestic Market Promotion
- iv. Export Market Promotion
- v. Trade and Industry Related Functional Support Services
- vi. Welfare Measures – Coir Workers Group Personal Accident Insurance Scheme merged with Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- vii. Coir Industry Technology Upgradation Scheme (CITUS)

Besides the above, SFURTI (Scheme of Fund for Regeneration of Traditional Industries) and ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship) are also implemented by Coir Board for promoting Coir Industry in the country.

The Ministry of MSME, through Coir Board, has successfully implemented Coir Udyami Yojana (CUY) in almost all the States. The CUY was started for implementation in the year 2015-16 and it was

Table 2: The State-wise details of the percentage of PMEGP units engaged in manufacturing and service sector for 2020-21

S. No.	Name of the State	Manufacturing	Service
1	Chandigarh UT	65.26	34.74
2	Delhi	82.56	17.44
3	Haryana	92.47	7.53
4	Himachal Pradesh	86.18	13.82
5	Jammu & Kashmir	80.00	20.00
6	Ladakh (U.T.)	90.11	9.89
7	Punjab	56.76	43.24
8	Rajasthan	93.15	6.85
9	Chhatisgarh	90.40	9.60
10	Madhya Pradesh	91.03	8.97
11	Uttarakhand	91.13	8.87
12	Uttar Pradesh	93.20	6.80
13	Arunachal Pradesh	98.25	1.75
14	Assam	90.82	9.18
15	Manipur	89.19	10.81
16	Meghalaya	79.63	20.37
17	Mizoram	79.88	20.12
18	Nagaland	87.17	12.83
19	Sikkim	92.48	7.52
20	Tripura	85.61	14.39
21	And. & Nic. Island	87.82	12.18
22	Bihar	80.14	19.86
23	Jharkhand	88.90	11.10
24	Odisha	88.87	11.13
25	West Bengal	98.71	1.29
26	Goa	59.11	40.89
27	Gujarat	87.53	12.47
28	Maharashtra	94.83	5.17
29	Andhra Pradesh	90.88	9.12
30	Karnataka	85.33	14.67
31	Kerala	84.11	15.89
32	Lakshadweep	100.00	0.00
33	Pondicherry	88.57	11.43
34	Tamilnadu	88.69	11.31
35	Telangana	97.73	2.27
	Total	84.78	15.22

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU1557.pdf>

in force up to 2017-18. As part of rationalisation of the ongoing plan programmes of the Ministry of MSME, the CUY was subsumed in the Prime Minister's Employment Generation Programme (PMEGP) during March, 2018. Though the CUY has been integrated with PMEGP, the Ministry had allocated funds under CUY for settling the spillover claims. During 2017-18 to 2020-21, an amount of Rs. 1,626.68 lakh has been utilised by the Board for releasing margin money subsidy for setting up of 689 coir units under the CUY. After integration of CUY with PMEGP, the Ministry has disbursed margin money subsidy under PMEGP for setting up of coir units during the year 2018-19 to 2020-21.

Programmes under KVIC

In addition to the above, under Gramodyog Vikas Yojana (GVY), KVIC is implementing following programmes for promotion and development of traditional industries.

Bee-Keeping (Honey Mission): KVIC launched Honey (Bee) Mission in July, 2017 for promoting beekeeping and generating employment in the beekeeping potential states of the country.

Pottery Programme (Kumhar Sashaktikaran): Under this programme, KVIC identify the areas where clusters of traditional pottery workers are available and provide them training, electric pottery wheels and other tools like blunger, Pug Mill, etc.

Table 3: Funds (Rs. in crore) allocated and released under the above schemes

Programme	2019-20		2020-21		2021-22#	
	Allocation	Released	Allocation	Released	Allocation	Released
Honey Mission	15.00	13.43	11.07	7.47	5.78	8.19
Kumhar Sashaktikaran	17.00	13.53	18.61	18.95	6.02	0.60

#up to 31.01.2022 Source: <http://164.100.24.220/loksabhaquestions/annex/178/AS125.pdf>

Khadi Vikas Yojana (KVI): KVIC implements Khadi Vikas Yojana for the promotion and development of Khadi activities (KVI) in the country, through various components like Modified Market

Development Assistance (MMDA), Interest Subsidy Eligibility Certificate (ISEC), Workshed Scheme for Khadi Artisans, etc. Under KVI, 4.97 lakh Khadi artisans (spinners, weavers and others) are engaged in various Khadi activities, out of which 3.98 lakh artisans are women. Considering the present market demand and the effect of COVID-19 pandemic, KVIC has started online selling of all KVI products. KVI products are available online through www.ekhadiindia.com and www.khadiindia.gov.in. KVIC has developed an online portal Khadi Institutions Registration and Certifications Sewa (KIRCS) for easier registration of new Khadi Institutions. Recently, an innovative product 'Khadi Prakritik Paint' has been launched by KVIC wherein any individual can set up an unit under PMEGP for its production. KVIC, through its 18 departmental and 17 non-departmental training centres (Institutional and KVI Board), also conducts training programmes for youth for employment purposes.

Table 4: Total number of Khadi Institutions (KIs) operational in the country during the last three years

Year	Total number of Khadi Institutions
Upto 2018-19	2518
Upto 2019-20	2632
Upto 2020-21	2737
Operational as on Feb 2022	2816

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU239.pdf>

Table 5: Increasing trend in production and sale of KVI products during the last several years

Particulars	2018-19	2019-20	2020-21	2021-22 (as on 31.12 2021)
Production value of KVI products (Rs in cr)	58130.34	67667.31	72235.15	62504.29
Sale value of KVI products (Rs in cr)	74292.09	88875.54	95741.36	84405.16

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU288.pdf>

Through the Skill Development Programme (SDP) and Entrepreneurship Awareness Programme (EAP), KVIC, through its training centres, imparts skill development training to

prospective entrepreneurs, including women, in various disciplines like bee-keeping, pottery, fruit and vegetable processing, bakery, tailoring and embroidery, soap and detergent making, beautician course, motor winding, etc.

Rozgar Yukt Gaon (RYG), a new component under Khadi Vikas Yojana, has been introduced with objective of introducing enterprise-led model replacing subsidy-led model and create an additional 12,500 direct employment opportunities in 50 villages, which are deprived of opportunities and sustainable livelihood support systems, in addition to spinning out secondary and ancillary opportunities of employment in a wider sense. This will generate nearly 18,265 employment opportunities in which 12,500 will be direct and 5,765 will be indirect and it will build a potential capacity of annual production turnover of value added products to a tune of Rs. 261 crore.

Alongside, the Ministry of Rural Development is implementing the Start-up Village Entrepreneurship Programme (SVEP), as a sub-scheme under Deendayal Antyodaya Yojana -National Rural Livelihoods Mission (DAY-NRLM). The block is the unit of implementation of SVEP. The objective of the scheme is to help the rural poor (SHGs) to set up enterprises at the village level in non-agricultural sectors. Besides providing start-up capital, a cadre of Community Resource Persons-Enterprise Promotion (CRP-EP) is set up to provide business support services to enterprises. SHG members are supported under the project.

As per the SVEP guidelines, States have to submit supplementary Annual Action Plans (AAPs) for the identified blocks. Once approved, a Detailed Project Report (DPR) is prepared for the block which provides, among other things, the details regarding the potential number of enterprises to be formed over the 4-year project period.

As on 31st January, 2021, 182 projects have been approved across 29 States/UTs. The DPRs for SVEP have been approved in 147 blocks and 2.29 lakh enterprises are targeted to be formed during the 4-year project period. The total fund approved is Rs. 75,970 lakh of which the central share is

Rs. 47,516 lakhs. Of this, an amount of Rs. 31,035 lakh has been released as central share to the States. Enterprise formation has started in 137 blocks and 1,34,229 enterprises have been formed so far.

Conclusion

The above initiatives are slowly but surely, helping in industrialising rural India, providing new employment opportunities for rural youth. However, efforts, both public and private, need to be stepped up to ensure that rural youth are able to find gainful employment in the villages and towns such that the country's demographic dividend is realised. Agriculture is unable to sustain the large swathes of population in India, and more non-farm employment opportunities need to be harnessed. Here, rural-urban linkages will be crucial in driving rural transformation, and ensuring that the fruits of industrialisation reach rural India. Strengthening rural-urban linkages by connecting villages to small towns and big cities will benefit rural labour, production, distribution, markets and services, leading to creation of local, regional and global value chains. The role of MSMEs is critical in rural industrialisation. MSMEs today provide employment to more than 111 million workers, with around 63.4 million units across the country contributing around 6.11 percent of the manufacturing GDP and 24.63 percent of the GDP from service activities as well as 33.4 percent of India's manufacturing output. We need to further identify areas for developing rural hubs based on resources, markets and infrastructure, where MSMEs can flourish and ensure employment and incomes to rural youth.

References

1. Lok Sabha and Rajya Sabha questions
2. Websites of Ministry of Ministry of Micro Small and Medium Enterprises and Ministry of Rural Development

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