

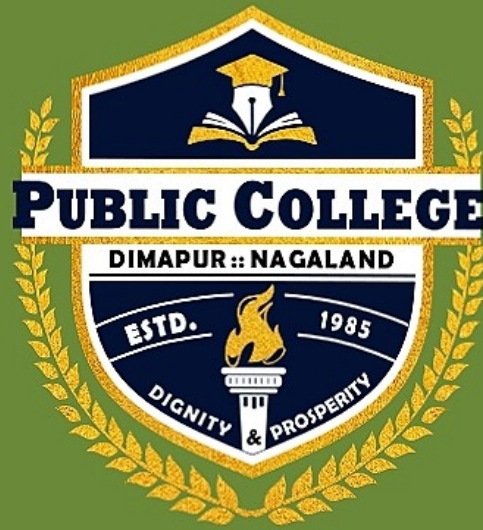
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A YEARLY REFEREED RESEARCH JOURNAL OF PUBLIC COLLEGE
DIMAPUR : NAGALAND

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ASSESSING THE IMPACT OF KHADI AND VILLAGE INDUSTRIES ON RURAL DEVELOPMENT IN NAGALAND WITH SPECIAL REFERENCE TO PMEGP SCHEME.

¹Imsuenla Tzudir

ABSTRACT

The high population growth rate of 64.4% (2011) coupled with lack of employment opportunities makes Nagaland's young demographic profile a cause for increased unemployment. Yet, in the handicraft and handloom sector, as abundant skilled labor is available together with raw materials and cultural traditions, enormous employability exists. Co-operative societies and the Nagaland Khadi and Village Industries Board is contributing to the self-employment process of the residents of the state by providing an adequate training program and necessary guidance, by adopting various schemes within KVIC toward the overall economical development of the state.

Thus this paper is an attempt to highlight how KVI and KVIC is playing an important role for the improvement of the rural economy and social status of people living in rural India particularly in the hilly state of Nagaland where industrial growth is almost nil. The study is based on both primary and secondary data. Altogether 11 beneficiaries of KVIC have been investigated. The collected data is analyzed through descriptive statistics only.

KEYWORDS: *Employment, KVIC, PMEGP, NKVI, Economic development*

INTRODUCTION

Khadi and Village Industries Commission (KVIC) is a statutory body created by an Act of Parliament (No. 61 of 1956 as amended by Act No.12 of 1987). It was established in April 1957 as KVIC and took over the work of former All India Khadi and Village Board set up in 1950. It is engaged in the task of promoting and developing Khadi and Village Industries (KVI) with a view to creating employment opportunities in the rural areas there by strengthening the rural economy. It functions under the administrative control of Ministry of Micro, Small and Medium Enterprises, Government of India.

KVIC promotes and extends financial support for implementation of Khadi Programmes through registered institutions and Cooperative Societies. Besides it implements Khadi Programmes departmentally and through State Khadi and Village Industries Boards. In the process of implementation of programme, KVIC extends support in the form of loan and grant under capital expenditure and working capital in subsidies rate of interest.

Different types of Khadi- Cotton, Silk, Woolen and mixture of any two or all fibers play a vital role in

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providing gainful employment and also play a crucial role in our economy. These units are mostly labour intensive and the abundant labour force available in our country caters to their needs. Besides, these units do not require large capital investment too. They also have the advantage of absorbing high rate of traditional skill.

Nagaland has a total area of 16,579 sq. kms with a population of 1980602 as per 2011 census. In Nagaland, there are almost 17 major tribes. Nagaland like any other states of India faces the problem of unemployment. As a result there is an increase in the level of unemployed youths in the state. The Nagas have rich culture and traditions. And they very much value their culture. Culturally, Nagas are very unique. Infact they are very much different from the mainland Indians be it in their physical appearance, food habits, taste in fashion etc.

Nagaland's young demographic profile has made the state favorably planned in terms of manpower availability. However, it does not have the capacity to absorb this vibrant workforce. The severity of the unemployment is increasing by the year because of high growth rate of state's decennial population which stands at 64.4% (2001), coupled with high rate of output from universities and colleges and compounded by lack of adequate employment opportunities. Hence, the problem of unemployment and its resultant effect is growing exponentially.

Handicraft and handloom sector in Nagaland has vast employment potential for growth due to availability of abundant skilled labour and raw materials, as well as the rich cultural tradition of its people. These are important cottage capacity industries mainly managed by Co-operative Societies. Nagaland has got potential for handloom and handicrafts growth and development. Moreover these over 17 tribes state has their own traditional dress. Nagaland has got a huge potential and many artisans are directly associated within village and many other indirectly involved in urban part of Nagaland. Many co-operative societies are formed to help out all the artisans and other population to continue economic activities in KVI sector. Nagaland Khadi and Village Industries Board is also helping people of the state by providing training programme and necessary guideline, by implementing various schemes under KVIC for creating self employment and overall economic development of the state.

OBJECTIVE OF THE STUDY

The main objective of this paper is to evaluate how KVI and KVIC play important role for improvement of rural economy of the state and over all development of the state and also its impact on quality of life of rural population of the state.

LIMITATIONS OF THE STUDY

1. Lack of appropriate documents
2. Communication gap with the officials of KVIC at Dimapur
3. Geographical factor

METHODOLOGY

The study is based on both primary and secondary data. Secondary data were collected from internet, published articles, statistical hand book and other published information. Primary data has been collected through direct personal investigation method and with the help of a structured schedule. Altogether 11 beneficiaries of KVIC have been investigated. The collected data is analyzed through descriptive statistics only.

REVIEW OF LITERATURE

1. Sharma & H. Singh (1980), Sharma and Harnak Singh explained inter-industry and inter-state pattern of entrepreneurial growth and analyzed the growth variables such as ethical values, need for achievement motivation, commitment of the political system etc. it has been observed that lack of inter-industry, inter-sectorial and inter-regional co-ordination is the major problem that needs to be tackled properly.

2. D. Das & S. M. Sirajuddin (2001), Shri D. Das and Dr. S. M. Sirajuddin's study was designed to examine the adequacy of the planning, execution and monitoring aspects of the programme and suggested measures to improve its performance. The reference period of the 8th plan (1992-1997). At the instance of KVIC and Planning Commission, the Programme Evaluation Organization (PEO) undertook the evaluation of the performance, suitability and effectiveness of the implementation mechanism and impact of the KVI Programme.

3. J Humtsoe (2003), John Humtsoe in his research on the Nagaland Khadi and Village Board studies the motto, vision, objective and mission of Nagaland Khadi and Village Board (NKVIB). He also highlights the type of scheme which are being implemented by the Board under KVIC norms. He also studies the activities of the Board. He brings into limelight the various activities and trainings undertaken and given by Nagaland Khadi and Village Board (NKVIB).

4. S. K. Pandey (2010), Sanjay Kumar Pandey in his paper 'Role of Khadi and Village Industries for improvement of rural economy in Nagaland' attempts to highlight how KVI and KVIC is playing important role for improvement of rural economy and social status of the people living in Nagaland. He discusses about the role played by KVI in providing employment opportunities to the unemployed youths in the state.

5. R. Das & A.K Das (2011), Rinku Das and Ashim Kumar Das in their paper mentions that in Northeast thousands of small and rural households industries are operating among village communities and different caste. These industries are based on local resources and traditional skills available with the people of Northeast (for example, cane and bamboo, pottery industry, silk cloth making, brass metal and bell metal, Terracotta etc). Rural household industries have been acting as a sustainable

livelihood for the rural people in Northeast. In spite of various attempts by Central and State governments these rural household industries in this region are not performing upto the mark. To give new life to the existing small and rural industries the government (Central) has adopted the policy of cluster development. This will provide competitive advantage to the firms in three different ways namely, productivity, innovation and formation of new business firms. Their paper highlights on cluster development initiatives in Northeast and their implication on rural economic and industrial development.

6. A.A. Mulimani, M.S. Belgaum & P.R. Morakar (2012), they attempt to study the SSI units and their problems and prospects. These units are playing a key role in the grass root economy in the study region i.e., Goa. The secondary data have been compiled from the different sources and analytical methods have been employed for the analysis of their study. The resource base and locational advantages and disadvantages are also considered to identify the problems and also paid attention for prosperity of small scale industries units. The planning policies are also revealed and also suggested the strategy for the prospering of such units with effective suggestions. Hope so, the proper plans may help to bring the changes towards the part of prospering the study area.

7. P. Busenna & A.A. Reddy (2012), Pesala Busenna and A. Amarender Reddy mentions that Khadi constitutes an important segment of the textile sector. Khadi has been defined as any cloth woven on handlooms in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarns. The main objective of the study is to assess the employment generation potential of the Khadi institutions. Secondly, the study focuses on identification of problems faced by the selected institutions. Data presented related to the period 2003-08 and projection of production and requirement of spinners and weavers by 2012. The study also collected data on all Khadi institutions and assessed their capabilities, projection of their requirement in terms of spinning and weaving infrastructure upgradation of skills of artisans and supervisory workers. Totally, 200 Khadi institutions were identified. All the A+ and A category institutions were surveyed.

8. T. Das Gupta & R. C. Das (2012), Gupta and Das made a combined study on the role played by Nagaland handloom and handicrafts development corporation limited in encouraging craftsmanship and handloom production in Nagaland. According to them the term handloom and handicraft includes those products of a specific community which produced manually with their indigenous technology. And in their paper they try to examine the condition of local artisans and weavers and also they tried to highlight some of the roles which are being played by Nagaland Handloom and Handicraft Development Corporation (NHHDC) towards promoting handicraft and handloom production in the state.

9. S. Rani (2013-14), Shweta Rani studied the industrialization of Himachal Pradesh. According to her

the Micro, Small and Medium Enterprises (MSMES) Sector accounts for about 45% of the manufacturing output and 40% of the total exports of the country. Himachal Pradesh has made a significant achievement in their field of industrialization in the past few years. with the ushering in of the liberalized economy and notification of special package of incentives for the state, the flow of investment has resulted in a very good response for setting up new industrial ventures in the state. The forth census report on SSI (MSMES) published by the government of Himachal Pradesh was considered to study the profile of the small scale industries.

INCENTIVES AVAILABLE FOR KHADI AND VILLAGE INDUSTRY ARTISANS IN NAGALAND

Khadi and Village Industries Commission (KVIC) Nagaland is engaged in the task of promoting and developing khadi and village industry in the state with a view to creating employment opportunities in rural areas, and strengthening the rural economy. The following incentives i.e, programmes and schemes are made available in the state.

1. ARTISANS' WELFARE TRUSTS

To support and safeguard the future of the artisans working under the khadi, the KVIC has constituted Artisans' Welfare Trusts where in 12% wages contribution is collected from artisans and 12% paid through production. The funds are managed by the Trust providing security of saving of khadi artisans.

2. JANSHREE BIMA YOJANA SCHEME

All Khadi Artisans have been covered under JanashreeBimaYojana Scheme. This Scheme provides insurance cover against death and disability besides children educational allowances are also eligible under this Scheme.

3. WORKSHED FOR KHADI ARTISANS

KVIC has introduced a new scheme for the khadi artisans for providing themworksheds. Under this scheme KVIC will provide 75% of the cost of construction of worksheds, subject to a maximum of Rs.25,000/- as grant. The remaining 25% will be borne by the Khadi Institutions with whom the artisans have been working.

4. PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME

Besides other programmes, KVIC has been implementing Prime Minister's Employment Generation Programme (PMEGP), popularly known as Margin Money, and cluster development programme. Ministry of Micro, Small and Medium Enterprises (MSME) has launched the PMEGP Scheme on 15th August 2008 for generation of employment opportunities both in rural and urban areas in the country. The main channels of the scheme are the banks-public sector scheduled commercial banks, Regional Rural Banks and selected Financial Institution private sector scheduled commercial banks and Cooperative Banks.



5. WORKSHOPS

District and Block level workshops provide a platform to present various nuances of the schemes to the participants/ representatives from KVIC, KVIB, District Administration, Banks, NGOs, Intellectuals, media etc use to take part in it. It enriches them with more and accurate information related to the scheme. This also facilitates threadbare discussion on various issues, which result in concentrated effort. Successful entrepreneurs of the area share their experience as part of motivation for new entrepreneurs.

6. AWARENESS PROGRAMMES

KVIC conducts awareness camps in each district wherein extensive dissemination about the self-employment opportunities through PMEGP is made to the potential beneficiaries and common man as well. Officials from KVIC, KVIBs, DICs, Banks, NGOs, GoanPanchayat, rural entrepreneurs etc. take part to enthuse people to go for self employment. Besides, participants are apprised of scheme procedure.

7. PEOPLE'S EDUCATION PROGRAMME

This programme is organized at the district and block level involving students of schools, colleges and universities, besides intellectuals, prominent personalities, district administration, bankers, press and media etc. The programme has two parts-Essay and Debate competition on rural entrepreneurship development with the involvement of student community, the potential entrepreneurs of tomorrow, and the society in general through seminar. In the process, student communities are involved through their participation in Essay and Debate competitions to inculcate in them the spirit of self reliance and employment generation for sustainable socio-economic progress.

8. DESIGN DEVELOPMENT AND PACKAGING

KVIC has also given importance on product development, design intervention and packaging both in Khadi and Village Industries. Accordingly, suitable schemes have been launched for the benefit of KVI artisans and entrepreneurs.

9. TRAININGS

KVIC provides various trainings for skill development, capacity building etc. through their departmental as well as recognized training centres. KVIC also provides peripatetic training through various training institutions and NGOs. Under the scheme training are imparted at field level by deputing expert to the field.

10. MARKETING

KVIC has been playing a catalyst role by providing supporting inputs to its NGOs, Institutions for marketing of KVI products manufactured by them. The institutions have been provided funds for opening sales outlets and conducting exhibition-cum-sale to sell their products with an aim to penetrate in the domestic and global market.



11. SFURTI

Ministry of Micro and Medium Enterprises, Government of India has introduced a Scheme called “Scheme of Fund for Regeneration of Traditional Industries (SFURTI)”. Under this scheme KVIC will support at least 500 traditional artisans in a cluster in skill upgradation, CFC and marketing through reputed NGOs. This is a 5 years project for overall growth of the traditional industry and for generating sustainable income for artisans. KVIC is the Nodal Agency for the programme. KVIC is implementing 79 SFURTI clusters in the country as a whole and 2 in Nagaland (Nagaland Khadi and Village Sangh in Dimapur and Beads Cluster in Mon).

PRIME MINISTER’S EMPLOYMENT GENERATION PROGRAMME (PMEGP)

Of all the schemes and programmes introduced by KVIC, the PMEGP has proved to be the most successful scheme. Providing over 15,000 employment to the people of Nagaland since the introduction of the programme.

The Ministry of Micro, Small and Medium Enterprises (MoMSME) has launched the subsidy programme called PMEGP on 15th August 2008 by merging the Rural Employment Generation Programme (REGP) and Prime Minister’s RojgarYojana (PMGP) that were in operation till 31st March 2008 for generation of employment opportunities through establishment of micro enterprises both in rural and urban areas. PMEGP is a central sector scheme administered by the MoMSME. And the scheme is implemented by KVIC as the nodal agency at the National level. At the state level, the scheme is implemented through the State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres(DICs) and Banks. The Government subsidy under the scheme is being routed by the KVIC through the identified Banks for eventual distribution to the beneficiaries/ entrepreneurs in their Bank accounts.

The scheme has received very encouraging response from all the stakeholders including beneficiaries, the implementing agencies and the bank and annual targets have been exceeded during past years since its introduction. The performance of the scheme has been outstanding in North Eastern region Nagaland in particular. This we can see from the different success stories published by the Ministry annually. The book of Success Stories showcase the interesting facts of budding entrepreneurs and how they came up in life with support given by the programme.

OBJECTIVES OF PMEGP

1. To generate employment opportunities both in rural and urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.
2. To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.

3. To provide continuous and sustainable employment to a large segment of traditional prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.
4. To increase the wage earning capacity of the artisans and contribute to the increase in the growth rate of rural and urban employment.

ELIGIBILITY CONDITIONS OF BENEFICIARIES

1. Any individual above 18 years of age.
2. VII standard pass for setting up of project costing above Rs. 10 lakh in the manufacturing sector and above Rs. 5 lakhs in the business/ service sector. Otherwise there is no specific educational qualification.
3. There is no ceiling of family income for setting up of projects under PMEGP.
4. Assistance under the scheme is available only for new projects sanctioned specifically under the PMEGP.
5. The scheme is also available to the Self Help Groups provided that they have not availed benefits under any other Scheme.
6. Institutions Registered under Societies Registration Act 1860.
7. Charitable Trust.
8. Existing Units and the units that have already avail subsidy under any other scheme of the Central and State Government are not eligible. Partnership firm is also not eligible.

CEILING LIMIT OF PROJECT COST

1. The project the maximum cost of /unit admissible under manufacturing sector is Rs. 50 lakhs.
2. The project the maximum cost of /unit admissible under business/service sector is Rs. 20 lakhs.
3. Cost of the land should not be included in the project cost.
4. Project cost includes Capital Expenditure and one cycle of working capital.
5. Projects without capital expenditure are not eligible for financing under the Scheme.

FINANCIAL PATTERN

The quantum and financial assistance provided under the scheme are as under:-

1. Upto Rs.50 lakhs for manufacturing and upto Rs. 20 lakhs under service sector.
2. Margin Money (subsidy) ranges from 15% to 35% of project cost.

But in Nagaland all the loans and subsidies of PMEGP are given under rural areas i.e, 25% to 35%

QUANTUM OF MARGIN MONEY SUBSIDY

Table 1: Quantum and Nature of Financial Assistance

Categories of beneficiaries under PMEGP	Beneficiary's own contribution (of project cost)	Rate of Subsidy	
		Urban	Rural
Area(location of project/ unit)		Urban	Rural
General Category	10%	15%	25%
Special(including SC/ST/OBC/Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border Areas etc)	05%	25%	35%

Source: Ministry of Micro, Small & Medium Enterprises

FINANCIAL AGENCIES

The financial agencies and institutions which provide the remaining 60% of the fund to the entrepreneurs are mentioned below:-

1. All Public Sector Banks.
2. All Regional Rural Banks.
3. Co-Operative Banks and Private Sector Commercial Banks approved by State Level Task Force Committee.
4. Small Industries development Bank of India (SIDBI).

RESULTS AND DISCUSSIONS OF FIELD SURVEY

Maximum of the units were located in rural areas. And all the entrepreneurs were sole proprietors. In this paper an attempt has been made to study the profile of KVIC in Nagaland. 11 different entrepreneurs were questioned and the following results were drawn from them. Table 2 shows the general information of the entrepreneurs.

Table 2: General information

(Rs. in thousands & employment in no.)

Total Number of Respondents/ Entrepreneurs	Educational Qualification of the Respondents/ Entrepreneurs	Average Age	Average Income of the Entrepreneurs Before Getting the Subsidy from KVIC	Average Income of the Entrepreneurs After Getting the Subsidy from KVIC	Number of Employment generated
11	Class 11	36 years	18,636.36	16,75,909.09	105

Source: Field Survey

OCCUPATIONAL BACKGROUND

However, traditional may be the way of living in India, the days of identifying occupations by caste, communities or religion is on the wane. It is no longer possible to identify the communities by occupation. Prior to entering the industry, the entrepreneurs were mostly daily wage earners.

AGE PROFILE AND EDUCATIONAL BACKGROUND OF THE ENTREPRENEURS

It is sought to examine here that entrepreneurs' age at the time of their entry into the industry. From the primary data collected it is clear that 36.37% of the entrepreneurs belong to age group 28-33 years. Even though the KVIC offers subsidies to unemployed youths from 18 years of age, it is found out that uptill the age of 27-28 years there is no interested individuals to come forward to enjoy the benefits offered by KVIC in the State.

Educationist has long been aware of the importance of education in the development of human resources. It may also be noted that education, entrepreneurship and development are inter-related. Education is the best means of developing man's resourcefulness which encompasses different dimensions of entrepreneurship. Thus formal education is always considered an important asset of an individual in building an occupational career. The formal education is expected to increase the supply of entrepreneurs by making available more skills necessary to entrepreneurial endeavour. It is interesting to note that some of them were Graduates and Post Graduates, particularly some in engineering and technical disciplines. While undergraduates constituted 72.73%, 27.27% were graduates and Post graduates. In other words, a not so high level of education has not deterred the undergraduates to be ahead of others in industrial entrepreneurship.

STANDARD OF LIVING OF THE ENTREPRENEURS

The Table 3 shows the standard of living of the different entrepreneurs who have set up different enterprises after availing bank loan from different Banks under PMEGP Schemes of KVIC.

Table 3: Standard of living (in terms of monthly expenditure)

(Rupees in terms of thousands)

Different heads	Expenditure in terms of rupees	Average Percentage
Food	9181.82	40.69%
Education	1927.27	8.54%
Medical	1545.45	6.85%
Entertainment	5181.81	22.97%
Miscellaneous	4727.27	20.95%
Total	22563.62	100%

Source: Field Survey

From the above table, it is evident that the Nagas are heavy eaters. They spent around 40.69% of their income on fooding alone and spends a very little (6.85%) on Medical facilities which means that they are very healthy and strong due to their strong (heavy) eating habits. Another important thing that we notice from the table is that the Nagas are fun loving people. They end up spending 20.95% of their monthly income on entertainment alone.

PROBABLE SOLUTIONS AND IMPORTANT FINDINGS

- The sector needs advertisement for its product through all modern media. Initially the free web-space provided by the KVIC in their website (www.kvic.org.in) for the state KVICS should be filled with information.
- Priority to develop border trades with bordering countries like Bhutan, China and Myanmar to be given.
- Tourism or eco-tourism may be encouraged which will have ripple effect on the Village and Small scale Industries. Shops exhibiting different khadi and small scale industries products may be set up near the eco-tourism spots.
- The state should strive hard to be self-sufficient in raw material, technical know-how, machines/ tools and a well knitted marketing network.



- A single item can be identified which could be synonymous with the name of the state. Escort services should be given to Village Industries unit in graduating it to a Small Scale Industry unit.
- Sustainability of any project depends upon fulfillment of certain basic requirements. Systematic approach, training of entrepreneurs, technology, quality control and marketing support etc. if all these will be taken care adequately, the KVIC can play an exemplary role in the process of socio-economic development in Nagaland.
- The banks and financial institutions are reluctant to give the loan to the women entrepreneurs as the chance of recovery of loan from them is very less. As the woman might get married and neither the parents nor the husband takes the responsibility to repay the loan.
- A comprehensive techno-economic survey of the entire territory of Nagaland should be done to find out potential area of activities under this sector.
- Modernizing the government run craft centres is need worthy. Incorporation of innovative training streams on the basis of potentiality study.
- Complete financial support and its proper utilization in any probable unit should be shouldered by the government. KVIC at its special dispensation should do it. Identification of non REGP villages and devising alternative scheme for these localities will be generous step in this direction.
- Implementation and execution of KVI schemes and programmes should be left to NKVIB. The local KVIC may perform mainly the supervisory and liaisoning role with Government of India, the KVIC head office etc.
- The flow of relevant information relating to VSI (Village and Small Scale Industries) should be regularly circulated to keep the entrepreneurial world abreast with the recent trends. The department of Industries may launch a Periodical bulletin.
- The bank and financial institutions should play more constructive role in lending credit support to good proposals. The Nagaland Industrial Development and Financial Corporation needs to be revived. The monitoring machinery needs to be strengthened including detection of sick of industrial units and draw up a nursing plan for their rehabilitation.
- The state KVIB needs to be strengthened in different ways. It is in an awful condition. The sector needs to be rejuvenated in totality. A carefully drawn holistic plan is the only panacea.

CONCLUSION

The village and small scale industries and traditional unorganized industries constitutes an important segment of Nagaland's planned economy. This sector has not only continued to play a vital

role in fulfillment of socio economic employment objectives but also offers an excellent opportunity for industrial self employment. The aim and objective in the state is to promote the industrial activities in the state, thereby to provide employment opportunities to the rural and urban areas, and to improve the economic conditions of the people.

In this paper a sober attempt has been made to analyse the role of khadi and village industries in the entrepreneurial development of Nagaland vis-a-vis fulfilling the conditions of sustainable development.

The Khadi and Village Industries Commission as it has all along been the forerunner in bringing succor to the rural populace with all dignity and self respect, had launched many a program on these lines, the latest and most popular as on today being the Prime Minister Employment Generation Programme (PMEGP).

The PMEGP which is being lauded as the most successful amongst rural development programmes in the country as on today has brought forth many useful innovation and necessities in the purposeful implementation of the programme.

In this research paper, an attempt has been made to study the profile of KVIC in Nagaland. Since the present study is confined to the khadi and village industries units of Nagaland only; hence, the findings may not be applicable to other parts of India. Maximum of the industries were located in rural areas. The majority of the entrepreneurs were sole proprietors. Due to stringency of time and resources, the present research work was incapable to plug all the possible sources of errors.

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