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## ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES IN INDIA

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### 1.7.0 Objectives

The major objectives of this lesson are to discuss:

- The role and relevance of EDPs
- Objectives of Entrepreneurial Development Programmes
- Phases of Entrepreneurial Development Programme
- Role of Government in conducting EDPs
- Institutions conducting EDPs in India
- Evaluation of EDPs in India

### 1.7.1 Introduction

Entrepreneurial talent exists in every society and in all sections of society. In developed countries, a favourable socio-economic environment helps in exploiting latent entrepreneurial talent. However, in less developed and developing countries, particularly in certain backward areas, an unfavourable socio-economic environment hinders the emergence of entrepreneurial talent. In India, it is believed that tremendous latent entrepreneurial talent exists which, if properly harnessed, can help accelerate the pace of socio-economic development, balanced regional growth, exploitation of locally available resources and creation of gainful employment and self-employment. Such a realization on the part of planners and policy formulators has resulted in the emergence of Entrepreneurship Development Programmes (EDPs) for various target groups of population in the country, EDPs are being offered by a large number of organizations with a view to bring the fore

the latent entrepreneurial ability in various target groups and motivating the programme participants to establish their own enterprises. The Government has caught momentum in many other developing countries such as Sri Lanka, China, Thailand, Philippines, Indonesia, Bangladesh, Malaysia and South African countries.

## **7.2 Relevance and Role of EDP**

Entrepreneurship Development Programme means a programme designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. Towards the need, it is necessary to promote his understanding to motives, motivation pattern, their impact on behaviour and entrepreneurial value. A programme which seeks to do this can qualify to be called as EDP. Thus an EDP aims at developing entrepreneurial motives, skills and helping to play his/her role as an entrepreneur effectively. There are a number of programmes which give information to the prospective entrepreneurs regarding a new business idea, how to set-up a new venture, how to prepare a project, sources of finance etc. These programmes should not be confused with EDP, they are all part of EDP. An EDP is primarily concerned with developing and motivating entrepreneurial talent and grooming him to be an effective entrepreneur.

The economic progress of developed countries has shown that entrepreneurs play a vital role in economic development. The slow progress of developing countries indicates low level of entrepreneurship in those countries. Entrepreneurs make use of the factors of production to the fullest advantage of the society, create innovations, generate employment, improve the standard of living of people, develop backward areas etc and all these ultimately lead to higher rate of economic growth. Hence entrepreneurial development is very essential for the economic development of a country.

EDP has an important role to play in solving the unemployment problem. Unemployment - the state of being jobless is a burning problem that affects both developed as well as the developing countries. It has more serious effect on the developing countries than the developed ones. The problems of unemployment and underemployment in a developing countries differ fundamentally from that of developed ones, where it is more a social problem than an economic problem. Unemployment is demoralizing. As Barbara Ward has said, "of all the evils, worklessness is the worst." Unemployment is the major source of waste in our present economic system. Idle hands are the symptoms of economic waste.

India is facing chronic unemployment problem. The most alarming form of unemployment, today is educated unemployment. The educated unemployed represent the intellectual section of the society, the frustration and discontent of which paves the path of political instability as well as an atmosphere of pessimism and loss of confidence in the Government. This type of unemployment consists of those young job seekers on whom the society has invested its most scarce resources. The unemployment among the educated is higher than among the uneducated. The rate of unemployment increases with the level of education.

### **1.7.3 Objectives of Entrepreneurial Development Programme**

The basic objectives of an Entrepreneurial Programme can be summarized as follows:

- (i) To develop and strengthen the entrepreneurial quality/motivation.
- (ii) To analyse environment relating to industry and business.

- (iii) To select the product.
- (iv) To formulate project.
- (v) To understand the process and procedure of setting up of enterprise.
- (vi) To know and to influence the source of help and support needed for launching a new enterprise.
- (vii) To acquire the basic management skills.
- (viii) To know the pros and cons of being an entrepreneur.
- (ix) To acquaint and appreciate the needed social responsibility/entrepreneurial discipline.

An analysis of the development process that helps emergence of people opting for entrepreneurial career in the society and succeeding in finally setting up an enterprise, reveals that it follows a sequence of development in individual personality, ability, capabilities and mind set.

- (a) Entrepreneurial quality/motivation.
- (b) Capability for enterprise launching/resourcing.
- (c) Ability for enterprise management.
- (d) Some of the responsibilities to the society that promote/support them.

Besides, some of the other important objectives of the EDPs are to:

- (i) Let the entrepreneur himself/herself set or reset objectives for his/her business and strive for their realization.
- (ii) Prepare him/her to accept the uncertainty involved in running a business.
- (iii) Enable him/her to take decisions.
- (iv) Enable him to communicate clearly and effectively.
- (v) Develop a broad vision about the business by improving farsightedness quality.
- (vi) Make him subscribe to industrial democracy.
- (vii) Develop passion for integrity and honesty.
- (viii) Make him learn compliance with law.

#### **1.7.4 Phases of Entrepreneurial Development Programme**

An entrepreneurial development programme consists of three broad phases:

##### **1. Initial or Pre-training Phase:**

This phase includes the activities and tQ preparations required to launch the training programme. The main activities are:

- Creation of Infrastructure for training.
- Preparation of training syllabus.
- Tie up of guest faculty.
- Arrangement for inauguration of the programme.
- Designing tools and techniques for selecting the trainees.
- Formation of selection committee.
- Publicity campaign for the programme.
- Development of application form.
- Pre-potential survey of environmental opportunities.

Thus, pre-training stage involves the identification and selection of potential entrepreneurs and providing initial motivation to them.

## **2. Training or Development Phase:**

During this phase, the training programme is implemented to develop motivation and skills among the participants. The objective of this phase is to bring desirable changes in the behaviour of the trainees. The trainers have to judge how much, and how far the trainees have moved in their entrepreneurial pursuits.

A trainer should see the following changes in the behaviour of participants:

- Is he attitudinally tuned very strongly towards his proposed project idea?
- Is he motivated to plunge for entrepreneurial venture and risk that is expected of an entrepreneur?
- Is there any change in his entrepreneurial outlook, role and skill?
- How should he behave like an entrepreneur?
- What kind of entrepreneurial behaviour does the trainee lack?
- Does he possess the knowledge of technology, resources and other related entrepreneurial knowledge?
- Is he skillful in choosing the right project, mobilizing the right resources at the right time?

## **3. Post Training or Follow-up Phase:**

This phase involves assessment to judge how far the objectives of the programme have been achieved. Monitoring and follow up reveals drawbacks in the earlier phases and suggests guidelines for framing the future policy. In this phase infrastructural support, counselling and assistance in establishing new enterprise and in developing the existing units can also be reviewed.

### **1.7.5.1 Selection of Potential Entrepreneurs**

The first and the foremost step in the EDP is the proper identification and selection of potential entrepreneurs. Selection and training of an unsuitable person to go into independent business is both a national waste and a disservice to the person concerned. His failure in business would result in loss of prestige, or social standing and a setback in life. Therefore, utmost care should be exercised to identify the right candidates for training. Due recognition should be given to their family background, entrepreneurial skills and suitability to the trade chosen. Tests, group discussions and interviews may be used in the selection of entrepreneurs. Selection of potential entrepreneurs has two essential components; namely (i) identification of entrepreneurial traits in the potential entrepreneurs, and (ii) identification of suitable and viable opportunity or enterprise (project) for each identified entrepreneur.

#### **(i) Identifying Entrepreneurial Traits**

Every participant must have a minimum level of eligibility for developing an entrepreneur. Entrepreneurial traits include socio-personal and human resources characteristics.

#### **Socio-personal Characteristics:**

The most common socio-personal characteristics are caste, family occupation, age, education, size and number of family working hands, earning members and social participation. A brief description of these characteristics is given below:

(i) *Caste and family background*: Caste and family background help in creating entrepreneurial environment and occupational awareness for the entrepreneurs. There are certain castes which are traditionally involved in certain types of work. Matching of castes with trades, therefore, appears to be logical. Most of the people prefer to accept family tasks easily. If an entrepreneur chooses a trade which is being carried in his family it is obvious that he would be more at ease with it.

(ii) *Age*: Studies have revealed that younger people are more successful entrepreneurs. This may be because older people are more reluctant to take risky ventures. Adaptability to new techniques is more in young people and they can easily adjust themselves. They are more concerned with avoiding failure than achieving success. More, older people are generally less ambitious. These days the entrepreneurs like to first acquire proper qualification and then setting up the business.

(iii) *Education*: A minimum level of education is essential to perform functions like meeting officials, etc.

(iv) *Size and Type of family*: The size of the family and the entrepreneur's status in the family are important. In a large family the entrepreneur may command little authority. But other earning members of the family may enable him to pay undivided attention to his enterprise by providing financial support to the family. A joint family has generally a greater risk-bearing capacity. But the entrepreneur has greater command over the family resources in a nuclear family.

(v) *Working hands*: A small entrepreneur has to depend upon family members generally as he cannot afford to hire workers.

(vi) *Social participation*: This determines the amount of influence which the entrepreneur will be able to muster outside his immediate family circle. Greater social participation improves the ability to influence and thereby the success of the entrepreneur.

Thus, while selecting candidates for EDP, preference should be given to those having experience in the trade, a functional level of education, youthfulness, family resources, financial support and authority.

#### **Human Resource Factors:**

These are the inherited or acquired traits. Research reveals the following human resources factors that influence entrepreneurial success:

(i) *Achievement-motivation*: It is the urge to improve one-self in relation to a goal. It includes both personal achievement and social achievement. It is the basis of entrepreneurship as entrepreneurs with high need achievement success better.

(ii) *Risk taking willingness*: It refers to seeking challenge in one's activity. Two persons may view the same venture as involving different degrees of risk. If both of them go for the same venture, it means that the person perceiving greater amount of risk in the venture has the higher risk-taking willingness.

(iii) *Influence motivation*: It has been defined as the desire for influencing other people and the surrounding environment. In order to succeed in dealing with these diverse agencies and forces, the entrepreneur would need sufficient motivation to both influence them and control the means to achieve the end.

(iv) *Personal efficacy*: It has been defined as the general sense of adequacy in a person. It is the tendency in an individual to accept success or failure which are within his control. Personal efficacy

is an important fact contributing to entrepreneurial behaviour of a person. It represents the potential effectiveness present at the inner level. The roots of efficiency of an individual lie in his perceptions and beliefs about himself. These beliefs may be the result of an individual's self-concept and perception of his own strength,

Personal efficacy can be measured by 'Rotter's locus of control' defined as the tendency in the individual to attribute success or failure to external factors. A person scoring high on internal control believes in his capacity to control and shape the environment. On the other hand, an individual having low personal efficacy believes that things are not under his control and occur due to fate and such persons are

(v) *Aspirations*: These are goal statements concerning future level of achievement. These can be regarded first as in individual's concepts of his future prospects and secondly as a form of self-motivation. Aspirations are related with education of children, income and material possession. A person with low aspirations is not likely to develop into entrepreneur. But unrealistic aspiration level would not lead to achievement, because they are bound to fail in their endeavour. Therefore, it would be more meaningful to study an individual's achievement motivation in relation to his aspiration. In general, individuals with lower socio-economic background have a higher discrepancy between their aspiration and achievement. This suggests that low socio-economic groups are unrealistic in their aspiration levels.

(vi) **Quick Decision Making** : An entrepreneur should be able to take quick decision according to the changes in business Environment.

A number of other human resource variables such as independence, leadership, self-confidence, initiative, receptive to feed back etc. are also important for entrepreneurship. Thus, persons possessing a minimum level of entrepreneurial traits like the urge to achieve, risk-taking, positive self-concepts, initiative and independence, problem solving, hope about future, urge for goal setting and interest in environment scanning should be selected for an EDP.

#### (ii) **Identification of Enterprise**

Once an entrepreneur possesses necessary socio-personal and human resources characteristics is identified, it is necessary to identify a suitable enterprise or project for him. The enterprise must be attached with the potential entrepreneur. All the background information like his skills, experience in the field, the physical resources available, family occupation, etc. should be taken into consideration, Having found a suitable trade an entrepreneur needs to thoroughly examine its viability in terms of financial implications. The raw materials availability, the marketing avenues and profitability of the enterprise have to be explored. It would also involve detailed exploration of services needed and available in the area. .

#### **1.7.5.2 Contents of Training Programme**

Once the selection of potential entrepreneurs is over, they have to be equipped with managerial and technical skills to start an enterprise. In an entrepreneurial development programme, there are candidates with a variety of backgrounds and qualities. Therefore, a package of training inputs is provided during the programme which is usually of six weeks' duration. The main training inputs are as follows:

**1. Technical Knowledge and Skills:**

Once the entrepreneur selects a particular enterprise in-depth, knowledge about the technical aspects of the trade is essential. The entrepreneur has to be well-conversant with the process of manufacture and trading for which a practical training based on sound theory is essential. He needs to also know the economic aspects of the technology including costs and benefits. Field trips to a few industrial units and implant training can be very helpful.

**2. Achievement Motivation Training (AMT):**

In order to develop human resources, development of achievement motive is essential. The purpose of AMT is to develop the need to achieve, risk-taking, initiative and other such behavioural or psychological traits. A motivation development programme creates self-awareness and self-confidence among the participants and enables them to think positively and realistically. Without achievement motivation training, an EDP becomes an ordinary executive development programme. Motivation training initiates people to business activity or helps them to expand their business ventures. They learn to strive for excellence, to take calculated risk, to use feedback for improvement, sense of efficacy, etc.

Traditionally, laboratories for entrepreneurial motivations were conducted to stimulate people's interest in setting up their own enterprise and to groom them into enterprise builders. These laboratories also aim to develop inclinations which ensure continuous self-appraisal and organizational revival. The "who am I" exercise and other exercises like "ring to M," "tower building", "product manufacture" etc. and writing and analyzing fantasies are utilized in such training programs.

**3. Support Systems and Procedures:**

The participants have to be exposed to agencies like the local banks and other financial institutions, industrial service corporations and other institutions dealing with supply of raw materials, equipment and arranging the finance. The session on support systems needs to include the procedures for approaching them also applying and obtaining assistance from them and availing of the services provided by them. A linkage between the training institute and the support system agencies can be established by participation of these agencies in sponsoring and financing the EDP.

**4. Market Survey:**

The participants should be given opportunity to actually conduct market surveys for their chosen projects. This would help exposing the candidate to the marketing avenues available and could be followed by sessions on methods of dealing in the market.

**5. Managerial Skill:**

Once a participant is able to start the enterprise, he requires managerial skills. A list of the agencies along with details of the formalities to be completed, specimen forms to be filled in would greatly facilitate the entrepreneurs. It should include all aspects of financial management. Managerial skills are particularly essential for a small scale entrepreneur who cannot afford to employ specialists in different areas of management. The aim should be to enable the participant to look at an enterprise in its totality and to develop overall managerial understanding.

**6. Project Preparation:**

A lot of time needs to be devoted to the actual preparation of projects. Their active involvement in this task would provide them necessary understanding and also ensure their personal commitment.

**7. Guidance Sessions:**

During the course of training various guidance sessions are helpful for enabling the trainees to identify appropriate business opportunities. Information and counselling on various feasible business opportunities is provided through the team of experts and by spot surveys. Necessary experience is provided in market surveys, project preparation, sources of finance, etc. Undue emphasis on any dimension in entrepreneurial development should be avoided as it may lead to distortion in both process and content of the programme.

**1.7.5.3 Monitoring and Follow up**

Continuous monitoring and follow up is essential for the success of any entrepreneurial development programme. A system of monitoring at every stage of EDP needs to be built in. It is only through proper monitoring that defects and problems can be identified and removed. Care is required so that the monitoring procedure is not too bureaucratic where rules become inhibitive rather than promotive. Monitoring should provide continuous guidance to ensure better results.

Monitoring and follow-up should be conducted during each stage, pre-training and post-training of the EDP. Pre-training follow up involves evaluation of training infrastructure and training syllabus. Post-training phase is designed to help entrepreneurs achieve technical, managerial, marketing and financial skills. Different types of follow up strategies may be required for motivated, semi-motivated and unmotivated entrepreneurs. It is necessary to sustain the people of the first type and to improve the motivation in the second case through counseling, etc.

Some common activities in the monitoring and follow up process are as follows:

- (i) Preparing and maintaining a separate file for each trainee. This file contains all the data that has been collected from beginning to the end of the programme. It contains personality record performance of written tests and interviews, traits before training and after the training, correspondence made by the participants with trainers and supporting agencies.
- (ii) A history card indicating the bio-data of the each entrepreneur and the work done by him.
- (iii) Keeping in touch with every entrepreneur through letters.
- (iv) Passing the desired information to the entrepreneur well in time.
- (v) Visiting every entrepreneur periodically.
- (vi) Follow up meeting and a follow up register to ensure the success of the entrepreneurial development programme.

**1.7.5.4 The Target Group**

In an entrepreneurial development programme, the target group refers to the group of persons for whom the programme is designed and under-taken. Every target group has its own needs and constraints. Therefore, the programme designed for one group might be inappropriate for other groups. Before the programme is designed and started the target group to be trained must be clearly identified. An executive development programme may be organized for anyone of the



following target groups.

**1. Technical and Other Qualified Persons:**

This group consists of persons who have pursued technical and allied courses of study. For instance, degree/diploma holders in science, engineering and technology generally come under important groups in India. The Government and Semi-Government agencies/institutions operate special entrepreneurial development programmes and schemes of assistance for this group. The training programme for such people may be designed to enable and assist them in setting up their own manufacturing units. The industries selected for this purpose may be directly related with their qualifications and experience. For example, graduates in electronics may be trained to establish and operate successfully plants for manufacturing TV sets, videos, and other electronic items.

**2. Ex-Servicemen:**

Persons who have retired from the army, navy and air force constitute an important group for entrepreneurial training. These persons have acquired many useful skills and experience during their service period. They tend to be highly disciplined, hardworking, and innovative. Therefore, they can become successful entrepreneurs after proper entrepreneurial training. The Government of India provides special facilities and preference in order to rehabilitate them. So many times they get retirement before time and their efficiency level is still high. Which can be utilised. Many ex-servicemen are successfully operating their own manufacturing, training and service enterprises in the country.

**3. Business Executives:**

Some business executives want to start their own independent enterprises after getting sufficient business experience. Some of them have certain innovative ideas which they are not able to try in their existing firms due to lack of sufficient autonomy or authority. Some among them are not satisfied with their present economic and social status. After entrepreneurial training senior business executives can become successful entrepreneurs. They already possess knowledge of management. What they need is training and support for launching their own enterprises.

**4. Women Entrepreneurs:**

Women are entering the world of business in increasing numbers especially in traditional food processing industries like spices, agarbati, papad, sauces, etc. Several government and non-government organizations e.g. FICCI Ladies Organisation, etc. are therefore, organizing, entrepreneurial training programmes for women.

**5. S.C. and S.T. Entrepreneurs:**

Government of India is committed to the upliftment of scheduled castes (S.C.) and scheduled Tribes (S.T). Therefore, specified percentages of jobs have been reserved for these castes. But all persons from these groups cannot be offered employment. Therefore, providing self-employment is useful for their economic and social development. Government agencies give preference to S.C. and S.T. entrepreneurs in providing finance and other necessary facilities.

**1.7.6.1 Role of Government**

The Government of India, has been playing a major role in development of entrepreneurship development and small scale industries. The Government of India has established specialized agencies

for training entrepreneurs. Special schemes have also been launched to train, develop and assist entrepreneurs. The Department of Small Scale Industries and Agro and Rural Industries, functioning under the Ministry of SSI, has formulated a citizen's charter which states its mission as:

*"To support the SSI by way of an advocacy role, provide services to support SSI growth and to organize programmes through government and NGOs for the benefit of small, medium and tiny industries".*

Other than government organizations, there are a number of NGOs, financial institutions, industry associations and agencies, which are provide support for the growth of the SSI sector. Many of the State Associations and the State Secretaries/Commissioners (Industries and Commerce) question the efficacy of most of these institutions. The general view is that several of them either lost their utility or require a thorough revamp in tune with the emerging aspirations of the SSIs. While the terms of reference of this study do not provide for a thorough look at them, to the extent that they form part of the overall development and regulatory framework, we propose a user perspective at them.

Some of the major institutions for EDPs in India are as follows:

#### **1.7.6.2 Institutions conducting EDPs in India**

##### **Entrepreneurship Development Institute of India**

The Entrepreneurship Development Institute of India is an apex entrepreneurship institute promoted by Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India and State Bank of India. The institute enjoys active support of Government of Gujarat. The institute has been operating for the past more than 15 years now and has set the entrepreneurship development momentum throughout the country and in other developing countries.

The institute has broken the myth that entrepreneurs are born only and has demonstrated by-results that they can be identified and developed too. Institute's experience-rich faculty makes it national resource-bank for all entrepreneurship development activities. The institute is located in highly industrialized State of Gujarat which makes it live laboratory for emerging new entrepreneurs. The institute combines in itself a sound academic resource for research, training and institution building with the initiative of an active participation in entrepreneurial activities in backward regions for special target groups and innovativeness in the human resources development field.

The institute undertakes entrepreneurship development programme to serve the following developmental objectives:

1. Accelerated industrial development by enlarging the supply of entrepreneurs.
2. Industrial development of rural and less developed areas where local entrepreneurship is not readily available and entrepreneurs from nearby cities and towns are not easily affectable.
3. Enlarging the small and small-medium enterprise sector (employment ranging from 5 to 50 as a rule of thumb) which offers better potential for employment generation and wider dispersal of industrial ownership.
4. Providing productive self-employment to a number of educated and less educated young men and women coming out of schools and colleges.

5. Improving performance of small industries by enlarging the supply of carefully selected and trained "well-rounded" entrepreneurs.
6. Diversifying sources of entrepreneurship, and therefore, business ownership.  
Several State Governments, recognizing the need for entrepreneur education, have set up separate Centers or Institutions for entrepreneurship development with specific agenda-notable among them are: Gujarat, Orissa, Andhra Pradesh and Maharashtra.

#### **National Institute for Entrepreneurship and Small Business Development (NIESBUD)**

The National Institute for Entrepreneurship and Small Business Development (NIESBUD) is an apex body established by the Ministry of Industry, Government of India for coordinating and overseeing the activities of various institutions/agencies engaged in entrepreneurial development in small industry and small business.

The activities of the Institute include evolving model syllabi for the training of various target groups; providing effective training strategies, methodology, manuals and tools; facilitating and supporting Central/State government and other agencies in executing programmes of entrepreneurship and small business. The target group is youths between 18 and 30 years of age who are currently having no regular employment. The center provides unemployed youth with vocational training and assistance in establishing their own business. The major programme consists of the following:

- (i) training in productive enterprise,
- (ii) assistance in drawing up a business plan,
- (iii) assistance in securing bank loans,
- (iv) arranging initial business contacts for their service and production.

#### **Technical Consultancy Organisations (TCOs)**

Access to high quality consultancy services improves the operational efficiency of entrepreneurs. All India financial institutions have set up 18 TCOs to provide industrial consultancy and training to entrepreneurs. These organizations provide a comprehensive package of services to small entrepreneurs. The main functions of TCOs are as follows:

- Identification of industrial potential,
- Conduct pre-investment studies and prepare project report and feasibility studies,
- Undertake techno-economic survey,
- Undertake market research, and Identify potential entrepreneurs and provide them with technical and managerial assistance.
- In the field of training, TCOs identify potential entrepreneurs, train them and render post-training counseling and guidance in selecting projects, preparing project profiles and establishing their own units.

#### **SSI Board:**

The board is an apex advisory body, which was set up to facilitate the co-ordination and inter-institutional linkages for the development of SSI sector. It is an advisory body under the chairmanship of the Union industry minister, constituted to render advice to the government on issues pertaining to the SSI sector. The board is represented by members from Central government, State government, RBI, SBI and FASSI. They constitute standing committees that consider ways

and means for providing assistance to the small scale sector in the field of marketing, credit and finance, quality control etc.,

### **Small Industries Development Organisation (SIDO)**

The office of the development commissioner of SSI (DC-SSI) is commonly known as the small industries development organization (SIDO). This nodal organization working under the the Ministry of SSI & ARI, Government of India, helps in laying down the policies of the central government and plays a constructive role in strengthening the SSI sector.

It has the following organization working under its jurisdiction.

1. Small Industries Service Institute (SISI)
2. Branch level institutions
3. Extension centres
4. Regional training centres
5. Field testing stations
6. Tool rooms
7. Central Footwear Training Institute (CFTI)
8. PPDC
9. NISIET
10. NIESBUD
11. EDI

The major support services provided by SIDO and its associate institutions are

- Entrepreneurship development and management training
- Extension and training services
- Skill development
- EDI's
- Preparation of product profiles
- Plant modernization studies
- Testing services
- Sub-contract exchanges
- Tool rooms
- Marketing support
- Data collection and feasibility studies
- Employment under Prime Minister's Rojgar Yojana (PMRY)

SIDO also encourages the entrepreneurs by giving three national awards every year to outstanding SSI entrepreneurs in the country.

### **Small Industries Service Institute (SISI)**

SISI, with its network of 26 institutes and 30 branch institutes performs the following functions:

- Interface between state and central governments
- Technical support & consultancy services
- Entrepreneurship development programmes
- Developmental efforts

- Export promotion and liaison activities
- Ancillary development

Several State Governments are very critical of their roles and functions. Several SSI Associations questioned the capabilities of these institutions to deliver the results expected of them. Most of them do not have even the latest journals and their libraries and information systems are archaic. The presence of the Directors of SISIs in several Committees constituted by the State Governments was found to be ornamental and their contribution cosmetic. One of the State Governments went to the extent of suggesting that the real estate they are occupying should be given to the State Government and the resources currently earmarked for the SISIs should be passed on to the State Governments.

#### **Product-cum-Process Development Centres (PPDCs)**

Six PPDCs established across the country provides the following services:

- Product design and innovation
- R & D support
- Technical support
- Manpower development and training
- Development of new processes and upgrade the existing level of technology.

These PPDCs seem to be duplicating some of the functions of the SISIs and RTCs in the areas of technical support and manpower development and training. Several Associations mentioned that they did not find these centers to be of any use to them. 60 percent of the members of the associations contacted by us even expressed ignorance of the existence of these institutions.

#### **Regional Training Centres (RTCs)**

Situated in the four metros, they provide technical consultancy and testing facilities. RTCs also have eight field testing stations providing testing services to SSI units. RTCs are accredited to Bureau of International Standards (BIS).

#### **Central Footwear Testing Institute**

CFTI's provide training facilities and design development facilities for the footwear and leather industry. They have their branches at Agra, Chennai, Mumbai and Calcutta. These have been found to be quite useful and productive by several small industries located at not merely where its branches exist but also at other places as well.

#### **National Institute of Small Industries Extension and Training (NISIET)**

Situated in Hyderabad, NISIET trains entrepreneurs, managers and various functionaries of the government through its training programmes. They also undertake research and consultancy activities for small -scale industries. After its revamp, nISIET would appear to be moving into the areas of policy-support and consulting services. The training profile of the institute reflects more international programs for the LDCs and the trainee profile, more officials of support institutions than the SSIs. The SSIs still do not see this institution as their destination to seek knowledge and skills.

#### **National Small Industries Corporation Ltd. (NSIC)**

The Government of India established NSIC in 1955 for providing services like

- Machinery and equipment purchase and lease
- Financial assistance
- Assistance for procurement of raw materials
- Marketing assistance
- Government stores purchase
- Technology transfer centres

Several Associations as well as the State Governments found this institution to be duplicating the functions of the Financial Institution. Functions like the Assistance for procurement of raw materials and purchase of stores for the government departments do not have relevance in this era of liberalization. Such market support function, to the extent performed, was highly restrictive in area and operation. It has served more the medium sized enterprises than the small.

Government of India has recently appointed a consulting team to look into its portfolio and suggest measures for restructuring, which hopefully would make it more effective and user friendly.

#### **Directorate of Industries:**

The Directorate of Industries is the executive agency for the promotion and development of the village and small industries sector. It acts under the overall guidance of SIDO. Its functions are of both regulatory and developmental in nature. The Directorate of industries has a network of District Industrial Centres (DIC) at the district level, industrial officers at the sub-divisional level and extension officers at the block level functioning under its control.

#### **District Industries Centre**

DIC's were established to promote SSI and cottage industries beyond big cities and to generate employment opportunities among rural and backward areas. DICs, presently operating under respective state budgetary provisions, extend the following services:

- Economic investigation of local resources
- Supply of machinery and equipments
- Provision of raw materials
- Arrangements for credit facilities
- Marketing
- Quality inputs
- Consultancy and extension services

Several State Governments have not been able to provide the required budgetary support for these institutions. Starved of finances, they were looking to a few of the Central Government's schemes like the PMRY to support themselves. They are ill equipped in terms of both the manpower and technology resources. They do not have even viable location-specific projects to help the entrepreneurs. Their information system is weak. Several industries do not view them as service providers. They are seen as registering agencies and not as promotional or supporting agencies. States like Gujarat, Karnataka, Tamilnadu, Maharashtra, Andhra Pradesh, started looking at them lately as promotional institutions and are trying to equip them better to enable them to be effective service providers.

**State Financial Corporations (SFCs)**

The SFCs were mandated to serve as regional agencies for promoting regional growth through the development of SMEs by grant of loans and participation in their equity base in the country. The main objectives of SFC's are to provide financial assistance to industries, catalyze investment, generate employment and widen the industry base.

The eighteen SFCs across the country provide financial assistance by way of term loans, debentures etc. Moreover SFCs also operates schemes of refinance of IDBI/SIDBI. They also have tailor made financial schemes for artisans and special target groups. They have also been extending working capital assistance along with term loans under the single window system of SIDBI. Most of them have a huge portfolio of non-performing assets due to improper project appraisals and lack of follow-up and supervision of the assets financed by them. These institutions cannot complain of lack of legal support for recovery of their dues. Section 24 of the SFC Act empowers them for seizure and auction of a defaulter's assets.

**State Industrial Development Corporation / State Industrial Investment Corporation (SIDC/ SIIC)**

These organizations, developed in 1956 as a wholly owned subsidiary of State governments, act as catalysts to industrial growth. SIDC is instrumental in providing infrastructure facilities like roads, water supply, electricity etc. to the industries. They also give assistance by way of term loans, subscription to equity, under writing etc. They have also diversified by entering into areas like merchant banking, venture capital and mutual funds.

**State Small Industries Development Corporation (SSIDC)**

This state government undertaking established under companies act 1956, cater to the needs of the small, tiny and village industries in the state/union territories concerned. The various activities undertaken by them are:

- Supply of machinery
- Raw material procurement & distribution
- Marketing assistance
- Providing management assistance
- Seed capital assistance
- Construction of industrial estates

These are the most expensive and ineffective outfits of the State Governments which deserve to be wound up not only because they perform overlapping functions but also because of their cost intensive and least useful operations.

**1.7.7 Critical Evaluation of EDPs in India**

EDPs suffer on many counts. The problems and lacunae are on the part of all those who are involved in the process, be it the trainers and the trainees, the ED organisation, the supporting organizations and the State Government. The important problems EDPs face are listed as follows:

1. Past experience has shown that the supporting agencies/organizations either tend to be slipshod in the first or are less interested in the third phase which means that the programme fails to tap the entrepreneurial potential of the area or trained entrepreneurs do not

- receive the support and counseling which they need most.
2. Most of the existing support organizations meant for maintenance operation are not for innovative functions. There is also an element of cynicism. A re-orientation in the attitude of supporting organizations is called forth.
  3. Post investment on the part of institutions as also trainees and wrong selection of target groups contributed largely to the failure of a number of entrepreneurship development programmes.
  4. Experience revealed that entrepreneurial failures are mostly due to incompetence and poor management.
  5. It is also said that there is an inherent inability to identify the needs of instructions and differences of opinion prevailed amongst the trainees.
  6. It is also stated that there is a low-institutional commitment for local support to the entrepreneurs. There is also a very low level of involvement in the marketing of the products of the units.
  7. Non-availability of various inputs i.e. raw materials, power etc. and infrastructure support combined with poor follow up by the primary monetary institutions resulted in the failing of entrepreneurship development programmes.
  8. It is also stated that there is ill-planned training methodology, inconsistency in the programme design, its content sequence, theme and the focus of the programme is not clear.
  9. Training institution do not have much concern for the objective identification and selection of entrepreneurs and the follow-up after training.
  10. Some of the institutions are still debating whether to have proper identification and selection of entrepreneurs for preparing successful entrepreneurs.
  11. Those involved in. and concerned with the selection and follow-up activities have either limited manpower support or a narrow linkage with other support agencies.
  12. It is also said that there is no standard curricula even in terms of a broad module being adopted by interventions.
  13. Majority of the institutions engaged in entrepreneurship development programme are themselves not convinced of what they are doing as the task is delegated to Government. As a result the social objective aimed at is not achieved.
  14. Perpetual ambiguity in the objective of entrepreneur development programme seems to have percolated to the grass root level with a significant deterioration in terms of content and interest.

#### **1.7.8 Summary**

Entrepreneurs are not necessarily born they can be developed through education, training and experience. Entrepreneurs talent exists in every society and in all sections of the society. In India socio-economic environment hinders the emergence of entrepreneur talent. In India tremendous talent exists if it is properly harnessed, can help accelerate the pace of socio-economic development, balanced regional growth, self and gainful employment such as realization on the part of planners



and policy formulators has resulted in the emergence of Entrepreneurship Development Programme. Development of entrepreneurs means inculcating entrepreneurial skills required for setting up and operating business units. Entrepreneurship Development is an organized and on going process. Its basic purpose is to motivate person for entrepreneurial career.

#### **1.7.9 Self-Assessment Questions**

1. "Self-employment is the best method of solving the problem of growing unemployment in the country" Do you agree? Suggest a suitable strategy for the identification and development of entrepreneurs.
2. What do most of the EDP programmes provide to a prospective entrepreneur? Explain.
3. How far success stories and examples of other countries could influence entrepreneurial development? Discuss.
4. Enumerate and elaborate the operational problems involved in entrepreneurship development programmes conducted in India.
5. Critically evaluate the role of Govt. of India in supporting EDPs.

#### **1.7.10 References and Suggested Readings**

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