

Chapter 1

Introduction: Objectives, Scope and Methodology

As elsewhere in the world, mountain regions in India are characterised by hostile terrain, subsistence agriculture, inadequate infrastructural development, and rudimentary industrialisation. Consequently, the region is only able to generate and sustain a limited number of jobs, leading to large-scale unemployment and widespread poverty and migration of able-bodied young men in search of work. This leads to social imbalance and tensions. The need is, therefore, to create adequate job opportunities in the mountains to alleviate the problems of unemployment and poverty. This can be achieved by converting the surplus human resources (unemployed youth) into job providers instead of job seekers. Experiences of a large number of government and non-government organizations (NGOs) in India indicate that it is possible to promote small and micro-enterprise development in hilly areas. This involves interesting unemployed men and women in well-conceived training interventions,

known as entrepreneurship development programmes (EDPs). EDPs have been in practice in India since the early 1970s. Every year, almost 200 EDPs are carried out by various government and non-government organizations, training about 5,000 young men and women in the Himalayan regions of the country.

Since various government and non-government organizations have adopted different approaches to promoting small and micro-enterprises (SMEs) in hilly areas, with the objectives of creating sustainable employment and income, there have been notable successes as well as failures. Unfortunately, the documentation is poor, making it difficult to devise an approach that would be reasonably successful. It has been observed, however, that due to straight jacket development approaches, which disregard local needs, government-run programmes often fail to achieve the necessary results. On the contrary, simi-

lar interventions by NGOs have been more successful. Training interventions of various types to promote SMEs in India are examples of this genre. The present study reviews some of the enterprise development training approaches currently being used in selected hill and mountain areas in India and assesses the possibility of their replication in similar regions elsewhere.

1.1 Objectives of the Study

The overall objective of the study is to assess the impact and replicability of training interventions for the promotion of small and micro-enterprises in the Himalayan Hill Regions of India (IHHR). More specifically the study attempts to:

- document the main methods of promoting SMEs through training intervention in Himalayan areas of India;
- assess the impact and efficacy of the main training interventions in promoting SMEs in the region;
- delineate the factors that lead to success or failure of an approach and identify the necessary and sufficient conditions to promote SMEs successfully; and
- draw indications for model training programmes based on the experiences of various government and non-government organizations for wide replication in hilly areas.

1.2 Scope and Coverage

The focus of the study is the rural entrepreneurship development programmes (REDPs) developed by the Entrepreneurship Development Institute of India (EDI) and implemented by its network NGOs

in the States of Himachal Pradesh (HP), Uttar Pradesh (UP), Assam, and Nagaland. It covers two principal approaches, viz., individual entrepreneurship and group entrepreneurship (based on the lead sector strategy), for promotion of SMEs through training. Besides these, a government-run programme, viz., the Prime Minister's *Rozgar Yojana* (PMRY), for promotion of SMEs has also been reviewed. The study covers three successful and two average cases (four cases of REDPs organized by the EDI and NGOs and one case of a PMRY organized by a government sponsored agency) in these States. The training programmes discussed in detail here include those organized in 1994-95 and 1995-96.

1.3 Methodology and Database

There are five case studies on which this study focusses. In addition, information on 25 programmes carried out by NGOs and a few programmes carried out by government agencies in this region was used to provide a macro-view of the EDPs. While the impact of EDP training is assessed on the basis of secondary data, the factors critical for success are delineated with the help of the case studies. The NGOs covered in the study are the Society for Advancement of Village Economy (SAVE) in Kullu (H.P.), Shri Bhuvaneshwari *Mahila Ashram* (SBMA) in Garhwal (UP), Association for Women and Rural Development (AWARD) in Lakhimpur (Assam), and the government-sponsored agency, viz., Himachal Consultancy Organization Limited (HIMCON) in Shimla (HP). The group entrepreneurship development project in Nagaland, the fifth case studied, was undertaken directly by the EDI.

1.4 The Outline of the Report

The report is divided into seven chapters, including the present introduction. Chapter Two gives a profile of the IHHR. The third chapter provides a conceptual framework and rationale for entrepreneurship development. The next chapter presents highlights of the EDPs. Chapter Five describes the process of EDPs with the help of case studies of three NGOs and a case study of a quasi-government organization involved in promoting the government sponsored PMRY (i.e., Prime Ministers' Employment Scheme). In the sixth chapter, a re-

view of a group entrepreneurship approach is carried out with the help of a case study on EDI's Group Entrepreneurship Development Project in Nagaland. The principal conclusions and lessons learned based on the analysis are in the last chapter.

In the Annexes, Annex 1 examines the constraints of rural entrepreneurs and development inputs needed; Annex 2 is a brief outline of REDP activities and inputs; Annex 3 and 4 are training schedules; and Annex 5 gives comparative figures for different aspects of development in the Himalayan region and nationally.

The IHHR is comprised of the States of Jammu and Kashmir, Himachal Pradesh, and thirteen districts of the Uttarakhand region of Uttar Pradesh¹ in the north; three hill districts of West Bengal² and the State of Sikkim; and seven north-eastern States, viz. Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. It covers a total area of 392,701 sq km, accounting for 15 per cent of the total area of the country. The population comprises a little over six per cent (51.33 million as per the Census of 1991) of the country's population. As with most hill regions, the population density of the IHHR is relatively low, only about 137 km² compared to the national average of 230/km². The level of illiterates in the Himalayan region is 19.71 per cent compared to a national level of 26.13 per cent. (For comparative figures of different aspects of development

in different states and areas in the Himalayan region and national averages referred to in this chapter, see Annex 5).

The literacy rate is 56.04 per cent, higher than the national average of 52.2 per cent. However, more striking is the level of illiteracy among women (45.33%) in the IHHR compared to 39.29 per cent at national level. It has a higher proportion of women also percentage of total population than the national average. The same is the case for main workers in agriculture and allied activities. However, it has a lower share of main workers in industries, both non-agricultural and household, than the national level. This indicates a heavy dependence on agriculture and allied activities. While the average size of operational land holdings is bigger in the IHHR (2.26 ha) than the national average of 1.69, the

¹ Aizawl, Bongaichur, Chamoli, Champawat, Dehradun, Haridwar, Nainital, Pithoragarh, Pauri Garhwal, Rudra Prayag, Tehri Garhwal, Udham Singh Nagar, and Udhampur.

² Koch Behar, Doochering, and Jaisaigan.