

Chapter 5

EDPs and Enterprise Development in Rural Hill Areas: Approach, Performance and Experiences

5.1 The Approach : Why Is It Different for Rural Hill Areas?

5.1.1 The Premises

The Rural Entrepreneurship Development Programmes are based on the following premises.

- There is potential enterprise and a desire to improve one's circumstances, not least among the poor.
- The inherent potential/desire will become responsive if viable economic opportunities are presented.
- There are enough opportunities in rural and underdeveloped areas that can be identified and exploited.
- A well conceived development-cum-counselling approach can facilitate opportunities for self-employment and draw out the latent entrepreneurial potential of the rural poor by developing capabilities and motivat-

ing the selected group to establish enterprises.

However, while the above propositions are valid, historical, physical, economic, and social circumstances result in limitations on entrepreneurial resources in rural hill areas. This is because most of the young people in such areas:

- have a negative self-image and consequently they have little self-confidence and fear failure with respect to an entrepreneurial career;
- want economic security and stability and hence have a distinct preference for a job, preferably a government job, which they think can also give them access to power in addition to a regular income (economic security)—frugality being their way of life, they are not ambitious either;
- lack initiative and feel shy of approaching strangers;

- have little faith in outsiders or in the government machinery;
- have very limited exposure to a market economy;
- have little access to information;
- have very limited investible surplus due to the fact that agriculture in rural hill areas is not remunerative ; and
- have limited access to inputs and markets owing to lack of adequate infrastructure.

Therefore, promotion of Small and Micro-Enterprises (SMEs) in these areas requires different approaches not only for motivating potential entrepreneurs but also for organizing the programmes. The training package developed by the EDI through a three-year-three state experiment, carried out from 1986-89 to promote SMEs in rural, industrially distressed hill regions of India, is described in the following section. The package is known as Rural Entrepreneurship Development Programmes (REDPs).

5.2 Programme Implementation

The programmes, in the case of general EDPs, are implemented in three phases, viz., a (i) pre-training phase; (ii) training phase; and (iii) post-programme follow-up phase. The following process is adopted for programme implementation.

5.2.1 Pre-Training Activities

Pre-promotional

The objectives of the pre-promotional activities are to make an entry into the location; to understand the people; to assess their socioeconomic conditions; and to know their values, attitudes and beliefs,

their hopes and aspirations, their fears, apprehensions, and so on.

Promotional Activities

The main strategy for promoting the programme is to organize group meetings. This helps to get direct access to the people. Poor communication infrastructure, compounded by low levels of education and poor reading habits, leave no option but to seek recourse to personal contacts instead of advertising in newspapers. Other media used to spread the message about the programme are hand bills, announcements by beating drums, contacting youth clubs (if any), seeking support from opinion leaders, and so on. The necessary support of the bureaucracy for the programme is also generated during this phase. Another activity undertaken during this phase, which is crucial for the success of the programme, is the identification of viable business opportunities that can be promoted among the trainee-entrepreneurs. Due care is taken to ensure that the opportunities use local resources, are carried out within the existing infrastructural constraints, are eco-friendly, and do not lead to further environmental degradation, especially in hilly regions.

Selection of the Trainees

Potential entrepreneurs between 18 and 35 years of age are usually considered. After screening the applications, they are called for a personal interview. The technique used is a modified version of the Focussed Behavioural Event Interview Technique (FBEI) (Rawal and Murali 1987). It helps the interviewers to assess the candidates' entrepreneurial competencies and traits. The selection is followed

by the second phase, i.e., the training phase.

5.2.2 The Training Phase

Before describing the training components, it is important to highlight some of its salient features⁸.

- The traditional method of providing Achievement Motivation Training (AMT) inputs in one capsule, as in the case of EDPs, is not favoured. These inputs are imparted in small doses almost on a daily basis.
- The main objective of the training is not only to help the candidates enrich themselves in the areas of knowledge, skills, and attitudes, but also to ensure their growth in terms of personality. This is necessary as the trainees suffer from a poor self image, low self-confidence, very little exposure to the outside environment, a substantial degree of fear psychosis and fatalism; and a lot of apprehension about success (both of the programme and of their own efforts), as mentioned earlier.

5.3 Content Analysis of the Programme Inputs

The actual training⁹ begins with two days of behavioural inputs to make their thinking and behaviour more flexible. Conditions are created to encourage the trainees to speak out and participate. An atmosphere of healthy trust and mutual respect is thus created and sustained throughout the programme. These inputs are followed by sharing of experi-

ences with a local, self-made entrepreneur.

Thereafter the group is exposed to the entrepreneurial culture through visits to enterprises. This is followed by information inputs and opportunity guidance (OG) and business plan preparation. Relevant officials from various support agencies (e.g., banks, district industries' centres) are invited to provide information on the procedures and formalities involved in setting up an enterprise. Market survey techniques are also imparted at this stage. Here the pace of input delivery slows down. Enough time is provided for assimilation of information and decision-making.

The participants are sent for a market survey after OG and basic training in market survey techniques. They compile data on the sources of machinery, raw material, technical process, competitors, potential market, and so on from different places. At the end of the market survey, all the trainees prepare their market survey reports and preliminary business plans. The preliminary business plans and market survey reports on the projects thus selected by the trainees are evaluated jointly by the trainees and the bankers to identify the strengths and weaknesses, feasibility and viability, scope, and limitations of the projects vis-a-vis the trainees' own resources. Following this the trainees are exposed to day-to-day banking operations, for example, opening and operating a bank account, taking out bank drafts, issuing a cheque, and so on.

The managerial inputs, which mainly consist of accounts and book keeping, financial

⁸ For the rationale of the various inputs, see Annex 1.

⁹ For the training inputs and sequencing, see Annex 2.

management, marketing, legal requirements, and government rules and regulations are imparted after the discussions on preliminary business plans. Subsequently, trainees are sent for technical exposure-cum-training in their selected product lines. However, the timing of such placements depends upon the convenience of the people who agree to impart technical training. It should be mentioned that identification of the technical facilities is in itself a major exercise. As a matter of strategy, a few enterprises that are somewhat bigger than the ones proposed by the trainees are identified for technical training. Placement of the trainees in such enterprises helps them not only to acquire technical skills but also to learn the tricks of the trade.

After the technical training, the participants learn how to prepare a business plan; and each one prepares his/her own business plan that can be proposed to banks for funding. Subsequently, loan applications are submitted to banks and other financial agencies. Obtaining provisional registration from the District Industries' Centre precedes this, wherever required. The formal training ends here.

The classroom training could last from six to eight weeks, followed by technical training. Pre-training activities could take about six to eight weeks and follow-up may take another three to four months depending upon the local conditions. The duration of the entire programme can be from five to six months, depending upon the place, the target group, and season.

5.3.1 Post-Programme Follow-up

This phase is undertaken to help the trainees to launch their ventures, by providing

them with the necessary counselling and guidance and following up with the support system agencies in case a trainee is delayed at some stage. This phase lasts from about four to six months. The trainer-motivator plays the most crucial role as a friend, philosopher, and a guide to the trainees.

5.4 Assessment of the Performance of REDPs

Every year, almost 50 REDPs are organized by different organizations in the Indian Himalayan Hill Regions (IHHR). They train about 1,500 potential entrepreneurs. To assess the effectiveness and efficacy of the approach, a sample of 25 REDPs conducted in Himachal Pradesh (HP), Uttar Pradesh (UP), and Assam by various agencies during 1994-95 and 1995-96 were selected. The assessment covers seven NGOs each in Assam and Himachal Pradesh (HP) and two NGOs in Uttar Pradesh (UP). Of the 25 programmes under review, eight were conducted in Assam, 15 in HP, and two in UP. The review covers in all 682 potential entrepreneurs trained in the programmes, of which 231 are from Assam, 407 from HP, and 44 from UP. Besides the macro-review, three case studies (one each from Assam, HP, and UP) are also presented to give the operational details of REDPs at the micro-level, with reference to different socioeconomic settings and non-government organizations (NGOs). The case study of a quasi-government agency, viz., Himachal Consultancy Organization (HIMCON) that conducts training for PMRY is included to provide a comparative picture. Besides these four case studies, we have also presented a case study of the Group Entrepreneurship Ap-

proach, based on the EDI's experience in Nagaland, in the next chapter.

5.5 Profile of the Trainees

Of the 682 trainees, 427 (62.6%) were men and 255 (37.4%) were women (Table 5.1). The highest proportion of women trainees was in HP (43%), followed by Assam (33.8%) and UP (4.5%). In terms of age, about 46 per cent of the trainees were between 20 and 25 years. Only 8.7 per cent of them were above 35 years and 16.3 per cent were below 20 (Table 5.2). The level of education of the trainees was quite high by rural standards. Almost 65 per cent were educated at least up to high school, out of which 48 (6.7%) were

graduates and post-graduates (Table 5.3). This is consistent with our earlier observation that the average level of education in the hill regions is higher than the national average. The table also indicates that education *per se* may not be of such great importance in setting up an enterprise. For example, only 12.5 per cent of the graduates and post-graduates and 27.2 per cent of the trainees with intermediate qualifications were successful in starting ventures compared to about 40 per cent of those who had lower educational qualifications.

Table 5.4 provides the economic background of the trainees. It indicates that the programmes have successfully attracted a good proportion of economically poor can-

Table 5.1: State-Wise Distribution of Sample REDP Trainees

S. N.	State	Trainees					
		Men	%	Women	%	Total	%
1	Assam	153	35.8	78	30.6	231	33.9
	%	(66.2)		(33.8)		(100.0)	
2	Himachal Pradesh	232	54.3	175	68.6	407	59.7
	%	(57.0)		(43.0)		(100)	
3	Uttar Pradesh	42	9.9	2	0.8	44	6.4
	%	(95.5)		(4.5)		(100)	
	Total	427	100.0	255	100.0	682	100.0
	%	(62.6)		(37.4)		(100.0)	

Source: Field Survey (1997)

Table 5.2: State-wise Age Profile of Sample REDP Trainees

S. N.	Age Group (Years)	States							
		Assam		Himachal		Uttar Pradesh		Total	
		No.	%	No.	%	No.	%	No.	%
1.	< 20	33	14.2	76	18.6	2	4.5	111	16.3
2.	20-25	124	53.8	166	40.8	22	50.0	312	45.8
3.	25-30	57	24.7	78	19.1	8	18.2	143	20.9
4.	30-35	13	5.6	39	9.5	5	11.4	57	8.3
5.	> 35	4	1.7	49	12.0	7	15.9	60	8.7
	Total	231	100.0	408	100.0	44	100.0	683	100.0

Source : Field Survey (1997)

Table 5.3: State-Wise Educational Background of Sample REDP Trainees

Educational Level	States						Total		Start-up %
	Assam		HP		UP		No.	%	
	No.	%	No.	%	No.	%			
1. Primary %	22 17.4	9.5	100 78.7	24.6	5 3.9	11.4	127 100	18.6	36.2
2 Middle level %	14 12.6	6.1	97 87.4	23.8	- -	-	111 100	16.3	40.5
3 High School %	55 25.7	23.8	141 69.5	34.6	18 8.4	40.9	214 100	31.5	41.6
4 Intermediate %	121 67.2	52.4	43 23.9	10.6	16 8.9	36.3	180 100	26.4	27.2
5 Grad. & Post Grad. %	19 39.6	8.2	24 50.0	5.9	5 10.4	11.4	48 100	6.9	12.5
6 Not known %	- -	-	2 100.	0.5	- -	-	2 100	0.3	-
Total %	231 33.9	100	407 59.7	100.	44 6.4	100.	682 100	100.	34.6

Source : Field Survey (1997)

Table 5.4: Present Status of the Trainees by Family Income at the Time of Joining REDPs

S. N.	Annual Family Income (Rs '000)	Present Status				Total	
		Unit Started		Not Started		No.	%
		No.	%	No.	%		
1	< 5 %	93 (45.6)	39.4	111 (54.4)	24.9	204 (100.0)	29.9
2	5 - 10 %	61 (26.3)	25.8	171 (73.7)	38.3	232 (100.0)	34.0
3	10 - 15 %	20 (22.0)	8.5	71 (78.0)	15.9	91 (100.0)	13.3
4	15 - 25 %	25 (32.5)	10.6	52 (67.5)	11.7	77 (100.0)	11.3
5	> 25 %	37 (47.4)	15.7	41 (52.6)	9.2	78 (100.0)	11.4
	Total %	236 (34.6)	100.0	446 (65.4)	100.0	682 (100.0)	100.0

Source : Field Survey (1997)

didates. Though the average annual family income of the trainees worked out to Rs 13,341, the income of the majority (63.9%) was found to be less than Rs 10,000 per

annum. Only 78 (11.4%) of the 682 trainees had annual incomes above Rs 25,000. Moreover, the results indicate a very interesting relationship between the economic

status of the trainees at the time of joining the programmes and their present status in terms of launching an enterprise. The start up rate is lower among the middle income categories than among the lowest and highest categories. This indicates the sense of economic insecurity and risk aversion of middle income groups.

It is also worth noticing that over 40 per cent of the trainees came from an agricultural background. Only about 10 per cent had their own family businesses. This indicates that the programmes have also been successful in widening the base of entrepreneurial supply. Another interesting feature is that, whereas 46.6 per cent of the trainees with an agricultural background started enterprises, only 17.8 per cent of trainees with a business background and a similar proportion of trainees from artisan families were successful in launching enterprises. (Table 5.5). The evidence belies

the usual thinking that the probability of starting a venture would be higher if somebody had a business background or had inherited a skill base. Moreover, looking at the survey results people from a service background or students also may not be a good bet.

5.6 The Start-up Rates

Of the 682 potential entrepreneurs trained, 236 established enterprises. Thus, the overall start-up rate was 34.6 per cent. However, there are marked interregional variations in start-up rates. While 41.5 per cent of the trainees established their enterprises in Himachal Pradesh, the corresponding proportion in Uttar Pradesh was 34.1 per cent and in Assam it was 22.5 per cent. Unlike the findings of a national evaluation study on EDPs, which found that the highest start-up rate was among women trainees (Awasthi and Jose 1996), data

Table 5.5: State-Wise Occupational Background of the Trainees

S N	Nature of Activities	States								Start -up Rate
		Assam		HP		UP		Total		
		No.	%	No.	%	No.	%	No.	%	
1	Farming	37 (13.5)	16.0	225 (82.1)	55.3	12 (4.4)	16.7	274 (100)	38.6	46.6
2	Artisans	3 (30.0)	1.3	7 (70.0)	1.7	- (100)	-	10 (100)	1.4	17.8
3	Service	4 (22.2)	1.7	10 (55.6)	2.4	4 (22.2)	5.5	18 (100)	2.5	2.1
4	Business	35 (49.3)	15.2	29 (40.8)	7.1	7 (9.9)	9.7	71 (100)	10.0	17.8
5	Study	-	-	21 (100.0)	5.2	-	-	21 (100)	3.0	3.4
6	Unemployed	68 (58.1)	29.4	31 (26.5)	7.6	46 (15.4)	63.9	145 (100)	20.4	2.5
7	Others	22 (38.6)	9.5	32 (56.1)	7.9	3 (5.3)	4.2	57 (100)	8.0	2.5
8	Not Available	62 (54.4)	26.8	52 (45.6)	12.8	- (100)	-	114 (100)	16.0	12.7
	Total	231 (32.5)	100	407 (57.3)	100	72 (10.1)	100	710 (100)	100	34.6

Source: Field Survey (1997)

from the present study on hill states suggest a lower (29.4%) start-up rate for women than for men (37.7%). Start-up rates for women were significantly higher than those for men in Assam (28.2 compared to 19.6 for men). In HP the picture was just the opposite, with 50.4 per cent of men having started their ventures, the corresponding figure for women being only

29.7 per cent. In UP, 50 per cent of women but only one-third of the men succeeded in starting a venture (Table 5.6).

5.7 Size of Enterprises According to Amount of Investment

Table 5.7 gives the distribution of enterprises by the amount of investment in

Table 5.6: State-wise Start-up Status by Sex

No	States	Male		Female		Total Number		Total Start-up Rate	
		Started (%)	Not Started (%)	Started (%)	Not Started (%)	Male	Female	No.	%
1.	Assam	19.6	80.4	28.2	71.8	153	78	52	22.5
2.	HP	50.4	49.6	29.7	70.3	232	175	169	41.5
3.	UP	33.3	66.7	50.0	50.0	42	2	15	34.6
	Overall	37.7	62.3	29.4	70.6	427	255	236	34.6

Source: Field Survey (1997)

Table 5.7: Proposed Amounts of Investment in Projects and Current Status of Trainees

S.N	Proposed Project Cost (Rs'000)	Enterprises Started		Enterprises Not Started		Total	
		No.	%	No.	%	No.	%
1.	< 5	71 (24.3)	30.1	221 (75.7)	49.5	292 (100.0)	42.9
2.	5-10	75 (64.7)	31.8	41 (35.3)	9.2	116 (100.0)	17.0
3.	10-15	25 (35.2)	10.6	46 (64.8)	10.3	71 (100.0)	10.4
4.	15-20	19 (37.3)	8.1	32 (62.7)	7.2	51 (100.0)	7.5
5.	20-30	11 (23.4)	4.6	36 (76.6)	8.1	47 (100.0)	6.9
6.	30-50	11 (25.6)	4.6	32 (74.4)	7.2	43 (100.0)	6.3
7.	> 50	24 (39.3)	10.2	38 (60.7)	8.5	62 (100.0)	9.0
	Total	236 (100.0)	100.0	446 (100.0)	100.0	682 (100.0)	100.0

Source: Field Survey (1997)

projects and the start-up rate by amount of investment. It appears that the programmes are targeted at and lead to creation of micro-enterprises only. The amount of investment in as many as 146 (61.9%) of the enterprises was below Rs 10,000. About 10 per cent of the units had investments exceeding Rs 50,000. The remaining were investments of between Rs 10,000 and Rs 50,000. The average investment works out to Rs 23,825 with a maximum of Rs 1,200,000. There are, of course, significant interregional variations. Whereas the concentration of investments in HP and UP is in the enterprise group requiring investments below Rs 10,000, in Assam the concentration of investments is over Rs 10,000. This could be due to the backgrounds of entrepreneurs in HP and UP. Quite a few of them belonged to agricultural families, unlike in Assam where only 16 per cent of the trainees belonged to this sector.

It is encouraging to note that all 236 enterprises started by trained entrepreneurs,

irrespective of their size or location, are operating profitably. Although about 62 per cent of the trainees had investments of less than Rs 10,000, almost 53 per cent are realising a profit of more than Rs 10,000. The average annual profit earned by trained entrepreneurs works out to Rs 10,532, with a maximum of Rs 200,000 (Table 5.8).

5.8 Experiences: Case Studies of EDPs from Selected Organizations

5.8.1 Case 1: Society for the Advancement of the Village Economy (SAVE), Kullu (HP)

SAVE, a voluntary organization, was established in 1992 in Sainj Valley (Banjar Block) of the Kullu district of Himachal Pradesh (HP). It operates in the Banjar and Kullu development blocks of Kullu district and in the Janjali block of Mandi district. As with most hill tracts, these blocks suffer from lack of infrastructure, inaccessibility, a fragile ecosystem, poverty, and unem-

Table 5.8: Annual Profits by Amount of Investment

S. N.	Investment (Rs'000)	Annual Profits (Rs'000)					Total	%
		< 10	10-15	15-25	25-50	>50		
1.	< 10	70	23	17	25	11	146	61.9
		47.9	15.8	11.7	17.7	7.5	100.0	
2.	10-20	25	10	3	4	2	44	18.7
		56.8	22.8	6.8	9.1	4.5	100.0	
3.	20-30	1	3	2	3	2	11	4.7
		9.1	27.3	18.2	27.3	18.2	100.0	
4.	30-50	2	2	2	4	1	11	4.7
		18.2	18.2	18.2	36.4	9.1	100.0	
5.	> 50	13	1	1	3	6	24	10.2
		54.1	4.2	4.2	12.5	25.0	100.0	
	No. of Trainees	111	39	25	39	22	236	100.0
	Percentage	46.9	16.6	10.6	16.6	9.3	100.0	

Source: Field Survey (1997)

ployment. Sheep rearing and, to some extent, agriculture are the main occupations. Although horticulture¹⁰ (apples) is a good source of income in these areas, outsiders own most of the apple orchards. Other income-generating activities include woollen garments, spices, medicinal herbs, and other minor forest products. Alcoholism is one of the main social problems in the area. Like many hill regions, the outmigration of able-bodied men in search of jobs is common, especially during winter. This leads to an increase in women's economic activities. However, there is no concomitant increase in social status.

In view of the socioeconomic conditions of the region and the need for economic empowerment of the local masses, especially women, a young Rural Management graduate, Mr. Iqbal Singh, established the Society for Advancement of the Village Economy (SAVE) to help improve the situation. Before launching SAVE, he had worked for some time with voluntary organizations in HP and UP and had come to realise that, unless people are encouraged to become enterprising, economic development is difficult. He, therefore, got in touch with the EDI, Ahmedabad, and attended a 6-week Trainers' Training Programme for micro-enterprise development in 1992. His entry point to the area was, however, through a non-formal education project, then on to programmes for women's empowerment and, subsequently, micro-enterprise development. When the activities grew, Iqbal appointed one project coordinator and three woman field officers as support staff.

Initiating Rural Enterprise Development in Kullu and Mandi

After attending the Trainers' Training Programme at the EDI, Iqbal organized REDPs in collaboration with the EDI. The REDPs organized by SAVE have been very successful in terms of outcome and overall impact. These programmes have helped the local people launch productive ventures and create employment and income-generating opportunities in the area. So far, SAVE has organized five REDPs, training 121 rural youths, women, and the unemployed since 1993. The process adopted by SAVE has been analysed here, using two REDPs for illustration: the first took place in 1994-95 at Mangalore (Kullu) and the second in 1995-96 in Painjain (Mandi). The main features of these programmes are summarised in Table 5.9. Experiences at different stages are described below.

Promotional Campaign: The programmes were launched with promotional campaigns by SAVE in the two areas to spread the message of the programmes and encourage local youths to become entrepreneurs. The promotional work included distribution of hand bills, putting up banners and posters at certain vantage points, village meetings, and personal contacts, highlighting the challenges and benefits of becoming an entrepreneur, explaining potential gains from the programme, describing viable income-generating opportunities, describing basic course outlines, and explaining the duration and administration of the programme. The intensive pub-

¹⁰ Horticulture in this context means the cultivation of fruit or vegetables as cash crops. It does not mean gardening in the strictest definition of horticulture and this is how it is understood in South Asia. The appropriate term is actually market gardening.

Table 5.9: SAVE Organized REDPs at a Glance

S.N.	Particulars	Mangalore REDP	Painjain REDP
1	Application forms distributed	85	105
2	Candidates called for interview	45	52
3	Total trainees selected	26	32
4	Trainees joined the programme	26	28
5	Trainees completed the programme	26	25
6	Age:		
	(i) up to 25 years	13	18
	(ii) above 25 years	13	7
7	Gender :		
	(i) Male	11	15
	(ii) Female	15	10
8	Number of units started	21	19
9	Units started with bank loans	04	01
10	Units started with our funds	17	18
11	Education of trainees		
	(i) Below S.S.C.	18	14
	(ii) S.S.C./H.S.C.	08	11
12	Not ready to start unit	03	04
13	Units likely to start	02	02
14	Average loan	6,000	5,000
15	Average employment generation/unit	2.5	2.5
16	Average income of the trainees from the unit	8,000	7,000
17	Product-wise classification of the units started	21	19
	(i) Carpet making	02	--
	(ii) Food processing	01	01
	(iii) Kiryoms shop	02	02
	(iv) Handloom work	06	01
	(v) Floriculture	02	02
	(vi) Tailoring	03	02
	(vii) Knitwear woollen	03	10
	(viii) Dairy	02	01

Source: Field Survey (1997)

licity campaign resulted in 73 applicants in Mangalore and 95 in Painjain.

Selection of the Trainees: Of the total applicants, 45 were called for selection screen-

ing in Mangalore and 52 in Painjain. A modified version of the Focussed Behavioural Event Interview (MFBEI) technique was used to select the trainees. After selection, 26 potential entrepreneurs in

Mangalore and 28 in Painjain joined the programme. However, three trainees left the training programme halfway through in Painjain as they were offered jobs. It should also be mentioned that most of the trainees came from villages near the centres. This was useful for the purpose of identifying local opportunities and facilitated a close follow up, as most of the trainees could be approached easily.

Profile of the Trainees: In terms of age, in Mangalore 13 of the 26 trainees were from 18 to 25 years' old and the other 13 were from 25 to 35 years' old. In Painjain, the respective numbers were 18 and seven. In Mangalore, 15 trainees were women and 11 men, while in Painjain the corresponding figures were 10 and 15. In all, 18 trainees in Mangalore and 14 in Painjain had received from fifth to ninth grade education. The remaining had completed high school. The annual family income of all the trainees ranged from Rs 2,000 to 7,000. In this respect, all of them came from the poor strata of society. This was as per the mandate of SAVE, as it works only for the disadvantaged.

Course Design and Training Methodology:

The courses followed the broad structure and design developed by EDI, as discussed earlier. Resource persons with expertise in different fields were invited to deliver specialised inputs. Government and Bank officials were invited to provide information and procedure-related inputs. An EDI faculty imparted inputs on motivational aspects. Visits to small factories were also organized to expose the trainees to enterprise operation. They were also taught the fundamentals of management, especially basic accounting, marketing, pricing, and costing (See Table 5.10 for the time allocated to different subjects). Subsequently, they were sent on a placement for technical training in small units/businesses nearby to acquire hands-on skills and to learn various aspects of the trade first hand.

Follow-up

Follow-up support by providing escort services for the trainees, actively continued for about 18 months. SAVE had developed a very good relationship with government support agencies. A young District Magis-

Table 5.10: Input Design and Duration of REDPs

S.N.	Inputs	Duration (Days)
A.	Entrepreneurship-related Inputs	
1.	Achievement Motivation Training	3
2.	Interaction with Successful Entrepreneurs and Field Visits	3
3.	Information Inputs	2
4.	Identification and Selection of Opportunities (Market Survey)	4
5.	Management Inputs	10
6.	Preparation of a Business Plan	6
7.	Planning a Unit: Procedures and Formalities	2
	Total	30
B.	Technical/Skill-based Inputs (need-based)	30-90 days

trate in Kullu became especially interested in the RED and ensured the full support of the government and banks. This contributed to the success of the programme. SAVE had also established Monitoring-cum-Guidance Committees, consisting of all the heads of the key industry promotion agencies and relevant bank managers, to carry out periodic review of the progress of the trainees/programme. This arrangement also greatly helped in terms of effective follow-up.

Programme Outcome and Impact: SAVE has so far carried out five REDPs, training 121 potential entrepreneurs. Out of these, 84 (70%) trainees have established and are running enterprises successfully. Since the follow-up is still taking place in certain cases, the success rate will probably be 85 per cent. The result of the two REDPs under review are also in conformity with the overall results (Table 5.11). Out of the 26 trainees who completed the Mangalore programme, 21 have already started enterprises. Only four started their ventures with support from the bank, whereas 17 trainees used their own funds. On an average, each unit has generated full-time employment for 2.5 persons with an average investment of Rs 6,000 per venture. Even with modest investments, the increase in their incomes is about Rs 8,000 per year.

The product profile of the enterprises in Mangalore is quite diverse. Six trainees started a handloom workshop and three trainees each opted for ready-made garments and woollen knitwear. Two each established dairy, floriculture, and carpet weaving enterprises and one trainee started a food-processing unit.

Similarly, of the 25 trainees who completed the REDP in Painjain, 19 estab-

lished units. However, the average investment size of the units was a little smaller in Painjain, at Rs 5,000 per enterprise, than in Mangalore (Rs 6,000 per enterprise). Nevertheless, The amount of employment generated was almost the same in both places, with an average of about 2.5 persons per venture. The average income of the trained entrepreneurs was Rs 7,000 in Painjain and Rs 8,000 in Mangalore. The other difference was that more than 50 per cent, i.e., 10 out of 19 trainees, had set up woollen knitwear units in Painjain compared to 15 per cent in Mangalore.

All the units are making a profit. As a result, there is an increasing demand for the REDPs organized by SAVE. Each successive programme receives an increased number of applications. The government machinery has also become very positive towards and supportive of SAVE; and it is now recognised as a reputed professional development agency.

Subsequent to the REDPs, which were organized initially with the funding and professional support of EDI, SAVE has diversified its activities. It now undertakes REDPs directly with funding from a number of agencies. It is promoting 'Credit and Saving' self-help groups following training received by three staff members on 'Informal Micro Credit Delivery Systems' Management' organized by the EDI. It is running a 'Rural Industrialisation Programme' in Mandi district on behalf of the Small Industries' Development Bank of India (SIDBI). It is also actively engaged in improving the capacities of other NGOs on REDPs in HP and is a founder member of the 'HP National Resource Management Group', which is supported by ICIMOD, Kathmandu. Its Chief Executive, Shri Iqbal

Table 5.11 : SBMA Organized REDPs at a Glance (Cont'd)

S.N.	Particulars	REDPs	
		Gainsain	Anjainisain
1.	Number of Trainees	26	18
2.	Profiles of Trainees		
	<u>Age (years)</u>		
	Below 25	8	16
	25 - 30	6	2
	30 - 35	5	-
	Above 35	7	-
	<u>Family Income (Rs)</u>		
	Below 10000	1	-
	10000 - 15000	17	-
	15000 - 25000	12	3
	25000 - 50000	5	11
	Above 50000	1	4
	<u>Education</u>		
	Upto Middle School	5	-
	High School	12	-
	Intermediate	5	6
	Graduate/Post-Graduate	4	7
		-	5
3.	Number of Units Started	19	6
	Start-up Percentage	73	33
4.	Size of Units Based on Amount of Investment (Rs'000)		
	Below 10	7	2
	10 - 15	4	-
	15 - 20	2	1
	20 - 30	3	1
	30 - 50	2	1
	Above 50	1	1
5.	Annual Income from Unit (Rs'000)		
	Below 15	3	-
	15 - 25	4	-
	25 - 50	6	2
	50 - 100	4	4
	Above 100	2	-
6.	Products Selected		
	Flour Mill	3	-
	Metal workshop	2	-
	General Stores	5	-
	Photo Studio	1	1

Source: Field Survey (1997)

Table 5.11 : SBMA Organized REDPs at a Glance

S.N.	Particulars	REDPs	
		Gainsain	Anjainisain
	Sweetmeat Shop / Restaurant	2	3
	Readymade Garments	2	-
	Photocopy Services	1	-
	Fisheries	1	-
	Electronic Repair Shops	1	-
	Stationery Shop	1	-
	Handicraft Emporium	-	1
	Trading of Herbs	-	1

Source: Field Survey (1997)

Singh, was selected by the EDI for the Best Rural Entrepreneur Trainer Motivator Award-1998 in recognition of his contribution and commitment to the RED strategy.

Factors Contributing to Success

The factors contributing to the success of REDPs are as follow.

- The commitment and professional capabilities of SAVE
- SAVE had intimate knowledge of the local people, opportunities, constraints, and potential SAVE on account of its grass roots' approach.
- Linkages with the official support system at the district, state, and national levels were strong.
- The local people had faith in the organization
- Trainees were properly selected and income-generating opportunities identified. (For example, SAVE does not encourage highly qualified people to join the programme as they are likely to leave it if they get a job.)
- Strong post-programme follow-up and escort services were provided.

- Committed well-qualified and trained trainers (four of the SAVE workers were trained as Trainer Motivators by the EDI) were used.

Untied Knots

SAVE has been fairly successful with its REDPs and has diversified its portfolio of activities substantially during the last five years. However, certain problems remain, and these are listed below.

- It has not been able to resolve marketing problems. Sometimes, operating as they do on a very small scale, the trained entrepreneurs become short of raw materials and are not able to sell their products in time.
- SAVE has not been able to arrange the latest technical, hands-on training for its trainees. It is finding it increasingly difficult to identify new units or establishments to impart technical training;
- SAVE has been unable to pay adequate attention to post-programme follow-up because of rapid growth and diversification in activities.
- SAVE has been unable to commit itself to any single development activity

on a long-term basis as it continues to suffer from financial instability. It has to depend mainly upon project funds and donor agencies.

- SAVE has been unable to make clear, strategic choices of development interventions and has taken on all kinds of projects without having the core competencies to execute them.

5.8.2 Case 2: Shri Bhuvaneshwari Mahila Ashram (SBMA), Tehri Garhwal (UP)

The late Swami Manmathan, a social activist, from Anjanisain in Tehri Garhwal District of Uttar Pradesh, founded the SBMA, in 1978. Registered as a society, SBMA has been actively involved in socio-economic transformation in the hill districts of Tehri-Garhwal, Chamoli, and Pauri-Garhwal. Its focus is on women and rural development through awareness raising and empowerment among the underprivileged. It leads peoples' movements against alcoholism, superstition, discrimination against women and girl children, illiteracy, hunger, malnutrition and poor health, and environmental degradation.

The SBMA believes in 'service through labour and education by example'. To facilitate the socioeconomic empowerment of women, SBMA organizes training and educational programmes. It operates from a ten-acre ashram at Anjanisain, two extension centres - one at Anjanisain and the other at Srinagar (Garhwal), and seven sub-centres. In addition to 125 *Mahila Mangal Dal* (Women's Development Groups) activists, SBMA has about 700 full-time social workers on its pay roll, of which 80 per cent are women. They work as village animators, teachers, income genera-

tion guides, primary school teachers, helpers, supervisors, and doctors and project coordinators. The Secretary of SBMA has the overall responsibility for the day-to-day functioning of ashram activities with the help of project coordinators and other senior activists.

The Move Towards Income Generation Activities

One of the principal objectives of SBMA is "to establish rural small and cottage industries involving women to mitigate their economic weakness." To promote small and cottage industries, SBMA organized a workshop on Industrial Development of Hilly Areas on the 12th and 13th of March 1980. The workshop focussed on the problems and prospects of small industries in the hills. Information about various trades and sources of funding was also provided to artisans and other prospective entrepreneurs. Subsequently, SBMA organized training programmes on horticulture, agriculture, dairies, tailoring, knitting, bee-keeping, handicrafts, and animal husbandry. To institutionalise these activities, training facilities were established at the Anjanisain centre with the support of the Central and State Governments.

While SBMA was able to give training to rural women and youths, it was not able to help them establish enterprises. The few highly motivated people who did establish businesses were not able to run them successfully. This was because they did not know how to manage a business and market the products, they had only acquired the skills to produce. SBMA was conscious of this drawback in its training programmes. It also realised that, if farming alone did not pay, people could not be prevented from

exploiting natural resources, even if it led to environmental degradation. The incidence of out-migration to look for work was high. SBMA believed that the only way to counter these trends was to provide employment on the spot. This meant promotion of activities that could provide remunerative employment.

SBMA was also promoting savings and credit Self-Help Groups (SHGs) among women. The SHGs members were saving regularly, but did not know how to use their savings productively. SBMA found it difficult to help them.

Looking for viable options, they heard about the EDI, Ahmedabad. One of their Project Coordinators was deputed to explore the possibilities of collaboration with the Institute. In 1994 the Project Coordinator attended a Rural Entrepreneur Trainers' Training Programme organized by the EDI. Consequently, the Coordinator started to run REDPs. In 1996, SBMA sent someone else for training as a Rural Entrepreneur-Trainer-Motivator at the EDI in order to expand its activities.

So far, SBMA has had three REDPs, training 64 potential entrepreneurs. We reviewed two REDPs carried out in 1994-95 and 1995-96; the third took place only recently.

The programmes were organized on the pattern suggested by the EDI. The first programme was in Gainsain and the second in Anjanisain. Of the 26 trainees trained in Gainsain, 15 established ventures within two to three months of the training programme.

Promotional Campaign: After identifying the area (Gainsain), the trainer-motivator

launched a promotional campaign. The response from women was not encouraging, as most of them were too preoccupied with household activities. Moreover, quite a few ex-servicemen (who sometimes retire at an early age) were interested in participating, and they preferred their women to stay at home. The women, on the other hand saw it as a way of preventing men from leaving to find jobs elsewhere.

The message about the REDP was spread through village and group meetings. As SBMA has a very good network in the area and the confidence of the local people, it was not difficult to elicit a favourable response from Gainsain. Because of SBMA's excellent rapport with the bureaucracy, it was assured of government support for the programme.

The trainer also identified viable business ideas to help the trainees identify opportunities. Opportunities identified included electrical repair work, beekeeping, rearing poultry, radio repairs, watch repairs, handicrafts, wooden furniture, flour mills, toy making, producing potato crisps, floriculture, herbal plantations, brick-making, horticulture (market gardening), canning and food preservation, grocery shops, dairies, and printing and book binding. Most of the activities were targetted at promoting individual entrepreneurship.

Selection of Trainees: A committee consisting of a local Bank Manager, an EDI faculty member, representatives of the District Industry Centre (DIC), the Development Block, and the District Rural Development Agency (DRDA) was constituted to select the trainees. A variation of the Focussed Behavioural Event Interview

(coupled with a personal interview) was used to screen and select the trainees. The committee recommended 30 candidates for the programme in Gainsain, of which 26 joined the programme.

Profile of the Trainees: In terms of age, most of the trainees were from 20-25 years' old, followed by a group of trainees from 25-30 years' old (Table 5.11). Unlike the usual pattern, seven (27%) trainees were past 35 years of age, as quite a few ex-servicemen also participated in the Gainsain programme. The average age of the trainees was 31 years. Almost 81 per cent of the trainees were educated beyond primary school level. About 19 per cent had up to primary level education only. Most of the trainees came from quite reasonable economic backgrounds with average annual family incomes of Rs 21,600. About 19 per cent came from households with annual incomes of less than Rs 25,000. Only two of the 26 trainees were women.

Course Design and Contents: The SBMA used a course similar to the EDI course in its REDPs. The course started with an unfreezing exercise and behavioural inputs, followed by interaction with successful local entrepreneurs. The trainees were taken to a existing enterprises in the neighbourhood. Identifying opportunities, training on market surveys, field work (market survey), and preparation of a project report were all parts of the course. Managerial and marketing related instruction followed. Simple accounting and marketing were taught over a period of one week, followed by finalisation of business plans to be presented with loan applications. Subsequently, trainees who needed technical inputs were placed in

different units for on-the-job training. The technical training lasted for about a month.

Follow-up Support: SBMA established a Monitoring Committee consisting of representatives of the EDI, banks, DIC, and the District Rural Development Agency (DRDA), besides the trainer in charge of the programme. It received adequate support from the government agencies. Six loan applications were approved quickly by the local banks. In addition, another nine trainees started ventures with their own resources within three to four months of completing the REDP training. The remaining three had to wait for bank loans, and it took about a year for them to start.

Programme Outcome and Impact: Of the 26 trainees, 19 established enterprises and are running them successfully. The programme led to a total investment of Rs 3,67,000 with an average of about Rs 19,000 per enterprise. The annual income of the participants from these enterprises ranges between Rs 9,600 and 100,800, with an average of about Rs 40,000 per enterprise (including wages/remuneration of the entrepreneur). All the units are running profitably. Moreover, six enterprises generated jobs for an additional eight persons (two units generated two jobs each) besides the entrepreneurs themselves. The rest generated one job in addition to the entrepreneur. Most of the enterprises were started by trainees from the relatively high income group. They could easily provide equity and collateral to get loans. Most of them actually did not even bother to get loans and started enterprises with their own money.

The Second Attempt

The second REDP was organized at the SBMA headquarters, i.e., in Anjanisain, in 1995-96. In all, 18 persons were trained in the second REDP. All the trainees were men. Most of them came from relatively well off families with average family incomes of Rs 39,000 per annum compared to Rs 21,000 in the case of Gainsain. Most of them had high school education, and five of them were post-graduates. Another difference from Gainsain was in terms of age. Except two, all the trainees were below 25 years of age with a mean of 24.7 years; in the case of Gainsain the average age was 31 years. However, of the 18 only six established enterprises according to our field survey. The remaining 12 persons were trying to get bank loans. The average enterprise established following the Anjanisain programme was larger than the average established following the earlier REDP, with an average investment of Rs 42,000, an additional average employment of one person besides the entrepreneur, an average net profit of Rs 39,600, and an average gross income of Rs 64,000 per enterprise. Three out of the six entrepreneurs started sweetmeat shops and restaurants, one trainee started a photo studio, one started trading in herbal products, and another opened a handicraft emporium.

Despite the fact that age, family income, and education were favourable, their start-up rate was only 33 per cent in Anjanisain compared to 73 per cent in Gainsain. One would have expected better results, because, by this time, the trainer had also gained experience. On investigation, we learned that the trainer was withdrawn half-way through the programme and put to work on a World Bank Project on water supplies. He could not give adequate at-

tention to the programme or to the follow-up, unlike in Gainsain. The trainees consequently did not receive proper guidance in implementing their projects. The start-up rate consequently suffered. During the field work, we were told by the trainer-motivator concerned that the SBMA was trying to rectify matters and that there were prospects that at least 10 more trainees would start enterprises within the next six months.

Lessons Learned

Comparison between the two REDPs indicates that even when programmes are run by the same organization and/or the same trainer-motivator, results vary. The same trainer succeeded when he devoted his full time and energy to the programme, but failed when he could no longer do so. Lessons learned from these experiences are listed below.

- Proper selection of trainees is the key to success.
- REDPs require prolonged follow-up support and escort services.
- Highly educated rural youths may not be the best for such programmes. They have many options and opportunity costs are high.
- Trainees with a relatively sound economic status are likely to benefit more than others from such programmes.
- Shifting or reshuffling trainers half-way through the training can affect the outcome adversely.

5.8.3 Case 3: Association for Women and Rural Development (AWARD), Assam

AWARD, established in November 1989 as the 'Parbatipur Bowataka Samittee', is

a women's organization operating in the North Lakhimpur and Dhemaji districts of Assam, bordering Arunachal Pradesh. The organization works for the welfare of women, children, and weaker sections of society. The organization is actively engaged in skill formation and entrepreneurship development through the Government-sponsored Training Rural Youth for Self Employment (TRYSEM) programme and through REDPs. Besides training, AWARD is also engaged in low cost rural housing, construction of rural link roads and embankments, health, and non-formal education. It also provides marketing support to rural producers.

So far AWARD has trained 192 persons in handloom, 109 in mushroom cultivation, 162 in tailoring and embroidery work, 55 in cane and bamboo work, and 95 in fruit processing. It has also organized 38 camps on fishery training and has undertaken plantation of 60,000 saplings through a social forestry programme. It has an impressive training-cum-production centre and a hostel that is being used even by government agencies to train the rural poor through schemes like TRYSEM. Besides these training programmes, AWARD is actively promoting savings and credit Self Help Groups (SHGs). So far, AWARD has organized 130 SHGs (45 male and 85 female groups), with a membership of 1,930 persons and a total deposit of Rs 101,235. The group members save between rupees two to ten per week to create revolving funds.

AWARD has 39 development workers, including one programme director, four field officers, one project manager, one doctor, one veterinary surgeon, five instructors, and two masons. It has its own governing board

and its Founder Secretary, Ms. Ranjita Kaur, carries out day-to-day operations.

Although AWARD was very active in skill development and vocational training, it was not able to help its trainees procure gainful employment. Most of its trainees preferred work for wages with AWARD at the training-cum-production centre. AWARD realised the problem and looked for alternatives.

The Entrepreneurial Option

In 1993, Ms. Ranjita Kaur met the EDI's regional Coordinator for the Northeast by chance. Detailed discussions about the Rural Entrepreneurship Development Programmes followed. The Secretary found an answer to the question "*what after skill training?*" She decided to become involved in the activity and participated in a Rural Entrepreneur-Trainers' Training Programme organized by the EDI in Ahmedabad in 1994.

Following the training, Ranjita organized the first REDP at Laluk in Lakhimpur (Assam). Of the 35 potential entrepreneurs trained, 31 started their own ventures. Encouraged by the results, AWARD organized two REDPs at Harmoti in 1995-96, training 62 trainees. Forty-nine started their own micro-enterprises. Two more REDPs were given in Dhemaji, training 60 potential entrepreneurs. Within a short period of three to four months, 16 trainees established enterprises and others were in various stages of establishment.

The REDPs were sponsored by the Small Industries' Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development

(NABARD) and were coordinated by the EDI.

To understand the factors leading to the resounding success of REDPs organized by AWARD, two programmes - one at Laluk and the other at Harmoti, have been reviewed.

Implementation of REDPs by AWARD

AWARD's implementation starts with a feasibility study of the area. An intensive promotional campaign follows. Village meetings are held to promote the idea of REDPs. Banners, posters, distribution of handbills, and personal contacts supplement these meetings. The trainer-motivator solicit information about the candidates before handing out application forms. The trainers verify the information through informal channels (such as village headmen, opinion leaders, etc.) before arranging for interviews. Information is also collected from banks to ensure that candidates are not defaulters. The criteria for selection evolved by AWARD are that the candidate should (i) be in the age group of from 18-35 years; (ii) belong to the programme area; (iii) be able to read and write; and (iv) not be a defaulter or from a defaulter's family¹¹. Preference is given to unemployed youths, especially if they possess some technical skills.

Selection Process: A selection committee, consisting of bankers, representatives of the sponsors (NABARD/SIDBI), a general manager/a representative of the District Industries' Centre, and representatives from the District Rural Development Agency and the

EDI, selects the trainees on the basis of the personal interview. The purpose of the interviews is to assess the commitment of the candidates.

There are no stipends for trainees and they are required to pay a token fee of Rs 250 for the training. Regular attendance is mandatory.

The Training: In addition to the EDI package, AWARD also provides social inputs to facilitate social responsibility. The training package is in two phases; viz, a four-week classroom-cum-field work phase; and a phase of technical training lasting from 15 days to three months. The first phase is similar to the other EDI packages (Table 5.12). The technical training phase uses AWARD's own training infrastructure (training-cum-production centre).

Adult learning techniques such as live case studies, group work, and group discussions are used to facilitate internalisation of entrepreneurial traits. The training programme is formally completed when the trainees have submitted loan applications to the banks.

Follow-up Phase: AWARD provides follow-up support for a period of at least two years after completion of the REDPs. AWARD helps trainees to obtain loans, procure machinery, arrange work-sheds, and recruit workers (if required). AWARD also helps them to establish marketing linkages. As per the guidelines of the EDI, a monitoring-cum-guidance committee is also established to deal with trouble shooting.

¹¹ The repayment record for bank loans in the area is unsatisfactory, many have not repaid loans and are on the defaulters' list of the banks. Even if such people receive training, they will not be able to get loans to establish enterprises.

Table 5.12: Input Structure for AWARD REDPs

S.N.	Input	Duration (Days)
A.	Entrepreneurship-related Inputs	
1.	Information Inputs	3
2.	Sharing Experiences with Successful and Unsuccessful Entrepreneurs	2
3.	Industrial Visits	2
4.	Business Opportunity Identification and Guidance Market Survey Techniques, Market Survey Analysis, etc	7
5.	Training in Achievement Motivation	3
6.	Business Plan Preparation	3
7.	Managerial Inputs	5
8.	Legal and Procedural Inputs	3
9.	Business Ethics and Social Responsibility of Entrepreneurs	2
	Total	30
B.	Technical Training/Skill-Based Inputs (Need-based)	15 days-3 months

AWARD has created a revolving credit fund worth Rs 3,43,500 with the help of the SIDBI. It uses this fund to provide loans to trainees of up to 10,000 rupees. It helps the trainees to get credit to launch micro-enterprises also. So far loans worth Rs 343,500 have been sanctioned for 60 handloom weavers (1995-96) and loans worth Rs 229,000 were also given to a group of 40 cane and bamboo workers.

Profile of the Trainees

Altogether 35 trainees in Laluk and 33 in Harmoti have attended the REDPs. In Laluk, 15 trainees were below 25 years' old and 20 were between 25-30 years of age (Table 5.13). In Harmoti, apart from one, all the trainees were below 25 years' old. In Laluk, the male to female ratio was almost 50:50, with 17 men and 18 women. The corresponding figures in Harmoti were 23 and 10.

In terms of social background, the highest proportion of trainees belonged to the

scheduled tribe category in Laluk (17 of the 35), while in Harmoti most trainees were from the general categories. In both places, most of the trainees were well educated (high school and above). However, a substantial proportion of the trainees in both places were from economically weak families with annual incomes of less than Rs 10,000. Only nine trainees in Laluk and six in Harmoti had annual family incomes of more than Rs 10,000.

Outcome of the Programme

As mentioned earlier, both programmes were successful in terms of the proportion of trainees starting enterprises. In Laluk 31 (88.57%) and in Harmoti 24 (72.72%) trainees established enterprises. However, commensurate with their economic background, most of the entrepreneurs established micro-enterprises only. Of the 31 enterprises in Laluk, 29 (93.5%) had investments of less than Rs 20,000. In Harmoti, the corresponding number was

Table 5.13: REDPs Organized by AWARD at a Glance (Cont'd)

S.N.	Particulars	REDPs	
		Laluk	Harmoti
1.	Number of Trainees Trained	35	23
2.	Profile of Trainees		
	<u>Age</u>		
	Below 25	15	32
	25 - 30	20	1
	30 - 35	-	-
	Above 35	-	-
	<u>Sex</u>		
	Male	17	23
	Female	18	10
	<u>Caste</u>		
	SC	-	4
	ST	17	2
	OBC	12	5
	GEN	6	22
	<u>Educational Qualification</u>		
	Primary	-	-
	Up to Middle School	4	-
	High School	22	19
	Intermediate	8	11
	Graduate	1	3
	<u>Family Income</u>		
	Below - 10,000	26	27
	10,000 - 15,000	9	2
	15,000 - 25,000	-	4
	25,000 - 50,000	-	-
	Above 50,000	-	-
3.	Number of Units Started	31	24
	Start-up Rate (%)	88.57%	72.72%
4.	Size of the Unit (Rs '000)		
	Below - 10,000	24	16
	10,000 - 15,000	3	2
	15,000 - 20,000	2	2
	20,000 - 30,000	-	2
	30,000 - 50,000	1	-
	Above 50,000	1	2
5.	Annual Income Per Unit		
	Upto - 5,000	10	3
	5,000- 7,500	12	-
	7,500- 10,000	8	5
	Above 10,000	1	16

Table 5.13: REDPs Organized by AWARD at a Glance

S.N.	Particulars	REDPs	
		Laluk	Harmoti
6.	Products Selected		
	Cane & Bamboo items	15	2
	Handloom unit	16	8
	Tent house	-	1
	Bakery	-	1
	General Stores	-	3
	Tailoring	-	4
	Photocopying	-	1
	Food processing	-	3
	Book & Stationery shop	-	1

Source : Field Survey (1997)

20 (83.33%). Only three enterprises (one in Laluk and two in Harmoti) had investments exceeding Rs 50,000. As a result, their annual incomes were low. In Laluk, 22 (71%) trainees earned up to Rs 7,500 per year only. However, in Harmoti 16 (67%) trainees earned more than Rs 10,000 per annum. Because of the diversity of the investment portfolios incomes also appeared to be higher in Harmoti than in Laluk. In Laluk, 15 trainees went into production of cane and bamboo items and the remaining 16 established handloom units. In Harmoti, only 10 of the 24 trainees opted for these traditional trades. The remaining 14 started relatively non-traditional enterprises such as tent houses, bakeries, general stores, tailoring, photocopying, betel nut processing, and stationery shops. For the most part, the programmes made 55 youths into successful entrepreneurs – proud owners of their ventures.

Factors Contributing to Success

- Faith of the organization in and its commitment to the REDP strategy
- An active Monitoring-cum-Guidance Committee which helped the trainees set up enterprises
- An adequate and well-developed infrastructure for organizing technical skill development training besides REDPs
- Strong follow-up support and provision of escort services after the training programme
- Creation of a credit fund with the support of SIDBI to provide small loans to trainees.
- Confidence of the local people and the bureaucracy in AWARD¹²
- Committed and well-trained cadre of development workers at its disposal

12 The Secretary of AWARD has been nominated as a member of the District Committees on PMRY in Lakhimpur and Dhemaji. She has also been co-opted as a member of the DRDA, Dhemaji. This has helped AWARD to get direct access to the bureaucracy which it uses to elicit support for its trainees and to secure the confidence of local banks in the credibility of AWARD. AWARD has formed a large number of savings and credit self-help groups to provide small loans for the poor. These groups also motivate their members to make timely repayments of bank loans. This has encouraged banks to extend credit to the potential entrepreneurs.

- Cooperation from and good networking with various government agencies and banks.

The Lessons Emerging

The experiences of the NGOs involved in implementing REDPs indicate that proper selection, proper identification of opportunities, and strong follow-up support are critical to the success of the programmes. Therefore, to implement RED Programmes successfully, the ground rule is to treat the entire REDP process as a comprehensive package and implement the same in its entirety. The following points must be kept in mind while implementing the programme.

- Before launching the programme, establish good linkages with the local people and the bureaucracy.
- Select only those who exhibit entrepreneurial potential and commitment to entrepreneurship/self-employment.
- Identify business opportunities before launching the programme, keeping strengths, weaknesses, opportunities, and threats (SWOT) of the local area and the people in mind.
- Link up with support agencies in the early phases of the programme.
- Entrepreneurial training, technical training, finance, and infrastructure must be treated as a package.
- Tie up credit and keep documentation (papers) for loans ready before the training comes to an end.
- Keep the programme inputs flexible to incorporate the needs of the group in the training package.
- Effective follow-up mechanisms must be built into the programme package.

- A good, sincere, well-trained and skilful trainer-motivator is the key to success. He/she must stay at the training centre until the maximum possible number of enterprises is established.

5.8.4 Case 4: Himachal Consultancy Organization Limited (HIMCON): Experience in PMRY

The Prime Minister's Rozgar Yojana (PMRY): An Introduction

The PMRY, a government-sponsored self-employment programme, was launched in October 1993. Its target was to set up 700,000 micro-enterprises, creating employment opportunities for 1.4 million persons by the end of the Eighth Five-Year Plan, i.e., 1997. It envisaged motivating, training, and helping educated youths to establish ventures with financial assistance from commercial banks. The definition of enterprises encompasses small and micro-industries, service units, and business ventures. The scheme can provide loans of up to 100,000 rupees for each potential entrepreneur trained @ 13.5 per cent per annum with a capital subsidy of 15 per cent of the project cost or Rs 7,500, whichever is less. The loan as well as the subsidy increases on a *pro rata* basis if more than one potential entrepreneur joins hands to establish a unit. Entrepreneurs are required to put five per cent of the project cost as margin money or promoter's equity. However, promoters are not required to give any collateral. Only a personal guarantee with hypothecation of assets created out of bank loan documents are treated as security against the loan. While the term loan is repayable between three to seven years (with a moratorium of six to eighteen

months), the repayment schedule for working capital is fixed on a case to case basis, as per the nature and need of the enterprise.

To be eligible for the scheme, a person should have been resident in an area for three years, should be from 18 to 35 years, should have studied up to matriculation, belong to a family with an annual income of less than Rs 24,000, and should not be a defaulter of any credit institution. It also stipulates preference for people with technical education and women. While there is no bar on the type of venture to be established efforts are made to restrict 'Small Business' loans to a maximum of 30 per cent, leaving the balance for manufacturing enterprises and service units.

All potential entrepreneurs who want to set up industrial units are required to undergo an EDP of about four weeks (see Annex 3 for input structure) after sanction but before disbursement of the loans. They learn about book keeping, marketing, and costing and acquire information on procedures and formalities for obtaining loans and about related subjects.

The scheme is being implemented through the Office of the Development Commissioner (Small Scale Industries), Government of India. In the states it is coordinated by the respective state Directorates of Industries and implemented in districts by the District Industries' Centres. The banking support is coordinated by the banking division of the Reserve Bank of India, and loans are provided by commercial banks. EDPs are being organized by Small Industries' Service Institutes, District Industries' Centres, specialised entrepreneurship training institutions, and non-government or-

ganizations. This is, therefore, a comprehensive and potentially sustainable approach compared to the minimalist (only credit) approach propagated by some of the international donor agencies.

Achievements of the PMRY in IHHR

Between 1993-94 and 1996-97, 67,780 potential entrepreneurs were given loans by the PMRY out of 100,342 candidates recommended by the Government in the IHHR; the target being 79,929 beneficiaries. This means the PMRY met 85 per cent of its target for the IHHR — a remarkable achievement by any standards. The achievement was still higher at the national level. About 93 per cent of (819,412) candidates were given loans (the target was 886,516) in 1993-94 and 1996-97. However, in relationship to the proportion of the population, the proportion of the IHHR in the PMRY has always been quite high (about 6%). For example, in 1993-94, 6.68 per cent of the beneficiaries came from the IHHR. This figure went up to 9.07 per cent in 1996-97 (Table 5.14). A key factor behind the success of the PMRY is the availability of credit. Implementation of the PMRY and experiences gained are illustrated by a case study of the Himachal Consultancy Organization Ltd, an organization that runs these programmes in Shimla (HP).

The HIMCON Experience with the PMRY

HIMCON, established jointly in 1977 by the Government of Himachal Pradesh, the Industrial Development Bank of India (IDBI), the Industrial Credit and Investment Corporation of India (ICICI), and a number of commercial banks, aims to provide low-cost consultancy to small-scale entrepreneurs in the state of Himachal

Table 5.14: Progress of the PMRY in India Since 1993*

Years and Parameters	Indian Himalayan Hill Region (IHHR) (Nos)	All India** (Nos)	IHHR as % age of all India
<u>1993-94</u>			
Target	3930	39330	9.99
Recommended	3797	88234	4.30
Sanctioned	2114	32108	6.68
<u>1994-95</u>			
Target	17384	239215	2.27
Recommended	27956	453498	6.16
Sanctioned	16366	198230	8.25
<u>1995-96</u>			
Target	26692	307713	8.67
Recommended	36666	613732	5.97
Sanctioned	23024	299371	7.69
<u>1996-97</u>			
Target	31923	300258	10.63
Recommended	40344	576571	6.99
Sanctioned	26276	289703	9.07

Source: Government of India,

* 'The summary of progress under the PMRY', various Progress Reports, the New Delhi Office of the Development Commissioner for Small-Scale Industries, Ministry of Industries.

** The number of candidates recommended under the scheme is kept higher than the target to give bankers a choice of projects and entrepreneurs.

Pradesh. It operates through three branch offices in Solan, Kangra, and Kullu, besides a Head Office in Shimla. While it works under the broad guidelines of its governing body, consisting of members nominated by sponsors, its day-to-day operations are looked after by a full-time managing director. HIMCON has a highly qualified team of professionals, who specialise in engineering, financial, legal, and entrepreneurship development, on its pay-roll. It has seven accredited entrepreneur trainer-motivators who look after Entrepreneurship Development Programmes (EDPs). It has been offering consultancy services to

prospective investors and entrepreneurs in a very diverse field of business activities such as tourist trade, chemicals, ceramics, engineering, electronics, financial management, market research, opportunity scanning, information, rehabilitation of small scale industries, etc.

Over the years HIMCON has developed expertise in EDPs and Skill Development Programmes (SDPs). It has also diversified to cover Rural Entrepreneurship Development Programmes (REDPs) and the Government of India sponsored Prime Minister's *Rozgar Yojana* (PMRY). Some of its

activities in entrepreneurship development are discussed in what follows.

Entrepreneurship Development Programmes (EDPs)

EDPs are conducted by HIMCON to promote first generation entrepreneurs and to diversify the sources of entrepreneurial supply for industrialisation of Himachal Pradesh (HP). Since 1985-86, HIMCON has conducted 102 EDPs and trained 2,408 potential entrepreneurs with a start-up rate of about 33 per cent. About 800 of the 2,408 trainees have set up business ventures (See Table 5.15). On an average, each unit with an investment of about Rs 200,000 has generated employment for about three persons, including the entrepreneur. These EDPs are sponsored by various national financial institutions such as the IDBI, ICICI, Industrial Finance Corporation of India (IFCI), NABARD, SIDBI, Department of Science and Technology (DST), government of India, and the government of Himachal Pradesh.

The inputs imparted in EDPs are as per the six-week National EDP Module developed by EDI. The process being followed by HIMCON is as follows: the programme is launched with promotional activities, it is followed by selection of trainees and classroom training. The classroom training ranges over a period of six weeks and is followed by post-programme follow-up ranging from four to six months. While in theory the practice appears to be all right, much needs to be done. For example, pre-promotional activities are generally limited to announcements in newspapers, unlike the intensive promotional campaign undertaken by NGOs. The three-tier selection procedure is adopted more as a ritual. The follow-up phase is restricted to a few meetings with the trainees as trainers hardly have any time to devote to the follow-up phase because of the pressure of conducting as many EDPs as possible in a year, because of HIMCON's concern for revenue generation (Awasthi and Jose 1996).

Table 5.15: Status of EDPs Conducted by HIMCON (1985-86 to 1995-96)

Year	No. of EDPs	No. of Trainees Trained			No of Units Set-up	% Start-up Rate
		Male	Female	Total		
19985-86	6	135	3	138	12	8.7
1986-87	6	83	3	86	17	19.8
1987-88	7	125	27	152	37	24.3
1988-89	11	164	92	256	53	20.7
1989-90	10	147	76	223	91	40.8
1990-91	10	167	44	211	84	39.8
1991-92	14	294	80	374	104	27.8
1992-93	12	247	48	295	102	34.6
1993-94	12	153	146	299	91	30.4
1994-95	6	NA	NA	NA	124	80.0
1995-96	8	NA	NA	NA	87	38.8
Total Value	102	1515*	519*	2034	802	33.3

Source : Various progress reports of HIMCON

* Excluding 1994-95 and 1995-96 for which data are not available.

The results of EDPs, in terms of start-up rates, have become the first casualty. The start-up rate of HIMCON-EDPs, as mentioned earlier, is barely 33 per cent as against 70 per cent in the case of NGOs. This is despite the fact that HIMCON has highly qualified and trained trainer-motivators, backed by specialist consultants, available internally.

Rural Entrepreneurship Development (RED)

Rural enterprise development related activities were started in HIMCON when it undertook the implementation of the 'Rural Industrialisation Programme' (RIP) of the SIDBI in Chail and Baijnath Block of Kangra district (HP). Subsequently, it extended the coverage of RIP to two other districts of HP also, viz., Solan and Kullu. The programme aimed at providing an integrated package of assistance from conception to commissioning of a project including training, counselling, technical assistance, marketing assistance, market tie-up, skill development, and technology transfer. Its RIP efforts have led to creation of 200 enterprises in these three districts.

Besides RIP, it also conducts REDPs sponsored by NABARD. However, the results of these programmes are not yet known.

The Prime Minister's Rozgar Yojana in HIMCON

HIMCON, being a specialised agency for entrepreneurship development in Himachal Pradesh (HP), has also conducted a few programmes under the PMRY in Shimla district. It has so far trained 310 potential entrepreneurs in nine batches covering nine different blocks of Shimla district.

The training package of the PMRY used by HIMCON is a 10-day module (See Annex 4). Its start-up rate under the PMRY is better than the other programmes as about 55 per cent of the trainees have started units. HIMCON is, however, required to conduct programmes only for those trainees who are already selected by the District Industries' Centres and recommended to banks for loans. HIMCON also does not have any responsibility for post-programme follow-up, as the entrepreneurship training is only an eligibility condition for disbursement of loans. After attending the training programme the trainees get loans to start their enterprises. Therefore, HIMCON feels that follow-up is not required. The trainees may, however, require guidance and counselling to implement their projects.

While any systematic evaluation of HIMCON conducted PMRY programmes is yet to be undertaken, the general impression one gets after talking to the trainers, bankers, and a few trainees is that the programmes lack the seriousness and effectiveness insofar as entrepreneurship development is concerned. The trainees join the training only for the sake of fulfilling the conditions to get PMRY loans. Moreover, the target orientation of the programme also adversely affects the training. Since the PMRY involves subsidies and subsidised loans, large numbers of otherwise ineligible and undeserving candidates succeed in getting included because of their political linkages, and this is at the cost of genuine candidates. The following suggestions are worth considering for improvement of such programmes.

- The potential entrepreneurs should be selected in a systematic manner using

an appropriate but scientific methodology such as the three-tier selection procedure or through Focussed Behavioural Event Interviews (FBEIs), etc.

- After selection they should undergo a regular four- to six-week EDP during which they should identify a sound business activity, assess its viability, and develop a bankable business plan.

- On the basis of their evaluation/performance in EDPs and the soundness of their business plans, they should be recommended to the banks for loans.

If this process is implemented, the PMRY will be able to help good potential entrepreneurs with a sound business plan to become growth-oriented owners of successful businesses.

Year	Number of beneficiaries	Number of loans	Amount of loans (Rs. crore)
1995-96	112	84	20.7
1996-97	112	84	20.7
1997-98	112	84	20.7
1998-99	112	84	20.7
1999-00	112	84	20.7
2000-01	112	84	20.7
2001-02	112	84	20.7
2002-03	112	84	20.7
2003-04	112	84	20.7
2004-05	112	84	20.7
2005-06	112	84	20.7
2006-07	112	84	20.7
2007-08	112	84	20.7
2008-09	112	84	20.7
2009-10	112	84	20.7
2010-11	112	84	20.7
2011-12	112	84	20.7
2012-13	112	84	20.7
2013-14	112	84	20.7
2014-15	112	84	20.7
2015-16	112	84	20.7
2016-17	112	84	20.7
2017-18	112	84	20.7
2018-19	112	84	20.7
2019-20	112	84	20.7
2020-21	112	84	20.7
2021-22	112	84	20.7
2022-23	112	84	20.7
2023-24	112	84	20.7
2024-25	112	84	20.7
2025-26	112	84	20.7
2026-27	112	84	20.7
2027-28	112	84	20.7
2028-29	112	84	20.7
2029-30	112	84	20.7
2030-31	112	84	20.7
2031-32	112	84	20.7
2032-33	112	84	20.7
2033-34	112	84	20.7
2034-35	112	84	20.7
2035-36	112	84	20.7
2036-37	112	84	20.7
2037-38	112	84	20.7
2038-39	112	84	20.7
2039-40	112	84	20.7
2040-41	112	84	20.7
2041-42	112	84	20.7
2042-43	112	84	20.7
2043-44	112	84	20.7
2044-45	112	84	20.7
2045-46	112	84	20.7
2046-47	112	84	20.7
2047-48	112	84	20.7
2048-49	112	84	20.7
2049-50	112	84	20.7
2050-51	112	84	20.7
2051-52	112	84	20.7
2052-53	112	84	20.7
2053-54	112	84	20.7
2054-55	112	84	20.7
2055-56	112	84	20.7
2056-57	112	84	20.7
2057-58	112	84	20.7
2058-59	112	84	20.7
2059-60	112	84	20.7
2060-61	112	84	20.7
2061-62	112	84	20.7
2062-63	112	84	20.7
2063-64	112	84	20.7
2064-65	112	84	20.7
2065-66	112	84	20.7
2066-67	112	84	20.7
2067-68	112	84	20.7
2068-69	112	84	20.7
2069-70	112	84	20.7
2070-71	112	84	20.7
2071-72	112	84	20.7
2072-73	112	84	20.7
2073-74	112	84	20.7
2074-75	112	84	20.7
2075-76	112	84	20.7
2076-77	112	84	20.7
2077-78	112	84	20.7
2078-79	112	84	20.7
2079-80	112	84	20.7
2080-81	112	84	20.7
2081-82	112	84	20.7
2082-83	112	84	20.7
2083-84	112	84	20.7
2084-85	112	84	20.7
2085-86	112	84	20.7
2086-87	112	84	20.7
2087-88	112	84	20.7
2088-89	112	84	20.7
2089-90	112	84	20.7
2090-91	112	84	20.7
2091-92	112	84	20.7
2092-93	112	84	20.7
2093-94	112	84	20.7
2094-95	112	84	20.7
2095-96	112	84	20.7
2096-97	112	84	20.7
2097-98	112	84	20.7
2098-99	112	84	20.7
2099-00	112	84	20.7
2100-01	112	84	20.7