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Promoting Small and Micro-Enterprises through Training Interventions

The Indian Experience

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Naresh Singh
Pramod Srivastava

International Centre for Integrated Mountain Development
Kathmandu, Nepal
1999

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Preface

Development experiences in most of the mountain areas of the Hindu Kush-Himalayan Region, over the past decades, have shown that the prevailing predominant mode of their economies – subsistence agriculture – is becoming increasingly unsustainable both economically and ecologically. Diversification of economic activities into products and services, for which these areas offer a comparative advantage, through enterprise-based production for the market, is considered necessary for sustaining livelihoods and alleviating the poverty of the rapidly increasing population. It is in this context that ICIMOD established a programme on Development of Micro-enterprises in Mountain Areas with the objectives of identifying constraints and opportunities and developing policy, programme, and training guidelines for enterprise development in hill and mountain areas of the HKH region. As part of this programme, the Centre has commissioned a number of studies in different countries and areas of the HKH region with a view to documenting experiences of development and functioning of enterprises. The studies cover different aspects such as comparative advantage of products, processes, and factors in enterprise development, technology, credit, marketing, and development of entrepreneurial skills as well as policies and programmes by government and non-government agencies for promotion of enterprises.

The present paper '**Promoting Small and Micro-Enterprises through Training Interventions: The Indian Experience**', by Dinesh Awasthi, Naresh Singh, and Pramod Srivastava, is one in this series of studies. It is being published with the hope that it will be found useful by those engaged in research and development, policy-making, programme formulation, and implementation for the promotion of enterprises, as well as by present and potential entrepreneurs in their respective activities.

T. S. Papola
Head
Mountain Enterprises and Infrastructure Division

Abstract

Development of entrepreneurial capabilities and facilitating the initiation of productive and gainful ventures through EDPs, integrated with other essential support, have made positive impacts on enterprise development in many underdeveloped regions, particularly the hill and mountainous areas in India.

The present study analyses some successful (and a few not so successful) training interventions for promotion of small and micro-enterprises in the Himalayan region of India and assesses the scope for their replicability elsewhere. The study finds that EDPs following the EDI approach have as much chance of succeeding in hill regions as elsewhere, but the Group Entrepreneurship Development approach is found to have much better potential in terms of sustaining successful entrepreneurial activities in these regions.

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I am glad to present the final report on the study entitled 'Promoting Small and Micro-Enterprises through Training Interventions: The Indian Experience'. At the outset, I would like to gratefully acknowledge the funding support provided to us by ICIMOD, without which it would have been difficult to undertake this study. I would also like to put on record our sincere gratitude to Dr. T.S. Papola, Head, Mountain Enterprises and Infrastructure Division of the International Centre for Integrated Mountain Development (ICIMOD), Kathmandu, Nepal, for his very thoughtful comments on the earlier draft of the report. He was not only instrumental in providing us with the opportunity to work on the theme but also gave very useful insights into the issues confronting hilly regions.

I am grateful to Dr. V.G. Patel, Vice-President and Director of our Institute, who very kindly allowed us to work on the theme of our interest. He always encouraged us to visit NGOs operating in the Himalayan Region of the country to get first-hand information on the issues involved in promoting small and micro-enterprises (SMEs) in hilly regions.

I very much appreciate the cooperation extended to us by our network NGOs, especially by Mr. I.S. Kaundal, Secretary of SAVE, Kullu (HP); Mr. Mahendra Dobhal, Project Chief, SBMA Garhwal (UP); Ms. Ranjita Kaur, Secretary, AWARD, Lakhimpur (Assam); and Mr. C. Raghunathan, Managing Director, and Mr. Aziz Ahmed from HIMCON (Shimla). I am also grateful to our colleague, Mr. Raman Jaggi, for helping us to procure some critical data on the UP hills. Without the active cooperation of these friends, the study might not have seen the light of the day.

While Mr. Naresh Singh prepared the cases on SAVE (Kullu) and HIMCON (Shimla), Mr. Pramod Srivastava contributed the case on AWARD (Assam), besides helping me to procure the necessary data on Nagaland Societies promoted by EDI.

EDI's Computer Programmers, Mr. Manish Damani and Mr. Vimal Dagli, also extended their full cooperation in entering data and generating tables in various permutations and combinations, as per the requirements. We appreciate their help and support. I am also thankful to Mr. Sanjay Pal, who helped with the data analysis. The work of Ms. Julie Shah of the publications' department of the institute is also gratefully acknowledged.

Last but not least, I would like to thank my Secretary, Mr. A. Sivan. He worked hard and patiently typed and retyped the drafts without complain. Mr. Pravin Chavda, our Technical Assistant, did an excellent job in processing and production of the report. Our thanks are due to him also.

Acronyms used

AMT	Achievement Motivation Training
AWARD	Association for Women and Rural Development
CED	Centre for Entrepreneurship Development, Ahmedabad (Gujarat)
DIC	District Industry Centre
DRDA	District Rural Development Agency
DST	Department of Science and Technology
ED	Entrepreneurship Development
EDI	Entrepreneurship Development Institute of India
EDPs	Entrepreneurship Development Programmes
FBEI	Focussed Behavioural Event Interview Technique
GE	Group Entrepreneurship
GEDP	Group Entrepreneurship Development Programme
GIIC	Gujarat Industrial Investment Corporation
HIMCON	Himachal Consultancy Organization Limited
HP	Himachal Pradesh
ICICI	Industrial Credit and Investment Corporation of India
ICIMOD	International Centre for Integrated Mountain Development
IDBI	Industrial Development Bank of India
IFCI	Industrial Finance Corporation of India
IHHR	Indian Himalayan Hill Region
IRDP	Integrated Rural Development Programme
MFBEI	Modified Focussed Behavioural Event Interview Technique
MP	Madhya Pradesh
NABARD	National Bank for Agriculture and Rural Development
NEC	New Entrepreneurs' Creation
NES	New Entrepreneurs' Scheme
NFS	Non-Farm Sector
NGOs	Non-Government Organizations
OG	Opportunity Guidance
PMRY	Prime Minister's *Rozgar Yojana*

REDPs	Rural Entrepreneurship Development Programmes
RGVN	*Rashtriya Grameen Vikas Nidhi*
RIP	Rural Industrialisation Programme
SAVE	Society for Advancement of Village Economy
SBI	State Bank of India
SBMA	*Shri Bhuvaneshwari Mahila Ashram*
SEEUY	Self Employment Scheme for Educated Unemployed Youth
SHGs	Self Help Groups
SIDBI	Small Industries' Development Bank of India
SMEs	Small and Micro Enterprises
SSE	Small Scale Enterprises
TRYSEM	Training Rural Youth for Self Employment
UP	Uttar Pradesh

Contents

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 review 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 enterpreneurs 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 comparatives figures for different aspects of development in the Himalayan region and nationally.

Chapter 2
A Profile of the Himalayan Hill Region of India

The IHHR is comprised of the States of Jammu and Kashmir, Himachal Pradesh, and thirteen districts of the Uttarakhand region of Uttar Pradesh[1] in the north; three hill districts of West Bengal[2] and the State of Sikkim; and seven north-eastern States, viz; Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, and Tripura. It covers a total area of 592,701 sq.km., accounting for 18 per cent of the total area of the country. The population comprises a little over six per cent (51.39 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 87/ km^2 compared to the national average of 258/km^2. The level of urbanisation of 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 literacy among women (46.03%) in the IHHR compared to 39.29 per cent at national level. It has a higher proportion of workers as a 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-household 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 (2.16 ha) than the national average of 1.69, the

1 *Almora, Bageshwar, Chamoli, Champawat, Dehradun, Haridwar, Nainital, Pithoragarh, Pauri Garhwal, Rudra Prayag, Tehri Garhwal, Udham Singh Nagar, and Uttar Kashi.*

2 *Cooch Behar, Darjeeling, and Jalpaiguri.*

per capita value of outputs from major crops is significantly lower than the national average. Thus, despite the fact that the average land holding is bigger than the national average, agriculture is less remunerative in the hill regions than in the plains. Undulated topography and farming practices (e.g., *jhum* or shifting cultivation), which also cause widespread land degradation and soil erosion, are among the important factors contributing to low productivity.

In terms of infrastructure, the IHHR has serious constraints, primarily because of its terrain. The extremely rugged topography means that few villages are accessible by road. Compared to the national average of 60 km of road per 100 sq. km., the IHHR has barely 36.72 km per 100 sq. km. in some cases even as low as about six km. per 100 sq. km. (e.g., in J&K). Similarly, the railway network in the IHHR is insignificant[3]

The IHHR has only 193 telephones per 100,000 people compared to a national ratio of 800. Although it has a better network of banks, per capita bank deposits are only about 69 per cent of the national average. Per capita bank credit is barely 36 per cent, with Rs 711 in the IHHR and Rs 1,978 at the national level. Similarly, per capita bank credit for industry in general is far below national average. This applies to agricultural credit also. Consequently, credit to deposit ratio is more unfavourable than the national ratio.

The social structure in most of the hill region, however, is more egalitarian than in the plains (Papola 1996). This is because, unlike in the plains, the inequalities in land ownership are not so great in the hills. Historically, frugality has been a way of life for the hill people. Entrepreneurship has not been a predominant feature of)

Until recently there have been few disruptions in the way of life of the hill people. However, there are now recurring law and order problems instigated by insurgent activities. The root cause of these movements there is economic deprivation. Problems in the hill region are interrelated, arising from economic stagnation, unemployment, and poverty. Hence, measures to solve them must be based on an integrated approach.

There are no easy options for eradicating the problems faced by people in these areas. Developing successful entrepreneurs, capable of perceiving economically viable opportunities and converting them into sound business propositions, could be an effective strategy for economic development of distressed areas. Such a strategy will not only create self-employment, but will also open up new opportunities for income generation in the hills areas.

3 *It is barely 0.43 km. per 100 sq. km. of area compared to 2.04 km. per 100 sq. km. nationally. If Assam, with 3.15 km per 100 sq.km. of rail length, is excluded; it will be even less than 0.1 km per 100 sq.km. in the IHHR taken together.*

Chapter 3
Entrepreneurship Development: Relevance, Approaches and Issues

The quality of its entrepreneurs influences the economic destiny of a nation. It is the enterprise of a few in a society that helps change the economic growth profile and diversifies the economic base. Entrepreneurs not only establish businesses but also help create employment, increase outputs, improve technologies, and improve the quality of goods and services by bringing about changes in the production function. Lack of entrepreneurs is one of the principal constraints to development in poor nations. It is also true of hill regions; only much more so and with serious ramifications on both the economy and the environment. Growth of entrepreneurship is an essential prerequisite to employment generation. In the long term, such a growth in entrepreneurial spirit can act as a catalyst to growth in previously isolated societies.

In India, the economy in hill regions has been characterised by stagnation. The economic base is limited, primarily confined to agriculture. It could be diversified successfully by developing the Non-Farm Sector (NFS). Rural industries are a possibility but the extent to which they would be successful depends upon the capability of entrepreneurs. The best way to establish such industries would be to develop local skills for this purpose.

3.1 The Government Approach

Poverty eradication and employment generation have been predominant issues in government planning since 1952 (the first five-year Plan). Recent five-year plans claim to be employment oriented. Many schemes promoting self-employment and small and micro-enterprises have been adopted. Important among them are the Integrated Rural Development Programme (IRDP), Training Rural Youth for Self Employment (TRYSEM), and Self-employment Scheme for Educated Unemployed

Youth (SEEUY); and the latter was merged in 1993 with the scheme known as the Prime Minister's *Rozgar Yojana* (PMRY)[4].

The IRDP strategy is to support selected poor households in acquisition of productive assets by providing loans-cum-subsidies. The underlying rationale is that lack of ownership of productive assets results in poverty. Serious doubts have been raised about this approach. By and large it has been implemented without giving sufficient attention to differences in local conditions or variance in individual aspirations and capabilities.

For the impact of IRDP on poverty eradication see Rath (1985), Dantwala (1985), Hirway (1985), and Bagchee (1995). Other schemes, such as TRYSEM and SEEUY, have been assessed by Prasad (1988). Wide-ranging limitations are cited by these studies. Overall, the gains of IRDP have not benefitted the poorest of the poor (Hirway 1986). Moreover, although it has contributed to a rise in incomes of a substantial proportion of beneficiaries, many still live below the poverty line. For example, from a survey by the National Bank for Agriculture and Rural Development (NABARD), Rath (1985) estimated that hardly 18.7 per cent of the total beneficiaries had risen above the poverty line. He also calculated that, if repayments on loans and interest were adjusted against income, this proportion would go down considerably.

The Approach Paper to the Seventh Five-Year Plan reformulated the IRDP in terms of better integration with the rural economy, providing forward and backward linkages, and closer monitoring and tighter organization than heretofore. The Government did not review its basic assumptions, however, and these are more critical as they are responsible for the failures of the 'direct attack' strategy of IDRP (Hirway 1986). Badly conceived and misplaced emphasis on the basic assumptions were that people had entrepreneurial capabilities and that the bureaucracy was capable of delivering services to assist them. Entrepreneurship is not developed by giving the poor cash or a goat or a buffaloe without other inputs. The idea that wage employment alone would solve the problem was rejected by economists who believed that such a strategy would lead to a dependency syndrome (Dantwala 1985). Gaikwad (1986, p33) observed such a dependency syndrome reference to *Sriniketan*, a voluntary organization.

To sum up, most of the government sponsored schemes for rural development and poverty alleviation were input-oriented (in terms of money) rather than output-oriented. Creation of income-generating enterprises for the rural poor drew scant attention.

3.2 Is it Possible to Create Entrepreneurs through Training?

The experiences of the Entrepreneurship Development Institute of India (EDI), Ahmedabad, and many other organizations demonstrate that (i) latent entrepreneurial potential (desire to be independent and do something better) is widespread irrespective of location, and (ii) this potential can be developed/strengthened with the help of well-designed, comprehensive training packages. In this respect, govern-

4 *Rozgar Yojana means Employment Plan/Scheme.*

ment schemes such as TRYSEM experienced limited success because they were geared towards developing/imparting technical skills only. Managerial skills and entrepreneurial attitudes also have to be inculcated (Prasad 1988).

Among the popular approaches to entrepreneurship development, the two main variants are based on (i) individual entrepreneurship and (ii) group entrepreneurship.

3.2.1 Individual Entrepreneurship

The individual entrepreneurship approach assumes that certain people have some amount of entrepreneurial spirit. Hence, individual potential should be encouraged. In sufficient numbers, these individual entrepreneurs will diversify the hill economy and in turn initiate others.

The entrepreneurship development approach deals with individual entrepreneurs, 25 to 30 at a time, and focusses on tapping and developing local entrepreneurial talents. It is not only viable but also replicable. It has been implemented in India through the EDI-EDP model. It was first used in Gujarat in 1970 and has since spread throughout the country by means of a network of state-level institutions and many voluntary organizations. Its initial urban/town orientation and lower-middle class thrust have been balanced by working with the rural poor. The training model, known as the Rural Entrepreneurship Development Programme (REDP), has been developed and tested across cultures for validation by the EDI. REDPs have three principal components, viz., imparting business-related knowledge, developing business skills, and changing behaviour and attitudes to a sufficient degree so that individuals are motivated for and capable of establishing and maintaining enterprises, creating jobs, and diversifying the economic base.

The REDP approach, however, does have certain limitations. At any given point (i.e., in one programme), it only has a small number of trainees. Given the magnitude and the need, the number trained is insufficient. In the implementation phase the capacity of a poor person to cope with a competitive market is limited; on an individual basis it is difficult to overcome the vested interests of the rural oligarchy. Thus, it is often argued that the only way to help the poor is through group empowerment (SAARC 1992).

3.2.2 Group Entrepreneurship

The concept of group entrepreneurship in India is associated with the seminal work of Bogaert and Das (1989). Their rationale for groups holding together was based on common bonds of location, occupation, and economic interest. Such groups undertake common productive activities and can market their products at favourable rates of return that provide a reasonable living on a sustained basis. A fully matured group is often difficult to form, hence, initially, local voluntary organizations can take care of the backward and forward linkages and provide strategic management support for a fee. Gradually, these skills and competencies can be passed on to the group members who subsequently take over from the voluntary organization; and its intervention, albeit necessary, is hence short term, avoiding dependency. One issue that arises concerns the very concept of entrepreneurship.

Power and responsibilities can lead to disputes regarding the tasks and jurisdiction of individual members, the group as a collective entity, and the voluntary organization. Hence, though the concept of group entrepreneurship seems attractive, it is not easy to implement. It requires clear conceptual and operational understanding among individuals and organizations as well as a substantial degree of homogeneity and cohesiveness among group members. Instances in which voluntary organizations have been unwilling or unable to withdraw, or of a single member dominating the group, leading to dissonance and even dissolution of the group, are not uncommon.

Chapter 4
Fostering Small and Micro-Enterprises through Training: The Individual Approach

4.1 The Genesis

The origin of the entrepreneurship development movement in India can be traced to an initiative by the Gujarat Industrial Investment Corporation (GIIC). The GIIC is a development finance company established by the State Government of Gujarat in the late 1960s, through a unique scheme known as the Technician Scheme for technically qualified or experienced persons. Through the scheme, entrepreneurs were provided with up to 100 per cent financing to meet project costs. Such financing was given without collateral if they had a viable business plan. The upper limit was fixed at Rs 0.3 million. Later, credit was made available to both technical and non-technical first-time entrepreneurs under the New Entrepreneurs' Scheme (NES) (For a review see Patel 1981).

The schemes relied upon the competence of the persons behind the project and project viability, rather than their financial background (as is the case with conventional banks) and they were an instant success. As many as 300 units were established in the first three years of operation. Subsequently the number of applicants declined and some units experienced problems. The result of the schemes indicated that:

- there was a vast untapped entrepreneurial potential among the non-business communities;
- finance was a major constraint; if it was removed, many entrepreneurs would emerge: young engineers, artisans, craftsmen, etc; and
- many new entrepreneurs lacked managerial capabilities and, therefore, found it difficult to manage their units successfully.

On the basis of the above experience, the GIIC and other State agencies in Gujarat

jointly took a pioneering initiative. A three-month training programme, known as the Entrepreneurship Development Programme (EDP), was developed in 1970 for new entrepreneurs selected for their latent entrepreneurial potential. It emphasised (i) setting up a small venture; (ii) managing it; and (iii) making a profit out of it. The initial programmes were oriented towards business knowledge and skills. Later, behavioural inputs (e.g., Achievement Motivation Training-AMT) were also added to the regular EDP training package. For almost seven years, the EDPs continued to be organized by a cell in GIIC.

The resounding success of EDPs led these organizations to consider setting up a State-level specialised agency to conduct EDPs. The Centre for Entrepreneurship Development (CED), the first of its kind in Asia, was established in Gujarat in 1979. The CED carried out EDPs all over Gujarat. News of its success crossed state borders. Other states in India became interested in the approach also.

In order to respond to the needs of the various states, Indian Financial Institutions, viz., the Industrial Development Bank of India (IDBI), Industrial Credit and Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), and State Bank of India, with the active support of the Government of Gujarat, set up a national institute known as the Entrepreneurship Development Institute of India (EDI) in Ahmedabad in 1983 to spread and institutionalise the EDP strategy. Since its inception, EDI has been actively engaged in spearheading the entrepreneurship development movement in the country through training, education, and research in the field. The EDP model discussed below has been developed into its present form by EDI after years of experimentation and research.

4.2 Entrepreneurship Development Programmes: The Key Features

EDPs are undertaken to serve one or more of the following objectives.

- Accelerate industrial development by increasing the supply of entrepreneurs
- Promote industrial development of rural and less developed areas where there are few local entrepreneurs and to which entrepreneurs from nearby cities and towns are not easily attracted
- Enlarge the small and medium enterprise sectors that offer promising potential for employment generation and extensive dispersal of industrial ownership
- Provide productive self-employment to young men and women leaving schools and colleges
- Improve the performance of small industries by supplying selected and trained entrepreneurs
- Diversify sources of entrepreneurship and, therefore, business ownership

4.2.1 Target Group

EDPs are addressed to all those who possess entrepreneurial potential (even latent) and who are willing to take up the challenges of an entrepreneurial career, irrespective of their caste, community, religion, family, sex, educational background, and experience. Persons in the age group of from 18 to 45 years are preferred for training. Though there is a stipulation concerning a minimum level of education, to be selected

for an EDP the ability to read and write is desirable. There are also EDPs that are meant specifically for graduates or engineers, etc.

4.2.2 The Programme Package

The entrepreneur development package of EDI emerged from the felt needs of potential entrepreneurs and the 'gaps' that held them back. The task of developing entrepreneurs involves (a) identifying and selecting those who have potential; (b) developing their entrepreneurial capabilities; (c) ensuring that each potential entrepreneur has a viable industrial project; (d) equipping them with basic managerial understanding; and (e) helping them secure financial, infrastructural, and related assistance so that an industrial venture can soon be launched. The key to success lies in undertaking each of the above tasks in an integrated and coherent manner, backed by requisite training expertise, organizational arrangements, and financial support for entrepreneurs. (For a discussion on the conceptual framework of the programme see Patel 1987.)

4.2.3 The Programme Design and Implementation

An EDP has three phases, viz., a (i) pre-training phase; (ii) training phase; and (iii) post-training or follow-up phase.

The Pre-Training Phase

During the pre-training phase, news about the programme is spread in the area of operation. Various communication channels are used in the promotional campaign, e.g., advertisements in local newspapers; distribution of handbills, banners, and posters; and meetings with local people's organizations. Applications are invited from the candidates interested in the programme. After screening the applications on the basis of the eligibility criteria, the candidates are invited for a selection test. The entrepreneurial traits assessed through behavioural tests include the need for achievement (NAch); moderate risk taking; self-confidence and a positive self-image; initiative and decision-making ability; problem-solving attitude; optimism about one's future despite the odds; clarity of goals; and time-bound planning.

Those having sufficient entrepreneurial traits to develop are selected. The EDI advocates a firm and clear policy in favour of qualitative rather than quantitative criteria. Normally 25 to 30 candidates are selected for one EDP. The selection phase takes about a week.

The Training Phase

The comprehensive training package of EDP is based on the EDI's conceptual understanding of the process of entrepreneurship development. An entrepreneur passes through different stages during the process of setting up his/her venture. The EDI model of a six weeks' full-time programme (150 hours) for freshers and unemployed people and a three-month evening course for a mixed group of working and non-working target groups (about 180 hours) is fairly well accepted. The package, described in this section, fulfills the basic requirements for developing an entrepreneur. Depending upon the target group characteristics, project size, and local environment, flexibility in duration and input structure is possible.

Developmental Inputs

The inputs aim to develop the selected potential entrepreneurs into 'well-rounded competent entrepreneurs' together with a definite plan for an industrial enterprise they are to establish. The programme design in terms of inputs and their focus could be given as in Table 4.1.

The unique feature of this package and the key to its success lie in the process of developing a potential entrepreneur (an HRD function) with project formulation (enterprise creation) and project management (enterprise performance) tasks in an integrated (not *ad hoc*) and comprehensive (not piecemeal) manner. The outcome is a confident, competent, and responsible entrepreneur. The key inputs for taking care of the felt needs of potential entrepreneurs (trainees) include behavioural inputs, information inputs, business opportunity identification and guidance, formulation of a preliminary business plan and a market survey, business plan preparation, managerial inputs, marketing skills, soft skill development, legal system related inputs, and technical orientation and skill development.

Post-Training/Follow up Phase

The objective of an EDP is not only to strengthen entrepreneurial competency but also to help the trainees launch their ventures. Implementation of the projects begins when formal training ends. At this stage, the trainees need guidance and support from the trainer to link up with necessary infrastructural facilities and other aspects of project implementation. Besides counselling support, the trainer may need to act as a trouble-shooter whenever the trainees encounter insurmountable problems in clearing certain statutory procedures/formalities or in securing finance and facilities. Other objectives of the follow-up phase are to collect data and monitor the progress of the trainees. An entrepreneur-trainer-motivator, both during and after an EDP, looks after the potential entrepreneurs. He/she is responsible for organizing post-training support. This support involves follow-up on loan applications; facilitating the access to infrastructure such as land and/or factory sheds; and trouble-shooting. It also involves counselling when there are problems, resourcefulness, and liaison skills to expedite project implementation. Follow-up usually lasts for up to six months

Table 4.1: **The EDP Inputs and Their Focus***

Focus	Objectives (Needs)	Training Inputs
1. Entrepreneur	Motivation and Behavioural Inputs	Reinforcement of Entrepreneurial Traits
2. Enterprise Establishment	Facilitation of the Decision-making Process to Set Up a New Venture	Business, Opportunity Guidance, Information, Project Planning Inputs and Technical Inputs
3. Enterprise Management	Successful and Profitable Operation of Enterprise	Managerial Inputs

* Based on Patel (1987, 16-23)

and, in some cases, even up to one year following the training. Frequent interaction between trainer-motivators and trained entrepreneurs often continues for several years.

Administration of EDP

As per the EDI approach, a trained trainer-motivator is assigned one EDP on a full-time basis. He/she acts as a coordinator and is responsible for its execution and performance. In-house and external experts and practitioners support him/her.

Cost of Training

The key component in the cost of such development programmes is that of training/counselling manpower. The standard cost of conducting one EDP (part-time, non-residential mixed group) for a group of 30 participants for a period of three months is approximately US$ 4,500. A phase-wise break down of the estimated cost is given in Table 4.2.

Table 4.2: **Phase-wise Cost Break Down**

Stages	Amount (US$)
i) Pre-training Stage (4-6 weeks)	600
ii) Training Phase (12 weeks)	1,200
iii) Follow-up Stage(4-6 weeks)	700
iv) Faculty Costs	1,500
v) Other Expenses	500

Therefore, training per potential entrepreneur/trainee, assuming a total of 30 trainees for a three-month (part-time) programme costs approximately US $ 150 (in Indian conditions).

4.2.3 Performance Evaluation of EDPs

Nearly 300 organizations in India conduct EDPs following the EDI approach. Taken together, these organizations hold approximately 1,000 programmes per year. An estimated 25,000 entrepreneurs are trained every year through these EDPs. Given the start up rate[5] of 45 per cent, estimated on the basis of the periodic reports of EDP organizations throughout the country, the programmes annually contribute around 11,000 new enterprises and nearly 33;000 direct jobs. A national-level evaluation study of the EDPs, sponsored by Indian financial institutions and conducted by EDI, covering 145 EDPs and 1,295 trainees, 28 organizations, and over 250 government officials and officials of the support system, such as bankers, spread across the country, came up with the following findings and observations.

Overall Start-up Rate and Effectiveness of EDPs

The overall results of the evaluation study conducted by the EDI show that the final start-up rate among EDP trainees was approximately 31.97 per cent[6]. In other words, out of every 100 persons trained through EDPs, 32 persons were able to launch their ventures successfully. Another 129 (9.96%) trainees were blocked at vari-

5 *The start-up rate is defined as the proportion of the trainees who start enterprises.*

6 *25.95 per cent had commenced commercial production, while 6.02 per cent had installed a plant and machinery and were at the stage of making a trial run at the time of the survey.*

ous stages in the process of setting up their ventures, and 225 (17.37%) gave up the idea of launching an enterprise. The start-up rate was higher (36.46%) in the case of women. About 68 per cent of the trainees who started businesses belonged to communities outside of the traditional business communities. About 90 per cent of the trainees had no or very little business experience, and more than 91 per cent of the EDP-induced ventures were running successfully. Only 8.6 per cent of the units had either closed down or were in loss compared to over 20 per cent industrial loss at the national level. At the time of joining the EDPs, about 29 per cent of the trainees were students, 25.66 per cent were unemployed, about 18 per cent had a salaried job, and another 2.44 per cent were engaged in farming.

The results indicate that the trained entrepreneurs performed better than untrained ones in terms of indicators such as capital productivity, return on equity, profit margins, and profit to sale ratio. The study also proved the effectiveness of these programmes in terms of new investments, employment generation, diversification of the sources of entrepreneurial supply, and self-employment of educated and unemployed men and women. From a variety of criteria of cost-benefits, the investments made in EDPs are found to have been worthwhile.

A Macro Analysis of the Direct Cost-Benefit of EDPs

The direct cost of training one potential entrepreneur worked out to Rs 2,871[7]. However, given the start-up rate of 32 per cent, the effective average cost for creating one venture works out at Rs 8,712. This cost could vary between Rs 7,288 and Rs 10,827. Creation of one entrepreneur also led to mobilisation of about Rs 296,000 worth of investment in the unit started. The total invested capital mobilised by these trainees from EDPs conducted between 1984-85 and 1987-88 was estimated at Rs 2,368 million, of which 62.13 per cent was mobilised through banks and the remaining 38.87 per cent raised from the trainees' own resources. The study indicated that spending one rupee on training leads to mobilisation of investment worth Rs 27.56 and leads to an output worth Rs 19.45 in the initial year itself. A new venture helps to create full-time regular employment for approximately five persons in addition to the trained entrepreneur. Thus, the EDP seems to have been a very cost-effective strategy for promoting small manufacturing/ service ventures, besides being successful in tapping latent entrepreneurial potential and mobilising idle resources.

Performance of EDPs in the Himalayan Region

The study shows that the performance of EDPs in the IHHR has been impressive in comparison to their performance at national level. For example, the actual start-up rate at the national level works out to about 26 per cent; the corresponding percentage for Assam is 33.78 per cent and for Himachal Pradesh it is 32.20 per cent. It is only in the other north-eastern states that performance is below average (Table 4.3). Even the start-up rate of 23.17 per cent is commendable, given the sociopolitical climate prevailing in

7 *At that point in time the Rupee-US Dollar exchange rate was Rs 28-US$1.*

Table 4.3: **Analysis of the Start-up Rates of Sample EDP Trainees in the Hill Region**

Start-up (Rates)	State-Wise Start-up Rate (%)			
	Assam	HP/J&K	North-east*	All India
1 Observed As Per the Field Contact	27.3	25.42	20.73	21.39
2 As Per the Secondary Sources	6.76	6.78	2.44	4.56
3 Actual (1+2)	33.78	32.20	23.17	25.95
4 Activity in Process	6.76	6.78	14.63	6.02
5 Estimated Final Start-up Rate	40.54	38.98	37.80	31.97
Total Sample Size	74	59	82	1295

Source: Based on Table 3.3 in Awasthi and Jose (1996,42-43)
* Except Assam

the north-eastern states. Should the cases 'under process' also be included, the estimated final start-up rate in the hill states is consistently higher than the national average. It is expected to be 45 per cent in Assam, 38 per cent in other north-eastern states, and 39 per cent in Himachal and Jammu and Kashmir compared to 32 per cent in India as a whole.

4.3 Target Group Specific Variations: A Caveat

EDPs began as general, open to all, courses aimed at inculcating and developing entrepreneurial traits and managerial competencies. It was later realised that the training needs of potential entrepreneurs from different backgrounds, e.g., experienced (general) groups, science and technology graduates, women, the rural poor, ex-servicemen, and so on, varied. Therefore, keeping intact the fundamental programme design, the input delivery mechanism was modified by the EDI to suit the learning styles of potential entrepreneurs with different backgrounds. For women, additional focus is given to certain inputs such as managing role conflicts, assertiveness, communication skills, and so on. In rural areas, trainees with little formal education find it difficult to assimilate the inputs in their original form. Therefore, suitably simplified training inputs are provided and the delivery mechanism is very 'experiential' – learning by doing – in nature for rural trainees. The methodology for promoting micro-enterprises in rural areas, as used in IHHR, is discussed in some detail in the next chapter.

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 motivating 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 infrastuctural 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 features[8].

- 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 training[9] 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 experiences 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

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

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	39.4	111	24.9	204	29.9
	%	(45.6)		(54.4)		(100.0)	
2	5 – 10	61	25.8	171	38.3	232	34.0
	%	(26.3)		(73.7)		(100.0)	
3	10 – 15	20	8.5	71	15.9	91	13.3
	%	(22.0)		(78.0)		(100.0)	
4	15 – 25	25	10.6	52	11.7	77	11.3
	%	(32.5)		(67.5)		(100.0)	
5	> 25	37	15.7	41	9.2	78	11.4
	%	(47.4)		(52.6)		(100.0)	
	Total	236	100.0	446	100.0	682	100.0
	%	(34.6)		(65.4)		(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

SN	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	- -	-	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	- -		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 targetted 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)						
		< 10	10-15	15-25	25-50	>50	Total	%
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 horticulture[10] (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 screening 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 established 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**		
	Age (years)		
	Below 25	8	16
	25 – 30	6	2
	30 – 35	5	-
	Above 35	7	-
	Family Income (Rs)		
	Below 10000	1	-
	10000 – 15000	17	-
	15000 – 25000	12	3
	25000 – 50000	5	11
	Above 50000	1	4
	Education		
	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 generation 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.

<u>The Move Towards Income Generation Activities</u>

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 halfway through the programme and put to work on a World Bank Project on water supplies. He could not give adequate attention 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 family[11]. 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 co rresponding 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 sucessful in terms of the proportion of trainees starting enterprises. In Laluk 31 (88.57%) and in Harmoti 24 (72.72%) tainees 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**		
	Age		
	Below 25	15	32
	25 - 30	20	1
	30 - 35	-	-
	Above 35	-	-
	Sex		
	Male	17	23
	Female	18	10
	Caste		
	SC	-	4
	ST	17	2
	OBC	12	5
	GEN	6	22
	Educational Qualification		
	Primary	-	-
	Up to Middle School	4	-
	High School	22	19
	Intermediate	8	11
	Graduate	1	3
	Family Income		
	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 AWARD[12]
- 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 organizations. 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***			
Yearsand Parameters	Indian Himalayan Hill Region (IHHR) (Nos)	All India** (Nos)	IHHR as % age of all India
1993-94			
Target	3930	39330	9.99
Recommended	3797	88234	4.30
Sanctioned	2114	32108	6.68
1994-95			
Target	17384	239215	2.27
Recommended	27956	453498	6.16
Sanctioned	16366	198230	8.25
1995-96			
Target	26692	307713	8.67
Recommended	36666	613732	5.97
Sanctioned	23024	299371	7.69
1996-97			
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 enterpreneurship 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.

Chapter 6
The Group Entrepreneurship Approach and a Case Study from Nagaland

The training methodology for grooming individuals into successful entrepreneurs has improved a great deal over time. It is being used successfully the world over; of course, with certain regional or group-specific variations. On the other hand, there were many unorganized, sometimes informal, groups of artisans, tribal people, and so on for whom group training was the best way to train them in entrepreneurship. However, the task of addressing large groups at a time and turning them into entrepreneurs was a challenge to the training methodologies for entrepreneurship development. This meant developing the whole group as an entrepreneur instead of grooming a few of them as individual entrepreneurs who, in the long run, would find it difficult to sustain their enterprises because of many reasons. The EDI took the lead in developing a training model for promoting groups of individuals as entrepreneurs through a Group Entrepreneurship Development Programme (GEDP). This chapter describes the EDI's experiences in developing a Group Entrepreneurship (GE) Model. The experiment took place in Nagaland.

6.1. Background

The experiences of the EDI and many other organizations have successfully demonstrated that (i) latent entrepreneurial potential (the desire to do better and urge to make a break) is widespread among the rural and urban poor and underprivileged; and (ii) this potential could be developed/strengthened among the rural poor with the help of a well-designed, comprehensive training package consisting of knowledge, skills, and attitude; a package known as EDP.

6.1.1 Group Entrepreneurship (GE)

As mentioned in Chapter 3, efforts to promote GE are associated with the seminal work of Bogaert and Das (1989). Important questions have, however, been raised about the efficacy and sustainability of this

approach. It has been argued that the approach has a likelihood of leading to a dependency syndrome wherein the group becomes perennially dependent on the sponsoring organization. If the organization were to withdraw, the group might collapse. Besides the conceptual issues related to entrepreneurship, it was also not clear what the legal form of the group would be? How would the profits be shared? What would be the process of transferring organizational and managerial skills from the NGO to the group members? Finally, what would be the time frame envisaged for this kind of transition?

6.2 Alternative Approach: Finding the Answers

In spite of these questions, however, the need to promote GE remains valid. The EDI made an attempt to operationalise the basic concept of GE by combining the 'individual' and 'GE' strategies to overcome some of the potential problems.

6.3 The Conceptual Framework

Although it is a prerequisite to consider individuals' potentials and goals, the fact remains that rural/tribal entrepreneurs as individuals are too weak to face the onslaught of market forces, on the one hand, and the rural oligarchy on the other. It is assumed that individually they are weak because of the following factors.

- They have little education, limited exposure to market economies, and limited access to finance and market intelligence and thus are not able to address the routine challenges of business.
- They have a limited capacity to buy raw materials due to the small size of their operations, leading to them having to pay high prices to procure raw materials. (The cost of production goes up and the product becomes uncompetitive.)
- They only after a small quantity of products for sale as each individual's output is low, and hence they have limited bargaining power and do not get good prices.
- They experience difficulties in reaping the advantages associated with the economies of scale and scope due to the above two reasons.
- Profitability is low and thus there is a tendency to operate mostly at subsistence level on account of all these factors.

As a consequence, they seldom grow and are wiped out even when there are small market fluctuations. These constraints can be removed if individual entrepreneurs come together to take care of backward and forward linkages; viz., input purchases and output disposal. Since they may not be able to carry out basic management functions properly, as a group they can hire a consultant or two. Individually they may find it difficult to engage a full-time engineer or skilled person to service their machines, but not so as a group. Thus, operating in a group could make them competitive and profitable; this would not be so if they operated as individuals. However, homogeneity of the group and the product (lead sector approach) is essential.

Therefore, GE envisages that membership of the group is product based and every individual is the owner of his/her unit. For input purchases and output disposal all the members amalgamate. For example, a few

selected members could buy raw materials in bulk on behalf of all the members. However, decisions regarding the amount of work that one would like to do rests with the individual, depending upon his/her capacity or willingness to produce (See Figure 6.1).

Similarly, once the product is ready, all the members bring their produce to a central

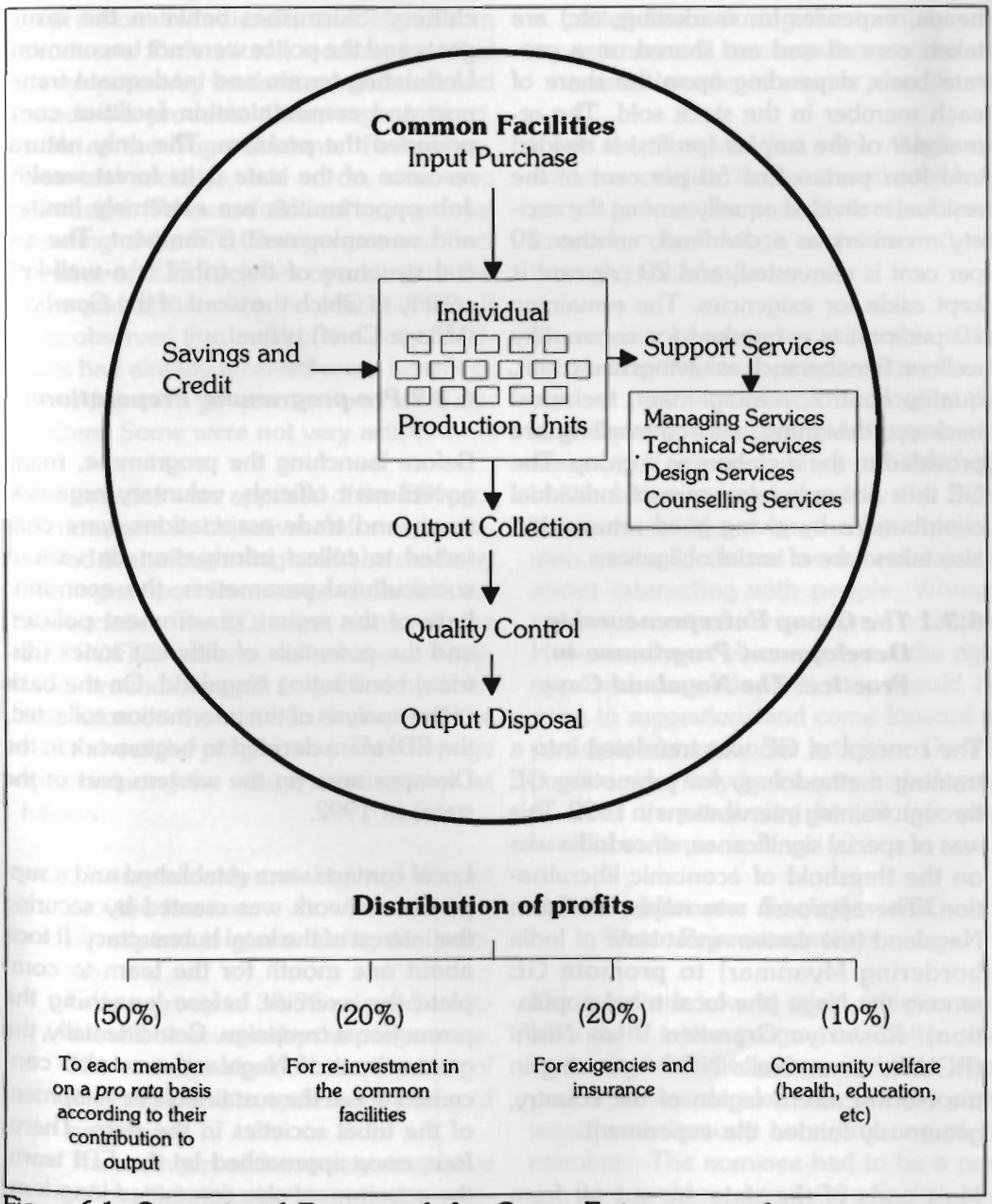

Figure 6.1: **Operational Framework for Group Entrepreneurship**

place from where it is taken to the market for sale. As in the case of input purchases, a few members go to market and sell the products. First, the basic costs (input costs including wages) and other expenses (e.g., depreciation, repayment of loans and overheads, expenses for marketing, etc) are taken care of and are shared on a pro-rata basis, depending upon the share of each member in the stock sold. The remainder of the surplus (profits) is divided into four parts - first 50 per cent of the residual is divided equally among the society members as a dividend, another 20 per cent is reinvested, and 20 per cent is kept aside for exigencies. The remaining 10 per cent is earmarked for community welfare. Services such as savings and credit, quality control, management, technical back-up, designing, and counselling are provided to the members as a group. The GE thus not only takes care of individual contributions by giving good returns, but also takes care of social obligations.

6.3.1 The Group Entrepreneurship Development Programme in Practice: The Nagaland Case

The concept of GE was translated into a training methodology for promoting GE through training interventions in 1992. This was of special significance, since India was on the threshold of economic liberalisation. The approach was implemented in Nagaland (the eastern-most state of India bordering Myanmar) to promote GE among the *Naga* (the local tribal population). *Rashtriya Grameen Vikas Nidhi* (RGVN), an umbrella NGO operating in the North-Eastern region of the country, generously funded the experiment.

Most parts of the state are cut off from the main land owing to the difficult hilly terrain. A politically sensitive state, it also goes through periods of insurgency. Many insurgent *Naga* youths were underground, periodically threatening the peace and disrupting the law and order. They had little faith in government machinery. Skirmishes between the insurgents and the police were not uncommon. Undulating terrain and inadequate transport and communication facilities compounded the problem. The only natural resource of the state is its forest wealth. Job opportunities are extremely limited and unemployment is rampant. The social structure of the tribal is a well-knit society in which the word of the *Gambora* (Village Chief) is final.

6.3.2 Pre-programme Preparations

Before launching the programme, many government officials, voluntary organizations, and trade associations were contacted to collect information on various sociocultural parameters, the economic base of the region, government policies, and the potentials of different zones (districts) constituting Nagaland. On the basis of the analysis of the information collected, the EDI team decided to begin work in the Dimapur area (in the western part of the state) in 1992.

Local contacts were established and a supportive network was created by securing the interest of the local bureaucracy. It took about one month for the team to complete the exercise before launching the promotional campaign. Coincidentally, the government of Nagaland was also concerned about the sustainable development of the tribal societies in the state. Therefore, once approached by the EDI team, the government also committed long-term support to the endeavour.

6.3.3 Promotional Campaign: The Programme Launched

Being outsiders, the EDI team joined hands with a local voluntary organization, viz., HEPROFED (a shortened form of the *Naga* expression 'Handicrafts and Handloom Producers' Federation'), working for tribal development by marketing handicraft and handloom products. Other organizations, such as the *Naga* Students' Federation, weavers' societies, and so on, were also contacted. This was followed by a general meeting of the 570 Chairpersons and Secretaries of 235 societies operating in the area and affiliated to the HEPROFED. It was observed that most of the active societies had already received some benefit or other from the government and were defaulters. Some were not very active.

The societies were apprised of the EDI programme and its objectives. Information revealed that a beginning could be made by eliciting support from some of the less active societies. The EDI team, along with the HEPROFED workers, visited about 40 villages around Dimapur to get first-hand information on the societies and spread the news about the programme. The message spread during the village meetings was as follows.

- We impart only training and do not provide finance.
- No stipend is given during the training.
- Only a group of 30-35 selected societies will be covered by the programme.
- The societies should bear the cost of field visits and/or technical training (if necessary).
- The members of the society must have a financial stake in the project as promoters' equity and only then will they be helped to get loans from funding sources.
- The societies must arrange for land and buildings on their own as an additional contribution to the project cost.
- Attendance during the training programme will be compulsory and is essential in order to receive a certificate.

It was also observed that a few villages did not have societies. The team motivated local people to form one in such cases, as it was to work only through societies and not through individuals.

These visits generated considerable interest among the local people. However, it was not easy to convince the *Naga* of the sincerity of the visitors and the genuineness of their approach. Many had little faith in the bureaucracy, especially the local bureaucracy. Moreover, in *Naga* society, men generally do not work and are shy about interacting with people. Women carry out most of the economic activities. However, it was observed that if the right approach was adopted, they would be open to suggestions and come forward to participate in economic activities. On the positive side, they had a very high degree of skills in producing handicraft and handloom items.

6.3.4 Applicants: Societies and Their Representatives

The issue was how to select societies and train them in the programme? After several rounds of discussions with the local people, it was decided that every society would unanimously nominate one of its members. The nominee had to be a person who could read and write English and

who had had some exposure to the outside world. It was assumed that the person nominated would be the focal point for transmitting training inputs to other members of his/her society. However, at the time of the interviews, the president or secretary of the society would also be interviewed along with the nominee to assess the capacity, interest, and commitment of the society.

All the applications had to be accompanied by a certificate from the society stating that the members had unanimously nominated the applicant. It had to be signed by their *Gambora*. The candidates were required to bring a list of the members of the society with them to the interview. This had to be certified by the *Gambora*. A declaration from all the members that the person concerned was the official nominee of the society was also required. The president/secretary countersigned this document. This was because, the EDI team was aiming at persons (trainees) who were capable and could be developed into entrepreneur-manager-cum-extension workers, through the training programme.

6.3.5 Selection Process

Tests, including the Thematic Appreciation Test, were conducted to screen the applicants. Interviews were conducted to assess (i) the capability of the interviewee to become an enterprising organizer, and (ii) inter-personal dynamics between the nominee and the society office bearers. In all, 112 societies applied for the programmes; 109 call letters were issued for written tests. However, only 85 applicants attended the written test, 65 were called for interview, and 35 applicants (societies) were selected to participate in the programme. After the selection, the EDI team held a meeting with all the programme participants and office bearers of the societies. The discussions centred on the following issues.

- As only one person from each society would be trained, how would the society concerned know what was going on? How would the training be passed on to others ?
- Another issue pertained to the margin money or promoters' equity that would be needed to obtain loans.
- The last issue discussed was the acquisition of land and construction of buildings (sheds) to house the enterprises.

The meeting made the following decisions.

- Every society would start a savings' scheme so that a reasonable amount was saved by the end of the training. It was decided that on Sunday every member would deposit his/her contribution with the Secretary of the society after church[13]. In turn the Secretary would deposit the money in the bank and give a photocopy of the receipt to the EDI team on Monday or the first banking day after Sunday. The amount of per head weekly savings would be collectively determined by the group. It was decided that all training-related expenditure would be met from these savings in consultation with the EDI team.
- Every Sunday, the society nominee (the trainee) would deliver a lecture, about what he/she had learned dur-

13 *Most of the Naga are Christians by religion. Hence, they go to church every Sunday.*

ing the week, after church. He/she would describe the process briefly to the group members.

- The *Gambora* would allot a piece of land to the society out of the common village land to construct a shed using local resources at minimum cost. Every member would contribute his/her own labour to the construction work.

The results of these resolutions were heartening. Each society could save an amount of between Rs 9,000 and 30,000, depending on its size.

The society-nominees (trainees) reported on the progress they had made to the group every Sunday, sometimes in the presence of the EDI team. If the trainees could not clarify any point, they referred it to the EDI team. This helped the society members to have confidence in their nominees. Moreover, the EDI team, in rotation, invited five members from each society every week throughout the training to familiarise them with the progress made by the programme and their nominees.

The Training Phase

The training started with a micro-lab to help the trainees to become familiar with each other. It also helped the EDI team understand the group dynamics. Of course, initially the exercise aroused a great deal of curiousity and amusement, but ultimately it led to the desired outcome in terms of breaking down inhibitions.

Information Inputs

The trainees were divided into small groups according to their products. They were told about the nature of information to be collected, its source, location of the office, and contact person. Before sending them to various agencies, they were trained to collect relevant information through role play. For example, one of them was asked to act as an officer and another trainee was asked to obtain information from him/her. Through this process they learned how to approach officials, what to ask, and how to ask the right questions. This process took three days. The group took about one week to collect relevant information. Officials from the support system were also invited to assist in such presentations.

Identification of Opportunities

After this exercise, the trainees learned the basic skills needed to evaluate business opportunities. They were then asked to go back to their respective societies to discuss the merits of the products they had shortlisted. Some societies decided to change the products. Once final choices had been made, according to an assessment of the market, the trainees made a presentation on the subject in class. During the presentations, members from each society were also present. This exercise took six days.

Market Survey

The trainees were trained in market survey techniques. They were told about the type of information they would need to prepare their business plans. Role playing was used to train them to carry out market surveys. Subsequently, they were sent to various places in groups of two to assess the market potential of their proposed products. They took about 15 days to collect the information.

Achievement Motivation Training (AMT)

AMT is an integral part of EDPs. The training takes five days. Various simulation exercises were used, mainly to bring about group cohesiveness. The simulation exercises were suitably modified to serve this end. Simulation exercises included the broken square, ring-toss, tower building, and boat-making. Since quality is critical to the product when supplies come from many sources (units), an attempt was made to inculcate concern for quality among the group members through the tower building exercise. This was further reinforced through the boat-making exercise.

While only the trainees participated actively in the AMT, the president and secretaries of the societies were also invited to take part as observers. After the exercise, the EDI team asked the observers for their reactions to the behaviour of participants. The responses from these observers were converted into probing questions to be answered by the active participants. This helped the group observers to understand the kind of situation that could arise as a result of the self-centred behaviour of one person in a group and how one should behave as part of the group. In a way, the 'fish bowl' methodology was adopted to influence large groups rather than limiting the exercise exclusively to the small group of trainees. It had a rather widespread impact on other members of the society also, as they shared their observations after returning to their villages.

Field Visits for Technical Exposure

After the AMT, the trainees were taken to Gujarat for exposure to various technologies related to their products and to the markets. These visits were financed by their respective societies. In Gujarat, the trainees were also placed in workshops and handloom units where they received orientation on new products and processes. They also collected necessary technical information as well as quotations from machinery suppliers. In the process, they gained confidence to work on these new machines. These visits lasted for about 30 days, including the travel time.

Management-related Inputs

After completing the field visit, the trainees were given training on management. Areas covered included general accounts; financial analysis (break-even analysis); maintaining cash books, order books, and stock registers; marketing of products and exploring new markets; managing product quality, etc. Instruction was through the case method, simulation exercises, and role playing. Problem-solving techniques were also imparted wherever necessary.

Business Plan Preparation

The next part of the training was the preparation of a business plan. Each participant was provided with the information/data necessary to prepare a project report and was asked to prepare one. This helped him/her understand the technical aspects of a Business Plan. With this input, the training phase came to an end.

The Follow-up Phase

In the follow-up phase, the first task before the EDI team was to formalise these informal societies. All the societies were registered with the Registrar of Societies of the government of Nagaland. Once the

registration formalities were over, the EDI team began helping the societies to prepare their business plans. Although every society consisted of many individually-owned units, the business plans were prepared by each society as a single entity. The follow-up phase lasted for about two years. Of the 34 societies, 19 established enterprises (Table 6.1). The rest were unable to do so, primarily due to lack of credit.

6.3 Credit : How Was It Obtained?

After successfully completing the training phase, all the societies prepared business plans to submit to the banks. The first step was to approach the State Bank of India (SBI), which was the lead bank in Dimapur, for credit. However, the SBI said that loans could not be given to groups or societies unless they happened to be cooperative societies, in which case they would have to approach the SBI through the Cooperative Bank of Nagaland. As an alternative, the EDI helped the society members to prepare individual loan applications and again approached the SBI. This time the bank said that it would not be possible to give loans to the applicants as the recovery performance of the area was not satisfactory. The EDI approached the Regional Office (RO) of the SBI at Guwahati and the Head Office in Bombay. The issue was also taken up with the Governing Board of the EDI. The SBI promised to look into the matter. Subsequently, the Joint Managing Director of the SBI wrote a letter to its RO in Guwahati instructing it to consider the cases on merit. The EDI, armed with the letter, again approached the RO. The correspondence went on and the trainees began to lose patience. Almost two years passed but loans could not be obtained from the SBI.

The RGVN, throughout the project, supported the EDI's efforts. Since it had sponsored the programme, the RGVN was willing to give loans to the societies on a selective basis. However, they did not have adequate funds to give credit to all the societies. The EDI again raised the issue at its Governing Board Meeting. The President of the EDI Governing Board, who was also the Chairman of the Industrial Development Bank of India (IDBI), informed them that the Small Industries' Development Bank of India (SIDBI) could be approached for help. The Managing Director of the SIDBI, who was also a member of the Governing Board, agreed to consider any viable proposition favourably. However, since the SIDBI did not give loans directly, he wanted an intermediary to give the credit with SIDBI refinancing. The RGVN agreed to the proposal but decided to give loans in phases on a selective basis.

A monitoring committee, consisting of representatives from the EDI, SIDBI, and RGVN, was constituted to monitor the process. In the first round, six societies were given credit. So far 19 societies have been given credit by the RGVN. The loan amount varies between Rs 85,000 and Rs 305,904. The remaining societies are now not very keen to launch ventures because of the inordinate delay in loans.

6.4 Present Status of the Project

- Out of 34 societies, 18 have started businesses.
- All the 18 societies have constructed worksheds from their own savings at

Table 6.1: **Status of Group EDP Project – Nagaland (1993-1995)**

Name of Society	Number of Members			Product	Investment (Pro. Cost)	Av. Monthly Income (Rs)	Remarks
	Male	Female	Total				
NWWKCS	-	26	26	Weaving	85,000	840	Very successful; regular repayment of loan to RGVN
DHWS	13	2	15	Handicrafts	1,00,000	760	Only two members are directly working for the society
PVWS	22	2	24	Weaving	97,000	1,575	Society closed down recently because of internal dispute
VFCS	23	2	25	Farming	3,05,904	925	Running successfully
SVWWS	26	-	26	Weaving	1,04,000	850	Closed due to law and order problem
CWDSD	-	36	36	Weaving	95,000	600	Running successfully
SPFFS	21	4	25	Piggery	1,25,000	675	Unit not started despite loan due to law and order problem
CWDSC	-	37	37	Weaving	1,06,000	1,675	21 members are active; remaining are involved partly. Running well
KHS	28	-	28	Handicrafts	1,08,000	750	Running successfully
BVWDS	1	53	45	Pig Rearing	1,50,000	560	Diversified portfolio to milch animals and goats also running well
AAWWS	3	29	32	Pig Rearing	1,42,000	875	Running well
EWDS	11	13	24	Weaving	2,23,000	780	Running well
RWS	-	7	7	Weaving	1,72,000	1,464	Running well
KWWS	2	24	26	Weaving	1,92,000	700	Taken only a Rs 97,000 loan from RGVN. Running successfully
NMCS	16	13	29	Carpentry	1,85,000	1,436	Running successfully
LWWS	-	24	24	Weaving	2,06,000	925	Taken only a Rs 86,000 loan. Running well
WBTDC	16	3	19	Carpentry	1,80,000	1,470	Running well
TDWW	-	25	25	Pig Rearing	1,50,000	890	Running well

Table 6.1: **Status of Group EDP Project – Nagaland (1993-1995)**

Name of Society	Number of Members			Product	Investment (Pro. Cost)	Av. Monthly Income (Rs)	Remarks
	Male	Female	Total				
SSK	16	9	25	Pig Rearing	1,42,000	1180	Society invested Rs 59,000 in pig rearing & the balance in the taxi business
TOTAL	198	280	498	-	28,67,904	967	

NWWKCS	Naharbari Women's Weaving and Knitting Cooperative Society, Naharbari	KHS	Kemi Handicraft Society
DHWS	Dzukou Handicraft Welfare Society	BVWDS	Bada Village Women's Society
PVWS	Phuhoto Village Weaving Society	AAWWS	Ableinuo Anar Women's Welfare Society
VFCS	Vopan Farming Cooperative Society	EWDS	Ellyka Weavers' Development Society
SVWWS	Shiton Village Weaving Welfare Society	RWS	Rengma Women's Society
CWDSD	Chakhesang Women's Development Society, Diezphe	KWWS	Khamo's Weaving Welfare Society
		NMCS	Nagarjan Multipurpose Cooperative Society
		LWWS	Lisa Weaving Welfare Society
SPFFS	Seb Piggery-cum-Fishery Farming Society	WBTDC	Wood Bender Training and Development Society
CWDSC	Chakhesangd Women's Development Society, Chakhesang	TDWW	The Diphupar Women's Welfare Society
		SSK	Shudi Society, Khasiram

costs ranging from Rs 9,000 to Rs 30,000.

- Most of the societies have secured the necessary technical and managerial support from local, educated youths on a payment basis.
- All the societies have been regularly participating in trade fairs and exhibitions in and outside the state.
- Most of the women-operated societies are running successfully (Table 6.1).
- Success of the societies critically depends on leadership (See Box 6.1).
- Although most of the societies are operating successfully, there are a few notable exceptions also (See Box 6.2).

6.5 Cost Benefit Analysis of the Project

- The group entrepreneurship project involved a training cost of Rs 300,000 (US$ 8,000); and two professionals from EDI worked with it continuously for two years.
- Savings worth Rs 500,000 were generated by the societies.
- An investment of about Rs 2,900,000 (approximately US$

Box 6.1: Naharbari Women's Weaving & Knitting Cooperative Society

Naharbari Women's Weaving and Knitting Cooperative Society (NWWKCS) was established in 1990 under the Assam Cooperative Act under the leadership of Ms. Lalita Mech. The major objective of the society was to provide gainful employment for the *Kachari* Tribe in times of distress. However, the Society did not take off because of the lack of adequate financial resource. The 26 member Society being unable to procure the same in 1992, Ms. Mech came to know about the EDI's Group Entrepreneurship Development Programme (GEDP). She approached the trainers who immediately visited their (defunct) society. They had detailed discussions with all the 26 members and suggested that they apply for the programme. Ms. Mech, who was nominated by the society for the GEDP, was selected for the programme.

She not only completed the GEDP successfully but also shared with other members whatever she learned. She also motivated the group to start a small savings' scheme. Every member of the society started saving Rs 10 per month, leading to savings of Rs 9,000 within three years, with a plan to resolve the savings among the needy group members.

After successfully completing the GEDP, Ms. Mech, on behalf of the society, approached the State Bank of India (SBI) for a loan to start a weaving unit. However, the SBI refused to assist the Society. This disappointment strengthened their resolve to struggle and succeed. They approached the RGVN for a loan, and it gave them a loan of Rs 85,000. Since their workshed was too small to accommodate all the members, they mutually decided that 10 better skilled members would work in the shed and others would operate from their homes, but would get raw materials from the society. Even now, all the 26 members are very active and are carrying out production of shawls, bags, and other products. The society undertakes the marketing responsibility. The NWWKCS is helping other women to market their products. They regularly participate in exhibitions in or outside the state and their income has increased on an average by Rs 840 per month each. Their annual turnover has reached Rs 1.2 million.

At present, most of the profits go to the RGVN to repay the loan and interest. They plan to open a showroom in Dimapur after repaying the loan in full.

Box 6.2 : Phuhoto Village Weaving Society

As the people of Nagaland are known for *Jhuming* (shifting) cultivation, the *Sema*, one of the 14 tribes of the *Naga*, is known for shifting its villages from one place to another under the leadership of their *Gambora*. Encouraged by the policy of the Government of Nagaland to help the tribes settle down in one place and give up their nomadic lifestyle, Mr. Phuhoto Sema, one of the *Gambora*, settled down on the banks of the River Dhansari in 1973 with his clan. The people of the village were mainly dependant upon agriculture. Women also helped them in farming operations. The *Sema* women had traditional weaving skills also, which they used only to meet their household needs.

In 1992, the Entrepreneurship Development Institute of India (EDI) organized a meeting in Phuhoto village, as a part of the promotional activities of the GEDP, to spread the message of entrepreneurship. The trainers motivated the *Sema* to think in terms of using their skills for commercial production of traditional cloth. The suggestion immediately evoked a positive response from the *Sema*. They decided to jointly sponsor the son of the *Gambora* to attend the GED programme and subsequently provided him with financial support also. After successfully completing the programme, he formed a producers' society and registered it under the Societies' Registration Act of Nagaland, with 24 (22 men and 2 women) members. The members saved Rs 6,000/- to construct a workshed. In 1994,the *Rashtriya Gramin Vikas Nidhi* gave them a loan of Rs 97,000/- to execute their business plans. With money from the loan, three fly shuttle looms were installed in the workshed and three temporary workers-cum-trainers were appointed to operate the looms as well as train the local people. Meanwhile all the members started weaving from their homes for sale.

The society came to know about an exhibition being organized in Delhi in 1995. All the members decided to participate in the exhibition. The village people deputed Mr. Ahoto (the trained person) to represent them at the exhibition and sell their products. His participation led to a sale of Rs 65,000 (a big sum by their standards). However, after coming back, Mr. Ahoto did not give the proper accounts and kept on delaying for one reason or the other. The members withdrew their support from him and the society became defunct. In the process, repayment of the loan from the RGVN also ceased.

83,000) was made in the area for commercial purposes, with an average investment of Rs 150,000 per venture.

- This small investment led to an annual output of about Rs 15,000,000 (Approx. US$ 400,000), with value addition worth about Rs 6,000,000 per year.
- It created full time, gainful, and productive employment for about 500 persons.
- It has benefitted about 500 *Naga* families directly.
- The average annual income of the members of various societies stands at Rs 11,604 (ranging between Rs 600 and Rs 1,575 per member per month).

Chapter 7
Conclusions and Policy Recommendations

Most of the hill regions suffer from certain structural bottlenecks that inhibit the process of industrialisation. Lack of adequate infrastructure; a meagre capital base; hostile terrain; subsistence agriculture; the fragile ecology; small markets; lack of information on markets, products, and appropriate technologies; apathy of the banks towards first generation entrepreneurs; lack of collateral and guarantees facilitating access to credit; lack of knowledge about how to manage an enterprise; lack of managerial skills; lack of business exposure; and an unfavourable policy environment for SMEs, in general, and those in mountain areas, in particular, have led to limitations in government support and infrastructure. The Government has a narrow attitude towards the industrial potential of such regions. In addition, sociocultural factors resulting from the migration of able-bodied youths in search of jobs reduce the scope of entrepreneurial activity.

Despite the aforesaid social and physical constraints, the Himalayan hill regions in India have certain inherent advantages. For example, the society is egalitarian and has a more equitable distribution of assets (land) and wealth. Frugality is a way of life. The prevailing social awareness and literacy have inculcated a sense of discipline among the people. All this taken together, if properly promoted, could convert many of them into successful entrepreneurs. Moreover, the hill regions are also endowed with rich natural resources such as forests, water, and mineral wealth, offering a vast potential for income-generating activities. Added to these is the healthy climate and clean unpolluted environment as a unique selling point to induce people from outside to invest in the region.

There are several business opportunities based on local resources and nature's bounty. Enterprises based on non-timber

forest produce, herbs and medicinal plants, horticulture, floriculture, tourism (including religious tourism and eco-tourism), electronics, software, textiles, bio-technology, handicrafts, adventure sports, micro-hydroelectric projects, to name a few, could easily be promoted, given the right kind of human resources.

One could argue that it is not so much the lack of opportunities but rather the lack of a conducive environment that has constrained the entrepreneurial potential. If the supply of entrepreneurs is inadequate without intervention, then the supply could be augmented through policy interventions. The focus will have to be on entrepreneur-friendly policies. Local youths will have to be encouraged to participate in the process of industrialisation of the region by taking up entrepreneurship as a career. Since most do not have exposure to business and its management, they need to be given an opportunity to receive exposure to entrepreneurship and business management.

The Indian experience in this respect has been quite encouraging. Besides policy support, a concerted impetus towards promoting entrepreneurship through training intervention has taken place. Many government and non-government organizations are involved in promoting micro-enterprises in the Himalayan hill regions of India. The analysis of secondary data and case studies of these interventions in The IHHR suggests that entrepreneurship development through training intervention, coupled with a conductive policy environment, is a viable strategy. However, the experience has also indicated that a strait-jacket approach may not succeed. The training programmes have to respond to target specific needs; and thus the approach has to be need-based. It is in this context that we have described various approaches that could be suitably adapted depending upon the circumstances. For example, if a homogeneous group of people with basic skills in a product line is available, the Group Entrepreneurship Approach would be worthwhile.

The Indian experience in promoting entrepreneurship in the IHHR indicates that careful selection of potential entrepreneurs, a need-based and appropriate curriculum and training methodology, a competent trainer-motivator, and a proactive and responsive support system reasonably ensure the success of the approach. It is also argued that NGOs, given their commitment to social development, are likely to be more successful in such endeavours than a government or a semi-government organization. A comparison of the performance of HIMCON (a quasi-government organization operating in Himachal Pradesh), on the one hand, and a number of NGOs, on the other, in promoting enterprises, substantiates the argument.

Given the limited local market, it will be necessary to identify opportunities that offer adequate markets – local, domestic, or even international. The case of Nagaland's Group Entrepreneurship Programme is a point in fact. By promoting product-based groups, the approach tried to tackle the market constraints. It is sheer mass (bulk production) that facilitated input purchase and output disposal in a cost-effective manner. Otherwise it would not have been possible for the trained entrepreneurs in Nagaland to take advantage of the economies of scale and scope.

The Group Entrepreneurship Development approach offers substantial scope for replication, especially in hill areas. However, as indicated by the Nagaland case study, certain necessary and sufficient conditions must be met to make the approach successful. They are as follow.

- The groups promoted should be homogeneous (socially and economically).
- The groups should have democratic set-ups.
- All the active members (entrepreneurs) should have a stake in the project.
- GED has to be based on a lead-sector approach.
- One should build upon the existing skill base.
- Product identification must be undertaken carefully.
- Linkages should be established with raw material supply and markets, or they should at least be identified, well in advance.
- Ideally a few group members should have some basic skills so that they can be trained as master craftsmen or key organizers.
- Timely and adequate credit delivery must be ensured to ensure the motivation of the trainees.
- Adequate and prolonged follow-up support and counselling services should be made available to the groups to take care of problems during the establishment phase.
- The involvement of committed and professionally well-versed trainer-motivators/organizers is a must. It would be ideal to involve a local voluntary/peoples' organization that later could take over from a professional organization (such as the EDI) for which a prolonged involvement may not be feasible.
- Commitment of the Government and involvement of the local bureaucracy must be ensured right from the inception.
- The programme should be taken up as a comprehensive package of training, credit, and advisory/counselling services rather than on an *ad hoc*, piecemeal basis. Minimalist approaches, such as providing credit only or organizing training without arranging credit, might not succeed.

This is not to say that the group entrepreneurship development approach alone is the answer. Given their outreach, NGOs could also play an important role and come forward to support individual micro-entrepreneurs, in marketing for example. The Government could also promote clusters by giving policy and logistics' support to product-based groups of entrepreneurs. Nevertheless, group entrepreneurship development offers better potentials than other schemes for entrepreneurship development in the hill regions.

Similarly, networking and support from the bureaucracy are also very critical factors for successful execution of programmes. For example, the success of agencies, such as SAVE in HP or AWARD in Assam, could be attributed to a significant degree to the cooperation they were able to procure from various government agencies and banks. On the other hand, the programme organized by the EDI in Nagaland faced problems when commercial banks did not support it. Despite the fact that the Institute had the full backing of the country's principal development finance institutions (such as the Industrial Development Bank

of India), the banks refused to acknowledge the strength of the entrepreneurs trained by the EDI. Eventually, of course, the Small Industries' Development Bank of India (a subsidiary of IDBI) did come forward to the EDI's rescue by extending credit facilities to the groups through the RGVN - an intermediary NGO.

The aforesaid discussion clearly indicates that such an approach can be successful provided it is undertaken in a comprehensive manner and not in a piecemeal and *ad hoc* way. The minimalist approach of providing only finance or training does not work. What works is a well-orchestrated effort wherein every stakeholder – potential entrepreneurs, NGOs, government and parastatal agencies, and banks— participates in unison.

7.1 Institutionalisation and Replicability of the EDP's Promotion of SMEs

At this stage it is pertinent to examine the extent to which HRD Interventions, such as the EDP training, are replicable, the preconditions for their successful transfer, and the methodology for internalising and institutionalising the entrepreneurship development strategy in the long-term perspective.

7.2 Transfer of the Approach

The experience of the Entrepreneurship Development Institute (EDI) of India demonstrates that the EDP approach can be successfully replicated and transferred. A number of organizations in India and other developing countries has already adopted the ED approach. The EDI's experience in transferring ED programmes to several Asian, African, and island countries, however, indicates that the following conditions, factors, and processes should be kept in mind while evolving a strategy for transferring the approach from one context to another.

7.2.1 Need for Commitment

There is a need to obtain (a) commitment from the Government and key support agencies with regard to timely corrective action to facilitate the entry of small business entrepreneurs and (b) assurance of funding support for a reasonably long duration, prior to initiating the transfer of the approach.

7.2.2 Need for a Policy Framework

Certain policy measures need to be adopted before the transfer to encourage indigenous entrepreneurs to come forward and start small enterprises. Lengthy and time-consuming procedures should be avoided and simplified policies and procedures should be evolved to facilitate establishment of the SME sector.

7.2.3 Funding Support to New Entrepreneurs

Funding support is required to (i) meet the programme's expenses and (ii) finance the projects of those who are trained by such programmes. In many countries where EDI has worked, resources are not made available for trained entrepreneurs to establish projects, thus discouraging and demotivating many.

7.2.4 Organizational Needs

It is essential that one or more organizations, new or existing, depending upon the local needs and conditions, are identified to introduce/house entrepreneurship de-

velopment activities. The organization should have sufficient operational flexibility to introduce and experiment with new approaches. It should also have formal linkages with various support agencies, for example, financial institutions, technical training bodies, industrial advisory services, etc. Such linkages would facilitate timely support to trained/new entrepreneurs and influence government policies through joint efforts.

The financial stability of ED organizations must be ensured by meeting the cost of training trainers and ED programmes through sponsoring organizations on a long-term basis to avoid uncertainties with regard to facilitating advance planning and sustained efforts. Preferably, the organization should emerge out of joint efforts by the key industrial promotion and support organizations. This would ensure commitment of the network to ED activities.

7.2.5 Transferor-Transferee Relationship

The transferor-transferee relationship is usually that of a client-consultant. The transferor is involved on a task basis to take care of feasibility assessment, training of trainers, opportunity identification, launching of a demonstration programme, etc. When no long-term collaborative arrangement exists between the two, the institutionalisation process quickly disintegrates due to the absence of professionally credible back-up support. This is a lesson donors/international assistance agencies should keep in mind.

The transfer of ED programmes is only the beginning. In the long run the activity must be sustained on its own merits. This necessitates institutionalisation of ED activities in the country or region concerned. The process of acceptance, internalisation, and implementation of the EDP training approach on a sustained basis (and innovations and improvements thereafter) is defined as institutionalisation of the EDP approach. The process can be introduced by either an existing organization or a new institution set up for the purpose or through intervention by state/international development agencies.

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Annex 1
Constraints of Potential Rural Entrepreneurs and Development Inputs

No	Constraints	Inputs
1.	Low self-image and lack of confidence	Motivational inputs, unfreezing, and sharing experiences by successful local entrepreneur
2.	No faith in others including friends	Group building experiences
3.	No exposure to industry/ business	Field visit to factories and big markets
4.	Whom to contact to start a venture, what formalities and procedures are to be followed	Information inputs on procedures and formalities
5.	No idea of business	Opportunity identification and guidance
6.	How to know whether the business identified is a viable and sound proposition?	Market survey, project report preparation
7.	How does one carry out bank operations ?	Training in simple banking procedures such as completing deposit and withdrawal slips, etc
8.	How to manage the business?	Basic management orientation through simulation exercises
9.	How to read and write accounts	Functional and numerical literacy Simple accounting in terms of writing income and expenditure
10.	Almost no technical skills (except in the case of artisans)	Technical training (on-the-job training)

Annex 2
A Brief Outline of the Sequencing of REDP Activities and Inputs

- Identification of the area
- Liaison with government agencies
- Identification of opportunities
- Survey of the village

- Promotional campaign – handbills, meetings, and drum beating
- Screening the applications
- Selection through FBEI

- Unfreezing
- Entrepreneur from local area
- Exposure to industry, agriculture, and market

- Opportunity guidance
- Information inputs
- Communication skills
- Fundamentals of business plan

- Market survey techniques
- Market survey
- Survey report by the entrepreneur
- Comments on market survey and feasibility by bank officials
- Bank operations
- A.M.T.*
- Communication

- Management inputs
- Business accounting/arithmetic
- Procedural and legal aspects such as sales' tax, registration, etc

- Finalisation of product
- Technical training

- Business plan preparation
- Submission of loan applications to bank

* Although the traditional method of imparting AMT is followed more explicitly, it should be mentioned that small doses of motivational inputs have to be given time and again in order to maintain its effectiveness upon the trainees.

Annex 3
Training Programme Schedule for the Industry Sector Beneficiaries of the PMRY (20 working days each session of 1.5 hrs)

Day 1

Session I	Programme Overview and an 'Ice-Breaking' exercise
Session II	Input on 'Characteristics of an Enterprising Person'
Session III	Experiential Exercise on 'Individual Goal Setting'
Session IV	Conceptual Input on 'Opportunity Search Attitude'

Day - 2

Session I	Experiential Exercise in 'Communicating, Convincing and Negotiation'
Session II	Conceptual Input on 'Empathy: The Key to Successful Personal Selling'
Session III	Creativity and Problem Solving
Session IV	Creativity and Problem Solving

Day - 3

Session I	Input on 'Identifying and Developing a Healthy Relationship with Your Suppliers'
Session II	Conceptual Input on 'Inventory Management in Small Enterprises'
Session III	Conceptual Input on 'Costing and Pricing'
Session IV	Break-even Analysis

Day - 4

Session I	The Importance of 'Maintaining Proper Accounts'
Session II	Input on 'The Basics of Book-keeping'
Session III	Input on 'The Basics of Book-keeping'
Session IV	Conceptual Input on 'Cash Management in Small Enterprises and Recovery Modalities'

Day - 5

Session I	Programmed skill practice in 'How to Display the Basket of Goods/ Services', Layout/Business Location
Session II	Input on 'How to Deal with Customer Attitudes like Scepticism, Indifference, Stalling, etc
Session III	Forms of Business Organization
Session IV	Forms of Business Organization

Day - 6

Session I	Types of Business/Service Enterprises
Session II	Business Mathematics
Session III	Input on 'Project Feasibility and Growth Prospects'
Session IV	Input on 'Project Feasibility and Growth Prospects'

Day - 7

Session I	Exercises on 'Cash Management in Small Enterprises'
Session II	Exercise/Discussion on 'Inventory, Costing, Book-keeping and Cash Management'
Session III	Facilities from Banks.
Session IV	Input on 'Formalities to be Completed before Disbursement of Loans', Insurance Requirements, If Any

Day - 8

Session I	Input on 'Repayments and How to Deal Successfully with Your Bankers'
Session II	Interaction in Small Groups with Existing PMRY
Session III & Session IV	Entrepreneur/Small Units' Field Visit

Day - 9

Session I	Input on 'Legal Formalities in Setting Up Small Enterprises'
Session II	Shops and Establishment Act, Local Approvals, Sales' Tax/Income Tax (Session by a Business Lawyer)
Session III	Interaction with Existing PMRY Entrepreneurs in Small Units
Session IV	Small Groups in a Class Room Situation

Day - 10

Session I & Session II	Formalities in Setting up a Small Industrial Enterprise
Session III	Role of DICs and Assistance Provided
Session IV	Start-up Problems in SSI Units and Overcoming Them

Day - 11

Session I

Session II — Achievement Motivation Training (Training for Self-development).

Session III

Session IV

Day - 12

Session I

Session II — Achievement Motivation Training (Training for Self-development)

Session III

Session IV

Day - 13

Session I

& — Production, Planning and Control, Inventory and Stock Management

Session II

Session III — Shop Floor Layout

Session IV — Quality Management

Day - 14

Session I

& — Working Capital Management

Session II

Session III — Break-even Analysis, Calculation and Typical Pitfalls in Its Achievements and with Specific Examples

Session IV

Day - 15

Session I

& — Financial Management and Profitability

Session II

Session III

& — Project Report Preparation

Session IV

Day - 16

Session I

& — Marketing Strategy and Management

Session II

Session III — Market Survey Regarding Customers and Sellers, Dealers, Retailers, etc

& — (Field-based Exercise)

Session IV

Day – 17

Session I	
Session II	Market Survey Regarding Customers and Sellers, Dealers, Retailers, etc
Session III	(Field-based Exercise)
Session IV	

Day - 18

Session I & Session II	Individual Presentation on Market Survey Findings - Analysis
Session III	Packaging and Its Importance
Session IV	Basic Inputs on Labour Laws (As Applicable to Less than 10 Workers)

Day - 19

Session I	Specific Attachment for Chosen Industrial Activity with
Session II	Machinery/Equipment Suppliers, Industrial Enterprises
Session III & Session IV	Private/Government Institutions, etc (for practical and Demonstration/Observation)

Day - 20

Session I	Submission of Business Implementation Plan Question-Answer
Session II	Session on Specific Topics of Interest/Course Content
Session III	Feedback
Session IV	Valedictory

Annex 4
Revised Training Programme Schedulefor the Business/Service Sector Beneficiaries of PMRY

Day - 1

Session I	Programme Overview and An 'Ice-Breaking' Exercise
Session II	Input on 'Characteristics of an Enterprising Person'
Session III	Experiential Exercise on 'Individual Goal Setting'
Session IV	Conceptual Input on 'Opportunity Search Attitude'

Day - 2

Session I	Experiential Exercise in 'Communicating, Convincing and Negotiation'
Session II	Conceptual Input on 'Empathy: The Key to Successful Personal Selling'
Session III	Creativity and Problem Solving
Session IV	Creativity and Problem Solving

Day - 3

Session I	Input on 'Identifying and Developing a Healthy Relationship with Your Suppliers'
Session II	Conceptual Input on 'Inventory Management' in Small Enterprises
Session III	Conceptual Input on 'Costing and Pricing'
Session IV	Break-even Analysis

Day - 4

Session I	The Importance of 'Maintaining Proper Accounts'
Session II	'Input on 'The Basics of Book-keeping'
Session III	Input on 'The Basics of Book-keeping'

Session IV	Conceptual Input on 'Cash Management in Small Enterprises and Recovery Modalities'.
Day - 5	
Session I	Programmed Skill Practice in 'How to Display the Basket of Goods/ Services', Layout/Business Location
Session II	Input on 'How to Deal with Customer Attitudes like Scepticism' Indifference, Stalling, etc
Session III	Forms of Business Organization
Session IV	Forms of Business Organization
Day - 6	
Session I	Types of Business/Service Enterprises
Session II	Business Mathematics
Session III	Input on 'Project Feasibility and Growth Prospects'
Session IV	Input on 'Project Feasibility and Growth Prospects'
Day - 7	
Session I	Exercises on 'Cash Management in Small Enterprises'
Session II	Exercises/Discussion on 'Inventory, Costing, Book-keeping and Cash Management'
Session III	Facilities from Banks
Session IV	Input on 'Formalities to be Completed before Disbursement of Loans', Insurance Requirements, If Any
Day - 8	
Session I	Input on 'Repayments and How to Deal Successfully with Your Bankers'
Session II	Interaction in Small Groups with Existing PMRY
Session III & Session IV	Entrepreneur/Small Units' Field Visit
Day - 9	
Session I	Input on 'Legal Formalities in Setting Up Small Enterprises
Session II	Shops and Establishment Act, Local Approvals, Sales' Tax/Income Tax (Session by a Business Lawyer)
Session III	Interaction with Existing PMRY Entrepreneur Small Units in
Session IV	Small Groups in a Class Room Situation
Day - 10	
Session I	Submission of Business Implementation Plan – Question – Answer
Session II	Session on Specific Topics of Interest/Course Content
Session III	Feedback
Session IV	Valedictory

Annex 5: **Profile of the Himalayan Hill Region of India (Cont'd)**

S. N.	Parameters	Unit	Names of the States/Regions									
			AP	Assam	Himachal Pradesh	J&K	Mani-pur	Meghala ya	Mizo-ram	Nagal-and	Sikkim	Tripura
1.	Relative index of dev.	Index	66	54	75	136	55	54	54	55	73	55
2.	Area	Sq. km.	83743	78438	55673	222236	22327	22429	22081	16579	7096	10486
3.	Population	Million	0.86	22.41	5.11	7.71	1.83	1.77	0.69	1.21	0.41	2.75
	Population per sq. km	Number	10.27	285.7	91.79	34.69	82	78.92	31.25	72.98	57.78	262.25
4.	Male	Million	0.46	11.65	2.56	4.01	0.94	0.91	0.36	0.64	0.22	1.42
5.	Female	Million	0.4	10.75	2.562.55	3.71	0.89	0.86	0.33	0.57	0.19	1.33
6.	Urban	Million	0.11	2.46	2.550.44	1.83	0.51	0.33	0.32	0.21	0.04	0.42
7.	Rural	Million	0.75	19.93	0.444.67	5.87	1.33	1.44	0.37	1.01	0.37	2.33
8.	Urbanisation	%	12.8	11.1	4.678.69	21.05	27.52	18.6	46.1	17.21	9.1	15.3
9.	Literacy	%	41.59	52.8	8.6963.86	26.67	59.89	49.1	82.27	61.65	56.94	60.44
10.	Male literacy	%	51.45	61.87	63.8675.36	36.29	71.63	53.12	85.61	67.62	65.74	70.58
11.	Female literacy	%	29.6	43.03	75.3652.13	15.88	47.8	44.85	78.6	54.75	46.69	49.65
12.	Workers as % of total pop.	%	46.24	36.09	42.82	44.28	42.18	42.67	48.91	42.68	41.51	31.14
13.	Main workers in agriculture and allied activities	%	67.26	73.5	69.02	60.35	69.97	74.21	65.77	75.2	68.18	63.79
14.	Main workers in mining and quarrying	%	0.18	0.49	0.26	N.A.	0.03	0.6	0.22	0.06	0.22	0.29
15.	Main workers in manufac-turing (non-HH) industries	%	2.49	3.11	3.71	34.36	2.31	1.75	1.59	1.32	3.26	3.52
16.	Main workers in household industries	%	0.19	0.88	1.43	5.3	5.8	0.4	1.02	0.39	0.77	1.42
17.	Main workers in construction	%	5.98	1.57	4.85	N.A.	1.55	1.59	2.47	1.77	7.09	1.47
18.	Main workers in services	%	23.9	20.45	20.73	N.A.	20.34	21.46	28.94	21.26	20.48	29.51
19.	Forest area as % of reporting area	%	93.88	25.27	27.19	60.98	N.A.	38.01	N.A.	25.69	3.62	58.02
20.	Net sown area as % of reporting area	%	2.72	34.46	18.12	16.26	N.A.	8.75	N.A.	16.37	13.35	24.43
21.	Gross irrigating area as % of gross cropped area	%	N	N.A.	17.41	41.03	N.A.	21.75	N.A.	29.62	11.95	9.81
22.	Average size of operational land holding	Hectare	4.09	1.31	1.24	0.86	1.24	1.78	1.57	7.46	2.78	1.02
23.	Value of output of major crops/hectare	Rs.	4167	3875	2343	2999	5149	2957	3202	2084	2108	3431
24.	Per capita value of output of major crops	Rs.	807	599	442	516	519	395	326	339	695	527

Annex 5: **Profile of the Himalayan Hill Region of India**

S. N.	Parameters	Unit	Names of the States/Regions									
			AP	Assam	Himachal Pradesh	J&K	Mani-pur	Meghala ya	Mizo-ram	Nagal-and	Sikkim	Tripura
25.	Per capita food grain production	Kgs.	210	119	203	200	151	75	82	93	217	156
26.	Road length per 100 sq.km.	Kms.	8.51	81.98	40.27	5.93	29.43	28.59	15.5	47.59	22.01	106.47
27.	Railway route length per 100 sq. km.	Kms.	1	3.15	0.48	0.03	0	0	0.01	0.05	0	0.43
28.	Post offices per 100,000 population	Nos.	30.77	16.64	50.46	26.36	33.91	2.48	50.6	229.76	42.32	24.59
29.	No. of telephones per 100,000 population	Nos.	N	249	864	661	N.A.	N.A.	N.A.	N.	N.A.	155
30	Bank branches per 100,000 population	Nos.	7.87	5.45	14.36	13.28	4.63	9.8	10.87	5.79	8.12	6.53
31.	Per capita bank deposits	Rs.	2320	1191	3589	3731	573	2580	1639	1999	2999	1224
32.	Per capita bank credit	Rs.	320	581	1140	1660	483	435	133	807	728	714
33.	Per capita bank credit to agriculture	Rs.	82	112	194	169	61	162	175	204	79	120
34.	Per capita bank credit to small-industries	Rs.	71	90	167	152	82	44	29	169	132	57
35.	Per capita bank credit to industries	Rs.	607	332	403	517	148	166	137	302	225	163

Source: Centre for Monitoring Indian Economy 1993, Profile of Districts, Bombay, Economic Intelligence Service

Note: 1. All the figures pertain to the year 1992-93

2. All the per capita values have been calculated on the basis of the population census 1991

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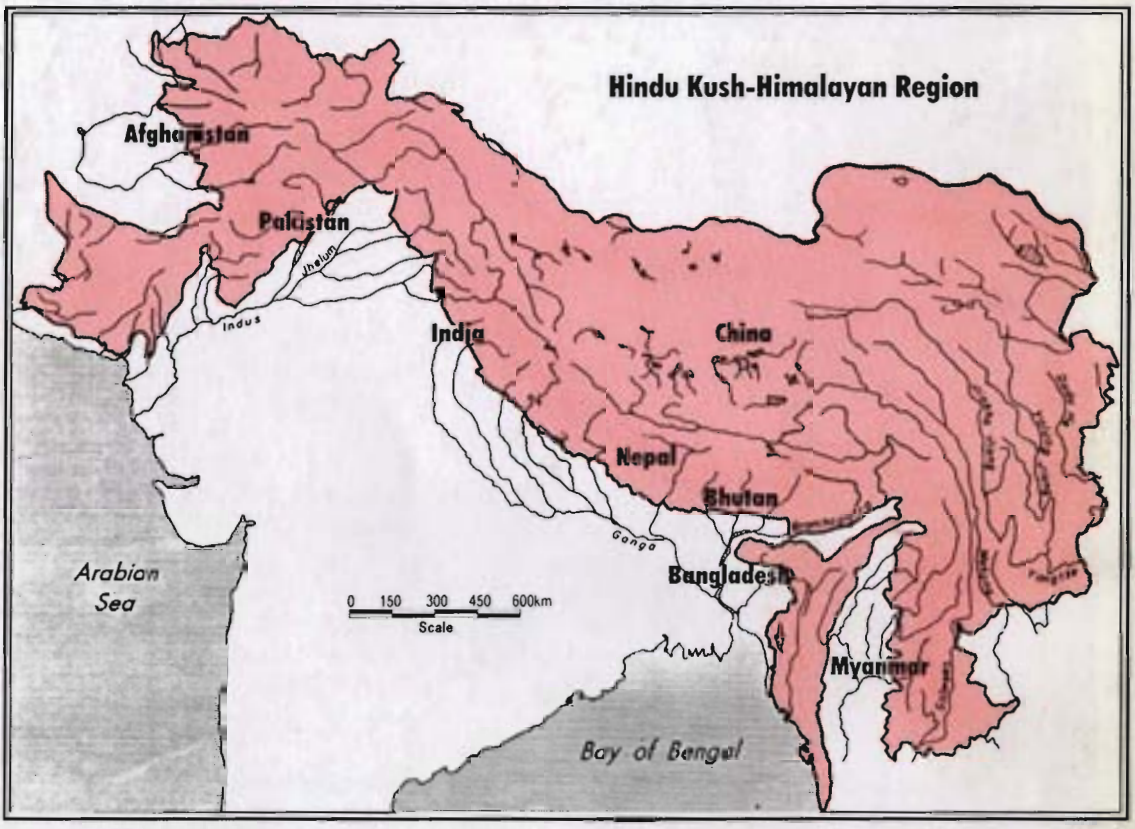
Participating Countries of the Hindu Kush-Himalayan Region

Afghanistan
Bangladesh
Bhutan
China
India
Myanmar
Nepal
Pakistan



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