



EDI

# EDI-EU PERKS

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EDI- EUROPEAN UNION PROJECT FOR ECONOMIC REGENERATION OF KACHCHH &amp; SAURASHTRA

**Dr. Dinesh Awasthi**  
Director, EDI

## EDI-EU SPEARHEAD TEAM

Dr. KVSM Krishna  
*Director-Planning*

Mr. Bipin Shah  
*Director-Implementation*

Mr. Kirti Vakil  
*Project Leader*

Mr. Shiv Bhushan Sareen  
*Project Leader*

Mr. Nabarun Sen Gupta  
*Coordinator-R&M*

Mr. Pramod Srivastava  
*Associate Coordinator*

Dr. Ananth Panth  
*Associate Coordinator*

Mr. Neeraj Sharma  
*Field Associate-Bhuj Office*

Mr. Rajesh Panchasara  
*Field Associate-Rajkot Office*

Ms. Rucha Thakkar  
*Field Associate-WED*

Ms. Lalita Krishnan  
*Manager-D & R*

Mr. C.A. Patel  
*Manager-Accounts*

Mr. Girish A.  
*Central Secretariat*

## EDITORIAL TEAM

Nabarun Sen Gupta  
*Editor*

Nikhilesh Desai  
*Managing Editor*

Julie Shah  
*Associate Editor*

## Editorial

With around 80 per cent of the Indian population fighting for survival, it is extremely important for professionals involved in the development sector to identify new ways and means of providing resources to the poor and underprivileged population for betterment of their lives. Grant or subsidies, an instrument tried out in our country is far too small in macro-economic terms, and, therefore, not very successful in solving the problem. There is thus a pressing need to identify ways to encourage poor to initiate income generating activities rather than consider them as helpless dependents. This necessitates a basic change in the mindset of both the givers and the takers.

One such strategy to deal with such a situation is to create sustainable livelihood options. Government agencies and the formal sector certainly cannot absorb the entire workforce. Amidst such a scenario, there is a need to promote entrepreneurship in the informal sector.

Informal units are often seen operating under conditions of extreme shortage of almost all-possible types of resources. These include a poor endowment of fixed capital and working capital. The qualitative and quantitative limitations include outdated technologies, which lead to a low level of productivity and that too at a very high production cost. Added to it is the small amount of working capital, which often forces these small producers to buy inputs in smaller quantities leading to a considerable loss of time, interruption in production process and failure to cater to market demands. The shortage of funds also makes it difficult to keep minimum inventories and explore more favourable market options.

This, thus, makes it imperative for the credit institutions like the national development banks, commercial banks, rural banks and co-operative banks that are working to channelise credit, to help people establish small or micro enterprises. However higher allocation of resources is just one strategy. It is seen that the nationalised banks and formal credit institutions are often not attuned to deal with this section of the society. The cultural gap between the institutions and the community is often too wide to be bridged. These institutions are more accustomed to dealing with the more confident, literate borrowers of urban areas. Credit is one of the most powerful development tools. However, like any other tool, its effectiveness will depend on how it is used. Any credit program to be effective must be designed keeping in mind the needs, aspirations, skills, the social, economic, cultural and political system of the population it plans to serve.

In a bid to promote innovative mechanism for facilitating flow of finance and support services to Micro and Small Entrepreneurs (MSEs), two corporate entities have been established in India. The Indian Micro Enterprises Development Foundation (IMEDF), incorporated in 1996 under Section 25 of the Companies Act, 1956 as a not-for-profit organization, and Indian Micro Enterprises Development Finance Corporation Limited (IMEDFIN) incorporated in 1997 as a for-profit entity. Both these foundations help in creating an enabling environment for micro and small enterprises. The MEDF provides support services to Micro Small Entrepreneurs (MSEs) and Micro Credit Finance Institutions in the NGO Sector; and the IMEDFIN provides credit to the MSE sector using innovative financial instruments (including venture capital financing).

Added to these has been the launch of Self-Help Groups [SHGs] Linkage Banking Program by the National Bank for Agriculture and Rural Development [NABARD] in India.. The SHG Banking Linkage Program in India is functioning on a strong premise that "Poor can also save" and they require more than just 'credit service' to enable them to become economically self reliant.

It seems that the environment has responded well to this demand. It is now our turn to make it work. This edition brings out an effort initiated under the aegis of the EDI-EU Project to link the NGOs with a bank and with an ongoing project of the Asian Development Bank. Apart from this the NGOs will also be provided with some more business ideas. We welcome NGOs to share with us some of their initiatives in creating working linkages with the bank and also stories on how the entrepreneurs trained have been able to innovate.

- Nabarun Sen Gupta  
*Editor*

"The most important thing about an opportunity is the person who sets out to look for it".

- Dr. Edward De Bono  
*World's Leading Authority on  
Direct Teaching of Thinking*

## Important Events During The Period

**February 10, 2003 - EU Delegation visit to Kachchh :** A high level delegation comprising Mr Rajiv Mehta, Advisor, Mr. Brian O' Neil, Counsellor and 15 partners of the PERPEUG visited Bhuj to monitor the progress made. EDI briefed the delegation on the various initiatives implemented as also its future course of action .

**February 19, 2003 - Credit Linkage Efforts :** EDI organized a one-day meet at its campus for the partners of the EDI-EU project. Presentations on credit linkages were made by two agencies namely the Women's Livelihood Restoration Project and the UTI Bank.

**February 21, 2003 - Meeting with EU Experts :** A two-member delegation from EDI visited the EU office at New Delhi to explore possibilities to widen the scope of the projects, particularly the usage of the beneficiary fund.

**March 5, 2003 - Stakeholders' Workshop :** The second district level stakeholders' workshop was held at Surendranagar. Around thirty nine representatives from the NGOs working in the district, officials from the Bank, District Industries Center, KVIC and District Rural Development Agency attended this workshop. The workshop helped in clarifying the mandate of the project and the subsequent deliberations led to preparation of an action plan. The participants decided to meet twice every month to take stock of the progress being made and also remove the bottlenecks. The General Manager of the Surendranagar District Industries Center consented to preside over future meetings.

**March 10, 2003 - Counsellors' Meet :** A meeting to take stock and review the progress of the Industrial Rehabilitation Program and discuss the strategy for the second year was held at EDI campus. Eight counsellors involved in the project attended the meeting. The counsellors were able to identify 75 units against the target of 70 for the first year. The counsellors discussed some of the problems faced by them in preparing rehabilitation reports and deliberated on the solutions to these. They also suggested that support from EDI team and library resources and corporate assistance in the area of marketing linkage and technological improvisation will certainly provide a fillip to the program.

**March 18, 2003 - Visit of EU Team :** A team from EU comprising Mr. Franco-Ray-Marcos and Mr. Raghav Regmi visited EDI. EDI presented its EDP model and made presentation on the current status of the project and the future course of action. Discussions centered around the efficacy of the model and on initiatives that could guarantee further impactful results.

**April 24, 2003 - Meeting of PERPEUG Partners :** Representatives from the 11 partner organisations attended the meeting at Ahmedabad to discuss the hosting of the website to disseminate information on different models of PERPEUG with a view to creating awareness about the strength of such models in the post disaster scenario. This website is expected to raise the profile and increase the visibility of the program and also that of its partners. International Organisation for Migration and Agha Khan Foundation would develop the website with due support from all those who are involved in this effort.

## CREDIT LINKAGE - SYNERGY WITH WOMEN LIVELIHOOD RESTORATION PROJECT (WLRP) AND UTI BANK.

A One-day meeting was conducted with NGO partners on EU-PERKS on 19th February 2003 at EDI premises. The objective of the programme was to create linkages between the EU-PERKS and Women's Livelihood Restoration Project (WLRP) for micro-credit purposes. In addition to WLRP Officials, leaders from 14 NGOs who are EDI's partners in the EDI-EU Project also attended the workshop.

The WLRP project has three types of credit schemes. The first is the grant scheme, which provides grant in the range of Rs.2000 and Rs.8000 to women entrepreneurs to start their small business. The second is the working capital support. An amount of Rs.5,000/- per entrepreneur is provided. This amount attracts an interest of 8 per cent per annum. The third scheme is the revolving fund of Rs.10,000. This is given to NGOs and this attracts an annual interest of 4 per cent and has a term period of four years. The NGOs also discussed the kind of activities they were doing and gave illustrations of the kind of enterprises the women trainees wished to initiate and the possible credit barriers they were encountering. The meeting concluded with discussions on an action plan. The NGOs will now be providing documents to WLRP officials and shall also discuss with the Project Officers individually, on the cases that require support.

Similar exercise was carried out with the officials from the UTI Bank. The NGOs would now be in close touch with Bank managers and UTI Bank will help the entrepreneurs trained under the project obtain credit support. Some support will be routed through the NGOs.

## Corporate Linkage Programme - The Progress

The corporate linkage program (CLP) is designed to establish linkages between the earthquake affected SMEs of the region and the corporate sector players of the country. The linkages aim at bringing about synergies between SMEs and the corporates that are in the same line of business. The relationship is based on a fair economic partnership, whereby SMEs are expected to offload/subcontract their supply needs, in exchange of marketing and techno-managerial support from corporates.



*EU Team in an interaction with participants from Mirzapad village in Kachchh during the GEDP of Anmol Foudation*

Efforts are currently underway, in seeking support from such socially inclined enterprises where a mutually beneficial relationship can be established. The CLP team has currently contacted 80 corporates who are deemed appropriate for establishing suitable matches with the SMEs. Corporates have come forward and evinced interest in this component of the project. A company in Baroda has expressed interest in establishing such a relationship with five SMEs affected by the earthquake. Similarly another company has shown interest in exploring such a tie-up with two of the SMEs from

Surendranagar. Discussions are underway with another corporate houses. Awareness has been created and we are witnessing encouraging results.

The CLP team also monitors and scrutinizes the products & services offered by SMEs so that the task of forming associations becomes easier. In the coming days, the team will also be visiting some corporates so as to get a closer look at their procurement needs, which would facilitate further appropriate matches.

### BIO - PESTICIDES (Eco-friendly business option)

The problem of pests on agricultural crops are known to all. The current annual loss of food grains and other crops due to attack of insects, pests and diseases in the agricultural sector is around Rs.15,000 crore, meaning a loss of over 20 million person days annually. Chemical methods to plant protection occupy a leading place as regards their total volume of application. However they cause toxicity to humans and animals. This necessitated development of bio-pesticides as a means to control pests, without leaving any harmful effect on the environment.

In India, the neem plant has been in use from the first century BC for various medicinal purposes and control of certain diseases. It has been found that chemicals extracted out of their seeds and seed kernels are effective bio-pesticides. This has been verified by various field trials, and India has potential to produce about 6.0 million tonne of neem seeds per year and one lakh tonne of neem oil. The neem products are competitive in price and quality.

In contrast, there are more than two and a half dozen products developed in India and of these about a dozen are in the market after registering with Central Insecticide Board, Faridabad. In addition to the toxic chemical available from neem, there are a thousand other plant species found to possess insecticidal properties. Some of them, like Pyrethrum obtained from Chrysanthemum Cinerarifoliumt flower, nicotine sulphate from waste tobacco materials, rotenone

obtained from extraction of ground roots of derris and alium oil fraction of garlic and bitter gourd seeds have been in use prior to development of synthetic pesticides, and were effective. Their use has now been re-established by field trials and their effectiveness has been checked against various pests. The various pesticides prepared from them have been developed and also patented for application.

Enterprises manufacturing bio-pesticides enjoy some distinct advantages. These are:

- ◆ Can produce economically.
- ◆ Can produce in small units/ insectories which can cater to the need of a small area in each village
- ◆ Educated farmers can be trained in manufacturing the pesticides. This will benefit farmers and keep the cost under control.
- ◆ The technologies are well known, adoption on small scales is easily possible, does not require too many complicated equipment or instruments.

For Further Information, please contact

**Technology Support Centre for Neem Products**  
Jhalawar, Rajasthan

**Krishi Vigyan Kendra**  
Kota Road,  
Jhalawar-326 001, Rajasthan  
Ph. : 07432-33364

**Status of EDP and REDP Programs during the First Year of the Project**

Program	Phase	Trainings Held	Trainees	Men	Women	Units Started <sup>1</sup>	New Employment created <sup>2</sup>	Total Investment made
EDPs	Ist	16	407	307	100	210	438	33526398
	2nd	13	368	284	84	74	247	7212947
	<b>Total</b>	<b>29</b>	<b>775</b>	<b>591</b>	<b>184</b>	<b>284</b>	<b>685</b>	<b>40739345</b>
REDPs	Ist	12	331	112	219	158	136	8481500
	2nd	19	560	311	249	98	119	3184700
	<b>Total</b>	<b>31</b>	<b>891</b>	<b>423</b>	<b>468</b>	<b>256</b>	<b>255</b>	<b>11666200</b>
GRAND TOTAL OF TRAINEES			1666	1014	652	540	930	52405545
Percentage			100	60.86	39.14	32.60		

(as on 30.04.2003)

Note: 1. The second phase program was completed in the month of March 2003.  
2. New Employment created does not include the entrepreneur.

## The European Union (EU)

The European Union, previously known as the 'European Community' is an institutional framework for the construction of a united Europe. It is a unique, treaty-based, institutional framework that defines and manages economic and political cooperation among its fifteen European member countries. The Union is the largest stage in the process of integration begun in the 1950s by six countries-Belgium, France, Germany, Italy, Luxembourg and the Netherlands - whose leaders signed the original treaties establishing various forms of European integration. While common EU policies have evolved in a number of other sectors since then, the fundamental goal of the Union remains the same: to create an ever closer union among the people of Europe. Presently 15 European countries; viz. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland are the members of European Union.

Principal objectives of the Union are to establish European citizenship; ensure freedom, security and justice; promote economic and social progress and assert Europe's role in the world. EU is run by five institutions, viz. European Parliament (elected by the people of the Member States); Council of the Union (composed of the governments of the Member States); European Commission (driving force and executive body); Court of Justice (compliance with the law); and Court of Auditors (sound and lawful management of the EU budget).

### Gujarat Earthquake & EU

On the day of the Earthquake the Commissioner for External Relations, European Commission (EC), Mr. Christopher F. Pattern was on his visit to India. Knowing about the tragedy, he not only offered his condolences but also showed his solidarity with the ill-fated people of Gujarat which culminated into an assistance of Euro 100 million (Rs. 400 crores) for relief and rehabilitation efforts in the region. EDI is privileged to be a partner of EU in this effort.

## The EDI

Entrepreneurship Development Institute of India (EDI), is an autonomous and not-for-profit Institute set up in 1983, by IDBI, IFCI Ltd., ICICI Ltd., SBI and Government of Gujarat. EDI has been spearheading entrepreneurship movement throughout the nation through education, research and training.

It set before itself the role of a 'Resource Centre of Excellence' that conducts programmes on New Enterprise Creation, Enterprise Growth, Business Counselling Skills, Capacity Building of Teachers, Entrepreneur Trainer-Motivators, Bankers & Managers / Executives of Business Organisations, etc.

One of the priority areas for EDI is to identify, motivate, train and create micro and rural entrepreneurs through self-employment and small business development programmes. It is being implemented by about 350 Voluntary Organisations throughout the country. The Institute has completed 13 years of fruitful partnership with NGOs in implementing Micro Enterprise Development Programmes (MEDPs) and other related programmes, particularly in rural areas. The Institute has conducted 610 MEDPs during the decade, training 15,243 rural youths, besides a cadre of 586 Rural Entrepreneur Trainer-Motivators.

The Institute has also been working towards capacity building of NGOs and sensitizing environment and support system. In the programmes on micro-credit, about 100 professionals from NGO sector have been developed to manage credit operations. To facilitate smooth flow of credit, EDI has also been sensitizing bankers, through NGO-BANKER Interface programmes.

These successes and commitments have culminated in recognition of its achievements at national and international levels.

At the international level the Institute is supported by reputed bilateral and multilateral agencies viz, the World Bank, Commonwealth Secretariate, UNIDO, ILO, FNSI, British Council, Ford Foundation and the European Union which has extended support to its project for 'Economic Rehabilitation of Kachchh & Saurashtra.'

## Our Partner NGO

### SAURASHTRA VOLUNTARY ACTIONS (SAVA)

The inception of SAVA owes its origin to a professional social worker, Mr. Bhimsi Ahir who after working for several years with a reputed NGO in Ahmedabad realised that his homeland deserves attention for promoting and strengthening of voluntary actions to fight problems causing rural poverty. He left his job to start SAVA in the year 1995. Three other colleagues joined him. They all were aware that these existing distortions cannot just be corrected automatically and "time cannot be trusted with the task of solving all the problem and policy can seldom allow its horizon to extend into infinity". Being a social worker, he was always for the removal of poverty. He was also aware that mere good motives would not help remove inequity. One has to go and chart out actions that are based on clear thinking and firm dedication. It is this that will bring results.

The initiation of SAVA activity took place with a long and deep field survey. This activity gave the organisation an insight into various social issues of Saurashtra. The survey covered all the 205 villages of Bhanvad, Khambaliya and Kalyanpur blocks of Jamnagar district. The survey revealed interesting findings encompassing all-important aspects of life and village economy. This led the organisation to initiate in 1997, the program of spreading education and equilibrating the lopsided status of women. The organisation today places emphasis on forming specific village level women Self-Helps Groups. This process was initiated in 1999 and the efforts have paid rich dividends.

SAVA also started its intervention with the Other backward communities (OBCs). The OBCs constituted 78 percent of the total population in all the three blocks of Jamnagar district. Through its efforts, SAVA could strengthen village organisations and build capacity. Currently, water management, primary education, housing, women's savings groups constitute the major thrust areas for SAVA. The organisation works in 45 villages of Bhanvad, Khambaliya and Kalyanpur blocks of Jamnagar district.

National and International organisations like Agakhan Foundation, The UNDP have extended due support to SAVA.

Contact Person: BHIMSI MALDEBHAH AHIR  
**SAURASHTRA VOLUNTARY ACTIONS (SAVA)** Jamnagar.  
Phone : (0288) 56 67 93 Fax : (0288) 67 21 12

EDI-EU Secretariat

### Entrepreneurship Development Institute of India

(Via Ahmedabad Airport & Indira Bridge), P. O. Bhat 382 428 Dist. Gandhinagar, Gujarat, India  
Tel : (91)(079) 3969161, 3969162, 3969163 Fax : (91)(079)3969164  
E-mail : ediindiaad1@sancharnet.in Website : <http://www.ediindia.org>

Project Offices

### EDI-EU Secretariat

Rajkot : Revenue Karmachari Society, 1st Floor, Behind Veerani School  
Suresh Chamber Street, Rajkot Tel : (0281) 467954

### EDI-EU Secretariat

Bhuj : G.F.4, Orient Colony, Opp. V.D. High School, Bhuj. Tel : (02832) 21266