

# Programmes on Micro Enterprise & Micro Finance Development

For NGO officials, rural entrepreneurs  
entrepreneur trainer - motivators and youths



**Entrepreneurship Development Institute of India**  
**Ahmedabad, Gujarat, India**

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## Background

Over the last few years, formulation and execution of rural development strategies to mitigate the rigours of poverty and unemployment have been one of the abiding concerns for planners, policy-makers and various developmental organisations.

India initiated the process of economic reforms in 1991. However, it is still lagging behind several developing economies in terms of economic growth.

The lagging rural sector is faced with several issues and problems that demand immediate action. Widespread poverty and unemployment of rural areas call for a multi-dimensional development effort with a focus on bringing about significant improvement in the socio-economic level of rural population.

EDI, an active participant in the field of rural development has formulated and executed integrated approaches in order to ensure optimal participation of the people of rural India, an important pre-requisite to tap the development potential, and thus raise the socio-economic level besides generating future growth impulse within a region.

As a pioneer institute, EDI undertook a three year, three state experiment for rural entrepreneurship development, during 1986-90, with the support of the FORD Foundation. Based on this experiment, EDI has successfully developed Rural Entrepreneurship Development Model to promote self employment among rural poor through a training programme titled Micro Enterprise Development Programme (MEDP). EDI has been conducting MEDPs in rural areas across the country and subsequently institutionalised this activity through a network of around 450 non-government organisations (NGOs) with support from SIDBI, NABARD and Khadi & Village Industries Commission.

## Micro Enterprise & Micro Finance Development (MEMFD)

Under the Micro Enterprise and Micro Finance Development thrust, the Institute works with the mission of empowering rural poor through micro enterprise and micro finance interventions. Through various income generating activities, the Institute seeks to make the rural areas self-sufficient in terms of generating opportunities for enterprise creation and employment, thus raising the income level.

The other objectives of this thrust are to :

- Diversify the base of rural economy to facilitate balanced socio-economic development mainly through Micro Entrepreneurship Development Programmes.
- Contribute towards capacity building of NGOs by developing entrepreneur-trainer motivators so that rural development activities are undertaken on a long-term sustainable basis.
- Sensitise the support system and bureaucracy on Micro Enterprise Development and Micro Finance needs of rural poor.

## Core Programmes

### A. Facilitating Balanced Socio-Economic Development In Rural Areas

#### Trainers' Training Programme

EDI's experience in promoting rural entrepreneurship highlighted that participation of voluntary sector is necessary to promote micro-enterprise development and thus combat the problems of poverty and unemployment. To keep pace with this, the Institute organises programmes for the extension officers of NGOs/ VOs with an objective to equip/ develop/ train them as Rural Entrepreneur Trainer-Motivators.

These programmes are carefully planned to make a significant impact on development workers from voluntary agencies/ non-government organisations involved in conducting rural entrepreneurship development programmes, aimed at assisting potential rural entrepreneurs in initiating income-generating activities.

The objectives are to help NGO officials develop their skills, attitudes and behavioural attributes for initiating, planning and implementing micro entrepreneurship development activities, equip them with skills to perform specific tasks related to MED, such as identification of viable business opportunities and linking the same with select rural entrepreneurs, besides helping the entrepreneurs prepare business plans and get financial assistance. The Institute has conducted 27 Trainers' Training Programmes and trained 678 Entrepreneur Trainer-Motivators till date.

## Rural Entrepreneurship Development Programme (REDP)

Rural Entrepreneurship Development Programme which were initiated as an experiment, by EDI about a decade ago have become one of the major activities of the Institute today.

Job opportunities in today's competitive and over populated environment are very rare and especially for rural youth, getting a job in this hard fought environment is almost impossible. In such a scenario, generating viable business opportunities in rural areas and teaching & motivating rural youth to start their micro enterprise is believed to be a vital strategy for initiating the process of economic development in the region. EDI has, therefore, developed and implemented a well-tested replicable training model for promoting entrepreneurship in the rural areas. The training is spread over three phases - the **pre-training phase** under which the main activity is selection of potential entrepreneurs; the **training phase** which focuses on the participants acquiring knowledge and skills in business opportunity identification and guidance, project report preparation, market survey & feasibility, financial management etc. and the **post-training phase** which aims at follow-up by the trainers of the trained potential entrepreneurs thus ensuring a good start-up rate. Through these phases and various other simulation exercises, case studies, role-plays etc., the participants are motivated and taught how to successfully launch and manage their enterprises in their areas itself. The Institute has conducted 630 REDPs, thus developing 15643 rural entrepreneurs.

## Programme on Informal Micro Credit Delivery System (IMCDS)

Programmes on 'Informal Micro Credit Delivery System' aim at addressing Chief Executives of NGOs to the credit needs of trained potential rural entrepreneurs. This is against the backdrop that finance appears to be a major hurdle to trained potential entrepreneurs in the process of setting up their enterprises. Although the formal banking system is well-established in India, rural India continues to depend on money lenders for 90 per cent of their credit needs. This is because servicing of micro-credit is not seen as economical from the commercial banks' point of view given the difficulties that arise in appraisal and transaction costs. EDI, therefore, conducts programmes on Informal Micro Credit Delivery System (IMCDS) for sensitising the Chief Executives of NGOs to the credit needs of trained potential rural entrepreneurs,

the strategies which can be designed and implemented to tackle the problem. Subsequently, technical training programmes on IMCDS are conducted for middle level executives of NGOs. NGO officials are expected to form Self-Help Groups (SHGs) at grassroots level and then play the role of an intermediary financial institution between banks and SHGs. The Institute has conducted 7 such workshops, training 182 Chief Executives of NGOs and 5 workshops, training 134 NGO trainer-motivators on Informal Micro Credit Delivery Management.



## Refresher Course on Informal Micro Credit Delivery System

Through these programmes, the Institute aims at developing linkages between NGOs and financial institutions. Such an arrangement allows the NGO to borrow in bulk and then lend the money to the rural poor so that the financial problems facing rural enterprise creation are tackled to a great extent. EDI has sensitised 60 NGOs and financial institutions till now.

## Rural Industries Programme (RIP)

The Institute is also involved in supporting SIDBI in strengthening its Rural Industries Programme (RIP). The objective of launching RIP was to develop viable and self-sustaining enterprises in rural areas. To further facilitate the process, implementing agencies were appointed in select districts of the states where the programme was launched, i.e. Uttar Pradesh, Madhya Pradesh, Himachal Pradesh, Bihar & Orissa.

EDI has been entrusted with the responsibility of providing support to the implementing agencies so as to speed up the process of enterprise promotion and development in these areas. A team known as EDI - STR, comprising three professionals, specialising in Entrepreneurship training and counselling, marketing and technology has been constituted to accomplish the above.

## Science & Technology Entrepreneurship Development (STED) Project

Micro Enterprises with all their characteristics, pave the way to meet socio - economic objects in India. They are employment generating, capital saving and capable of operating on a decentralised basis. Over these years, one of the major concerns of development workers has been to raise income and quality of life of the poorer sections of the population.

Thus, in order to fight most socio-economic ills in the society by creating an entrepreneurial milieu, the Department of Science and Technology, Govt. of India, implemented in association with EDI, the Science & Technology Entrepreneurship Development Project (STED) in the newly formed districts, viz. Hazaribagh, Pithoragarh and Moradabad of Jharkhand, Uttaranchal and Uttar Pradesh.

The STED project aims at creating self-employment by promoting entrepreneurship among rural and urban population, i.e. by helping them set up their micro enterprises. It seeks to achieve its objectives by

- identifying viable opportunities with potential for growth,
- identifying & selecting potential entrepreneurs (individuals/ groups) for taking up an entrepreneurial career,
- enhancing their motivational level through training & counselling,
- bringing the entrepreneurs face-to-face with suitable business opportunities and assisting them in preparation proposals,
- providing linkages for credit support,
- imparting necessary skills and extending technical support,
- extending help in project implementation & establishing market linkages,
- maintaining continuous performance, monitoring & follow up support.

## Cluster Development Programme

A cluster can be defined as a sectoral and geographical concentration of enterprises, faced with opportunities and threats. With a rich foundation of clusters in India, several SME support institutions both at the national and state levels are currently formulating and implementing programmes to develop clusters. EDI conducts SIDBI sponsored Cluster development Programmes to ensure restructuring of clusters by promoting growth of existing units/ establishing new units within a given cluster.

## B. Sensitisation Workshops for NGOs, Support System Officials and Bureaucracy

### Workshop on RED Strategy for Chief Executives of NGOs

Rural Entrepreneurship Development (RED) Programmes, precede the Workshop on RED Strategy for Chief Executives of NGOs. The Workshop aims at exposing the participants to the changing socio-economic scenario and the role of NGOs in the promotion of micro enterprises in rural areas. The focus is also on evolving a need based training approach for rural enterprise promotion and helping NGOs form a national network and draw the future course of action. Till date, 13 Workshops on RED strategy have been organised and 402 chief executives of NGOs have been apprised of the key role that Rural Entrepreneurship Development Programmes can play in the area of New Enterprise Creation.



### NGO-Banker Interface on Rural Entrepreneurship Development

Research reveals that one of the major problems faced by NGOs in making the rural entrepreneurship programmes successful is the lack of timely support to trained entrepreneurs from banks and financial institutions. Programmes like NGO-Banker Interface aim at making the bankers aware about the entire rural entrepreneurship development approach and the role of support system therein.

This programme shares the RED experience and approach with the bankers besides exposing them to various phases of RED training intervention. It provides a common platform to NGOs and the bankers to discuss various issues pertaining to the success of RED activity and promotes interaction so that the expectations and the requirements of each other are understood clearly. Till date 4 such programmes have been conducted by the institute and 120 NGOs and bankers sensitised.

Programmes to sensitise the bureaucracy are also a part of the main activities, so as to ensure a positive response to the demands and requirements of trained potential entrepreneurs.

## **National Meet of Rural Entrepreneur Trainer-Motivators**

The National Meet is organised biennially and is attended by NGO trainer-motivators, chief executives of NGOs and bankers. It encourages the key players involved in conducting rural entrepreneurship programmes to come up with issues and problems facing proper implementation of RED programmes and highlight various aspects of development activity that demand action. The participants also deliberate on the strategies that could lead to better success rate of REDPs.

In order to recognise the contribution of NGO Trainer-Motivators in the field of rural enterprise development, the EDI has also instituted the Best Trainer-Motivator Award for Rural Enterprise Development. Similarly, the Best Banker Awards for Rural Enterprise Development recognise the support provided by bankers to trainees trained under Micro Enterprise Development Programmes.

## **C. Capacity Building Programmes for Sustainability of NGOs**

### **Managing NGOs for Sustainable Development**

The NGO sector effectively works towards uplifting the socio-economic status of the poor. However, for a significant impact in the present era of liberalisation and globalisation wherein market forces adopt a key role, it becomes essential for the NGO sector to take a lead in helping poor fight the challenges posed by the system. NGOs can help the poor by providing access to the system, information on market opportunities, training facilities, information on sources of credit, etc. Keeping this in view, EDI conceptualised and implemented a unique training intervention for NGO capacity building. This training programme is expected to sensitise the sector and develop skills in the NGO officials for better management of the organisation and developmental initiatives. Through this unique intervention, supported by Friedrich-Naumann-Stiftung (FNSt), EDI has trained more than 100 chief executives of NGOs and helped them institutionalise the process of sustainable development.

### **Training Programmes on Financial Management and Accounting System of NGOs**

EDI's interaction with more than 200 NGOs brought to the fore the fact that financial management skills play a major role in better management of an NGO. The programme on 'Financial Management and Accounting System of NGOs', was thus planned and implemented to impart training to executives handling the financial aspect of NGOs, leading to maintenance of long term sustainability of their organisations and development projects. Such upgradation in skills of finance personnel of an NGO is expected to bring about significant improvement in terms of their performance and effectiveness with regard to statutory requirements, reporting to sponsoring agencies and implementing development projects with adequate cost control.



### **Post-Graduate Diploma in Management of NGOs (PGDMN)**

The thrust of this one-year course is on building social development skills coupled with knowledge, information and linkages required for launching and managing Non-Government Organisations (NGOs). Special focus is on micro-enterprise and micro-finance development. Project work is a crucial aspect of the course and gives the students an opportunity to test classroom inputs in an organizational framework.

The objectives of the course are to prepare :

- second line leaders for NGOs
- management resource persons for NGOs
- individuals to start NGOs / Social Development Institution

so that they effectively and efficiently ;

- manage their own organisations,
- manage the developmental initiatives of their own organisations,
- establish and sustain partnerships with the state and donor agencies, and
- create a third force to reckon upon the rights of the marginalized through policy advocacy.



## Certificate Course for Rural Business Development Services

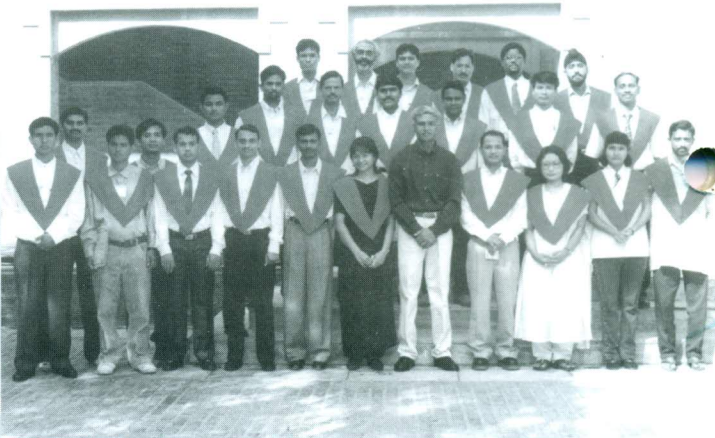
(To create a cadre of Development Consultants)

Non-Government Organisations have come to play a predominant role in the developmental processes initiated in the country over the last several years. Evidences reveal that strategies for social and economic regeneration undertaken by most NGOs have not just led to socio-economic development but have also brought about substantial social awakening. NGOs, are today, increasingly considered as important players in the economic sphere of the country, raising economic standards mainly in the rural areas. However, EDI recognises the need to further strengthen the capabilities of NGOs and provide them with professional support in the area of income generation and development of rural industries.

Thus with an objective to develop a cadre of Development Consultants / Competent Managers / Counsellors with required skills to effectively manage NGOs, EDI organises this 3-month SIDBI sponsored programme titled, "Certificate Course for Rural Business Development Service Providers / Consultants".

The objectives of the programme are as follows :

- To give a boost to the development of rural industries and rural clusters
- To provide professional management support to NGOs for streamlining their operations and management
- To create a cadre of versatile development consultants for development of rural industries
- To enhance capabilities of these development consultants so that they provide services to NGOs in formation of project proposals
- Donor Agencies for assessing capabilities of NGOs
- Individual Entrepreneurs in small business counselling.



## D. Development Network

EDI is also the founder member of a collaborative body of NGOs called 'Development Network - An Association for Micro Enterprise and Micro Finance Development'.

The objectives of Development Network are to :

- promote entrepreneurship development activities in all parts of the country,
- promote development of micro-finance in all parts of the country,

- establish linkages with various government, public, private and international organisations engaged in entrepreneurship development, micro finance, income augmentation programmes, new enterprise creation and rural development,
- undertake documentation, publication, research on entrepreneurship development, micro finance and other aspects as necessary to achieve its overall objectives,
- undertake human and institutional resource development of NGOs, public and private organisations engaged in the above mentioned areas,
- facilitate the creation of a policy environment, that promotes entrepreneurship development, micro finance, new enterprise creation, self-employment, rural development, income augmentation and poverty eradication,
- organise training programmes, workshops, seminars, group discussions and other such activities, and
- provide consultancy services.

## Acknowledgement

We appreciate the valuable support extended to us by the following institutions in successfully carrying out our MEMFD activities.

Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD) Khadi & Village Industries Commission (KVIC), Rashtriya Gramin Vikas Nidhi (RGVN), Sir Ratan Tata Trust, Kudumb shree (Kerala), SIDBI Foundation for Micro Credit (SFMC), MANAGE, Textile Committee, DST, DCSSI, Ministries of SSI & ARI, Food Processing & External Affairs, Govt. of India, The Ford Foundation, European Union, FNSt, ILO, UNICEF, UNIDO, CFTC, DFID, and many others.

## The Institute

The Entrepreneurship Development Institute of India (EDI), an autonomous and not-for-profit institute, set up in 1983, is sponsored by apex financial institutions - the Industrial Development Bank of India (IDBI), IFCI Ltd., ICICI Ltd., State Bank of India (SBI) and the Government of Gujarat.

Through well-conceived training interventions and capacity building activities, over about last two decades EDI has equipped thousands of people with entrepreneurial skills. To pursue its mission further, EDI has helped set up twelve state-level exclusive entrepreneurship development centres and institutes.

Besides the initiatives in the thrust area, Micro Enterprise and Micro Finance Development, the Institute also conducts several training programmes around strategic thrust areas like, Entrepreneurship in Education, Performance & Growth of Existing Entrepreneurs, Entrepreneurship Environment and Support System, Performance Improvement of ED Organisations and Strategic International Programmes. Besides rural poor, the various other target groups for which the Institute conducts programmes are potential entrepreneurs, existing entrepreneurs, women, government officials, trainer-motivators, company executives and bankers.

Realising that education is an apt medium to reach out to a wider section of society, the Institute has contributed in institutionalizing entrepreneurship in formal business education. In order to probe into the reasons that inhibit people from setting up own business, EDI has conducted a research titled 'Entry Barriers to Entrepreneurship'. The University Grants Commission had also assigned to EDI the task of developing curriculum on Entrepreneurship. In view of EDI's expertise in Entrepreneurship, Gujarat Textbook Board assigned to it the task of developing textbooks in Entrepreneurship for 11th & 12th standards.

In order to broaden the frontiers of Entrepreneurship Research, EDI has also established a Centre for Research in Entrepreneurship Education and Development (CREED).

These successes and commitments have culminated in the recognition of its achievement by the Government of India and the State Governments. In the international arena, the entrepreneurship development efforts by way of sharing resources and organising training programmes, have helped EDI earn accolades and support from The World Bank, Commonwealth Secretariat, UNIDO, ILO, FNS, British Council, Ford Foundation, European Union and several other renowned agencies.

In recognition of its international achievements, the United Nations Economic & Social Commission for Asia and Pacific (ESCAP), Bangkok, Thailand, has declared EDI as a 'Centre of Excellence'.

For more information and to participate in the programmes, please contact:

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