

Entrepreneurship Development Institute of India

(Sponsored by IDBI, ICICI, IFCI & SBI)

From the Director's Desk

TAKING ENTREPRENEURSHIP TO VOLUNTARY ORGANISATIONS

Recent experience of our Institute in working with Rural Poor in Uttar Pradesh and Orissa to motivate and equip them to take up viable income generating activities through self-employment have taught us two lessons, among many others, which are significant. One, while rural poor can do it and do it well as their performance in enterprises and quick and early repayment of bank loan shows, the support system, particularly the credit assistance organisations are simply not ready or equipped to work with rural poor. Despite EDI's national reputation, a committed team of field trainers who spent almost one year closely working with 18 carefully selected and motivated rural entrepreneurs in Bahraich district of U.P. credit was not made available until the Institute deposited guarantee money for the Group. That we could do it was only because for rural entrepreneurship experiments, the Institute had funds from an international development assistance agency. How many other entrepreneurship organisations, government or non-government, can have guarantee money?

Secondly, the rural entrepreneurship experience revealed the need to have a

committed band of programme leaders (Trainer-Motivators), dedicated to the task, possessing skills, attitudes and capabilities to understand the local environment and its complexities, inspire confidence in the rural population which has virtually lost hope and has a very low self image, and who are willing to spend not weeks but months to stay in difficult conditions and individually persuade, motivate and prepare the potential entrepreneurs to become actual owners of enterprises.

Strategically therefore, Voluntary Organisations (VOs) emerge as potentially stronger candidates for taking up the rural development task; for their strength lies in development orientation, commitment, willingness to face and work in hardships, having a rapport with local population and credibility. They are closer to the people when a village or group of villages is taken as the ultimate focal point of action.

National rural development policy and plans must, therefore recognise and utilise the strengths of VOs in enriching the rural poor. These organisations however will have to be equipped to take up economic activities, particularly self-

employment ventures. A number of them have so far dealt with social-welfare programmes, worked with communities and groups and not with individuals. This means not all of them will be ready to get into economic activities and not many will be equipped for this role.

This assumption was very well tested on the Institute's premises last week when we hosted a National Workshop on Rural Entrepreneurship Development for NGOs and PVOs sponsored by CAPART and IDBI. While EDI's rural entrepreneurship work dealing with individual entrepreneurs came under close scrutiny by several representatives of voluntary organisations who are ideologically committed to group action or whose own experience in income generating activities favoured groups rather than individuals, we were pleased at the end to find in the workshop recommendations, wide based acceptance of-

1. Need for VOs to take up economic activities in the form of Rural Entrepreneurship Programmes supported by keen interest of several of them to get started soon;
2. Rich experience already acquired by

several of them in individual and group rural entrepreneurship thereby establishing the credibility of rural entrepreneurship strategy and that of selected VOs; and

3. Recognition of individual enterprise even in a group as a driving force in rural transformation.

We in EDI learnt a lot about the perceptions and problems of VOs. We would like to respond to the expectations of the Workshop for the Institute to play a Resource role, a lead role in equipping and facilitating a number of NGOs/VOs to take up rural entrepreneurship work, identify and select them, train their manpower for economic activities including project-related matters and help them secure funding for organisation building and sustained entrepreneurship development efforts which must reduce its dependence on foreign funds. The Institute's Annual Plan (for 1990-91) will definitely reflect its thrust in Rural Entrepreneurship area and working with NGOs and PVOs.

Dr. V. G. Patel

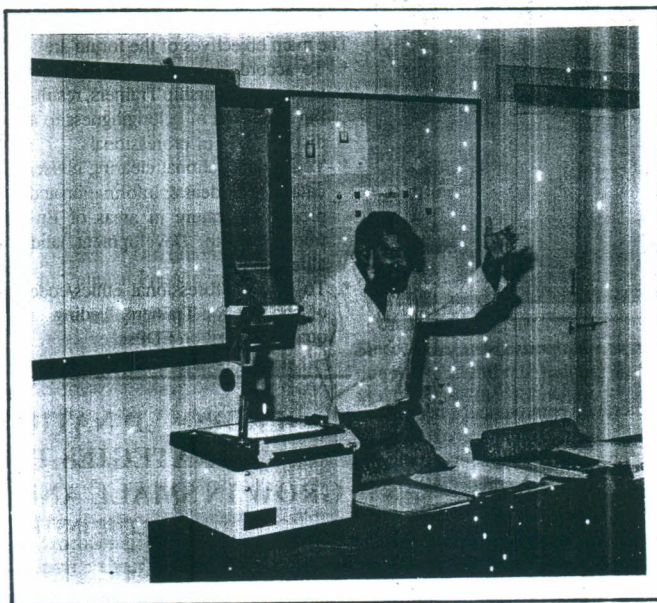
Seminar on

ENTREPRENEURSHIP AND GROWTH OF SMALL ENTERPRISES

A Case Study on Dye-stuff Industry in Ahmedabad was held at the institute's campus on 21st December, 1989. The Seminar was organised by Dr. Dinesh Awasthi a faculty member of the Institute. The analysis was based on a field survey of 42 Dye-stuff manufacturing units in Ahmedabad which started their operations between 1978-79 & 1979-80, with an investment of not exceeding Rs. 2.5 lacs in plant & machinery. The period covered for the analysis was from 1978-79 to 1987-88.

Major objective of the study was to isolate the role of entrepreneurs in the growth of firms by controlling external influences. The study observed that socio-economic background, may be important for the entry into industry, has very little bearing on the growth of firms; same was the case with factors like educational background and work experience. Family income at the time of entry into industry and father's occupation emerged to be some-what important for extending the growth differences across the firms. Initial level of investment and employment are of no consequence to the growth performance of the firms in future.

The study brought to the fore that the



Dr. Dinesh Awasthi emphasising the role of Entrepreneurship in the growth of firms during the Seminar on 'Entrepreneurship and Growth of Small Enterprises'.

quality of entrepreneurship (defined in terms of General Enterprising Tendency) has very strong association with the growth performance of small enterprises.

A distinct difference was observed in the study, management style and entrepreneurial pursuits between the high growth and the low growth entrepreneurs. While low growth entrepreneurs

perceive only threats all around, right from the support system to the market forces, the high growth entrepreneurs see a very bright future for the industry in general and their enterprises in particular. They felt that, only capable, with quality products, will and should survive. They were also observed to be more outward looking (by entering into export markets) than the low growth ones. They were found to be adopting more professional approach towards management of the enterprises than the low performers. The study reached to the conclusion that the entrepreneurs with high General Enterprising Tendency have better chances of survival and growth compared to the low growth entrepreneurs. This statement was found to be more valid, for, the study is able to control the external influences and is able to isolate the role of entrepreneurship in the growth of firms.

The Seminar was attended by about 20 well-known academicians and senior professors of the city from IIM, Sardar Patel Institute of Social and Economic Research, Gujarat Institute of Area Planning, Gandhi Labour Institute, EDI, and from Administrative Staff College of India, Hyderabad.

NEW LOOK AT EDP TRAINING : CHALLENGE FOR THE NEW YEAR

EDPs have passed through almost two decades. The experiences and experiments have enabled us to acquire better understanding in developing first generation entrepreneurs. However, the results have not been found very satisfactory by all those who are engaged in Entrepreneurship Development activity. Not going into discussing the factors responsible for EDPs, this article attempts to raise certain basic issues so as to have a new look at our EDP training.

The following questions may suggest new ways of effectively conducting EDPs :

- i. Shall we still depend largely on classroom training only ?
- ii. How can we effectively substitute experience in EDPs for first generation entrepreneurs ?
- iii. Should we not test or assess the learning acquired by trainees in EDPs ?
- iv. Is our training biased towards behavioural science ?
- v. Can we not adopt new training methodologies and use varieties of teaching aids ?

Though the answers to these questions are not easy, I am sure many of us must have experimented with one or the other question. Of course, the fresh look at

stages in developing entrepreneurs is needed i.e. at promotional stage, selection stage, follow-up etc. But let us begin with EDP training itself, where trainer has more say, control & concern. The following points will help to constructively think on the questions raised and also to find out some solution for the same.

- i. It is not easy to develop entrepreneurs within four walls of a classroom. We will have to provide more practical and field experiences in EDPs. Some of the inputs in EDPs can very well be imparted by various field visit assignments, group discussions, case studies etc. More interactions amongst trainees as well as with the industrial world can only strengthen the classroom training.
- ii. For first generation entrepreneurs, lack of practical experience may be a constraint, but through EDPs if we can develop the skills to acquire experience from others, it may not become a handicap for them. EDPs can now attempt to let trainees acquire the skills to analyse, to give right information and to interact with the right kind of person and agency for achieving their targets. In fact, like apprenticeship for students, can we not think of some apprenticeship for entrepreneurs ? It should become a part of the EDP training and

thereby substitute the experience for first generation entrepreneurs.

- iii. In EDPs, it is not only important to teach but it is more important to know whether the trainees have understood and digested the inputs. Learning acquired by trainees only can decide the effectiveness of comprehensively packed inputs bombarded to trainees in a short time of 3 to 5 weeks. Many methods can be adopted to ensure learning during EDPs. We can use questionnaire method, designing on the spot test, viva, field assignments or some sort of exam etc. over and above intensive personal counselling & assessment by trainer.
- iv. In developing entrepreneurs, the behavioural aspect definitely plays an important role, but it need not be stressed beyond a point. This is because the final result and effectiveness of any programme is measured by what entrepreneurs have done. EDPs need to be designed in more planned manner so as to have good combination of behavioural, entrepreneurial and managerial aspects. Also behavioural inputs in EDPs need not be treated as a compartment. These behavioural inputs should be evenly distributed through-out the programme, along with the relevant skills and activities.

the entrepreneur has to perform. The emphasis on enterprise creation needs to be shifted to better managed enterprises.

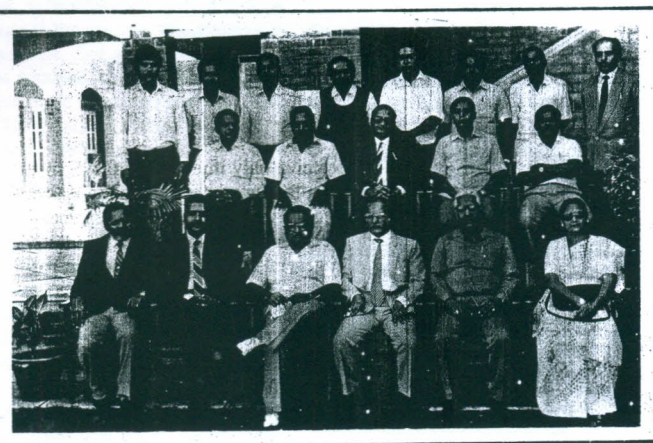
- v. Using new training methodology and teaching aids in EDPs is very scarce. In many other training programmes and seminars, new training methodology have been adopted but not in developing entrepreneurs. Even simple techniques of using flip-charts, overhead slide projector or audio cassettes can be the effective way of providing training. In the present world of developing technology usages of audio-visual equipments, computers and simulation exercise may be more relevant and effective in ensuring learning and for effective training in EDPs.

Though it is not more easy to say than to do the above things, somewhere we will have to look at our EDPs with a "New" look. This will not only improve the effectiveness but will also enable our dear trainer colleagues to come out of the routine way of conducting EDPs.

Isn't it high time that we evolved a totally new EDP training package after such a long (two decades) of experience? It is for all of us to debate and to act on the same. But as a Trainer I feel let us take some initiative and take-up this challenge in the coming year.

Chandramauli Pathak

EDP APPRECIATION PROGRAMME



Participants of the EDP Appreciation Programme which was sponsored by IDBI

A 4-day EDP Appreciation Programme was organised by the Institute from 11th to 14th December, 1989 for officials from state financial corporations and small industries corporations of different states of India. This programme, the sixth in the series is designed to acquaint the officers on the objectives and modus operandi of Entrepreneurship Development so as to create better understanding and appreciation for EDPs. The participants were apprised of scientific tools and techniques used for assessing entrepreneurial capabilities, comprehensive training model used to develop

first generation entrepreneurs, need and approach for developing achievement motivation and follow-up support needs of first generation entrepreneurs.

The Programme was inaugurated by Shri V. H. Pandya, GM-IDBI wherein he raised basic issues concerning quality of EDPs in the country and the valedictory function of the programme was chaired by Manager (Training) - IDBI, Shri Chandramohan who shared the feed back and suggestions given by the participants regarding relevance and effectiveness of the programme.

National Forum of Trainer-Motivators "INDIAN SOCIETY FOR ENTREPRENEURSHIP TRAINERS"

Invites membership of all trainers involved in Entrepreneurship Development activity.

The main objectives of the forum are

- * To accord professional recognition to Entrepreneurship Trainers, resulting in a sense of belongingness to a distinct body of professionals.
- * To act as a national clearing house/data base of ideas & information and produce literature in areas of Entrepreneurship Development and allied fields.
- * To evolve professional ethics/code of conduct for Trainers, leading to quality control on EDPs.

- * To create a conducive environment for promoting entrepreneurship research in area of Entrepreneurship Development.

The decision to form the Forum was taken by the Trainer-Motivators themselves during the national meets. For membership & other details write to:
Mr. B.P. Murali
Chairman of Proposed Forum Governing Council
C/o. Entrepreneurship Development Institute of India, Bhat
P.O. Chandkheda - 382 424.
Gujarat.

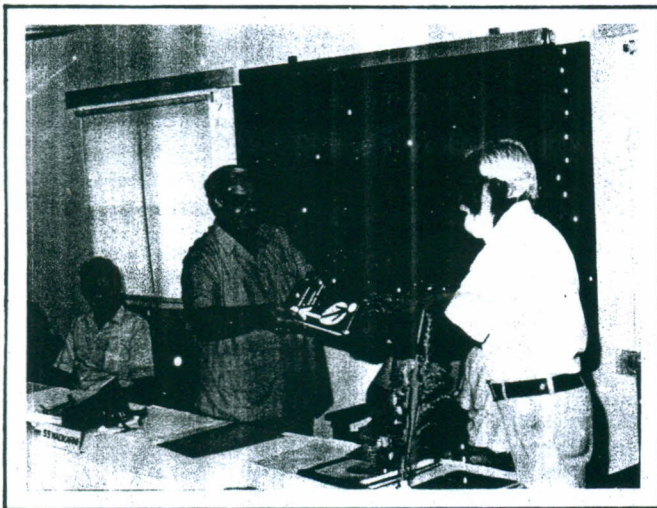
PROPOSED NATIONAL SEMINAR ON STRATEGIES TO SUCCEED AND GROW IN SMALL AND MEDIUM INDUSTRIES AT THE INSTITUTE'S CAMPUS

FOCUS : Learning the process of emergence of India's Impact Making and Growth Oriented Entrepreneurs through insights provided by industrialists and researchers.

FOR : Entrepreneurs in pursuit of excellence and growth; Policy Makers and

Senior Officials of financial institutions who are concerned with industrial growth and performance; Organisations and Associations of entrepreneurs promoting cause of small and medium enterprises; Entrepreneurship Trainers and Researchers.

NATIONAL DIRECTORY OF ENTREPRENEUR TRAINER-MOTIVATORS



Shri S. S. Nadkarni, President - EDI released the institute's publication - National Directory of Entrepreneur Trainer-Motivators (1989) and handed over a copy to Shri Anil Trivedi who also happens to be the first EDP Trainer.

Entrepreneurship Development Institute of India (EDI) as a national resource agency has been significantly contributing in the field of entrepreneurship development by way of identifying and developing Entrepreneur-Trainer-Motivators (ETMs) - The back-bone of an EDP. In order to develop a network of such ETMs who form a part of the increasing number of EDP conducting agencies spread throughout the country, EDI has compiled a comprehensive national directory of ETMs.

This directory is a basic reference material with the help of which an EDP conducting agency or a trainer can identify professional resources and exchange the same with others for mutual benefit. Information for the directory was sought through questionnaires from professionals working in different entrepreneurship development organisations all over the country. Those who

have conducted/co-ordinated EDPs and have responded to our questionnaire have been listed in the directory.

For easy reference, a system of classification based on geographical area, EDP conducting agency within a geographical area and areas of specialisation of the trainers has been adopted. With regard to each trainer, the information provided includes age, qualification, work experience within and outside the area of entrepreneurship development, specialisation etc.

The manual will be updated on an annual basis which would continuously help in identifying professional resources in the area of Entrepreneurship Development. The Directory is easily available from the Publication Department of the Institute and is priced at Rs.80/- per copy.

MAKING OF AN ENTREPRENEURIAL BANKER

Success of entrepreneurship development activities depends to a large extent on the economic, social, cultural, technological and political environment. Hence it is essential that the environment be sensitized to facilitate such activities. One of the most important facets of the environment is role of financial institutions which provide credit support to ventures.

In India the concept of class banking was replaced by mass banking and all the major banks were nationalised in 1969. This was expected, among other things, to facilitate new entrepreneurial activity in the country. But contrary to expectation, first generation entrepreneurs continue to face hurdles in loan procurement. They also encounter discouraging and indifferent attitudes of the loan sanctioning officers. These experiences were reported during several Entrepreneurs' Meets organised by EDI-I all over the country, as is highlighted in most Workshops and Seminars on problems of Small Scale Units. In order to find an answer to this paradox this research examines the micro level of bank personnel authorised to sanction financial assistance to entrepreneurs.

It is often found that at the time of launching their enterprises the entrepreneurs face financial stress and credit problems. When the new entrepreneur needs finance most, he is confronted with a sudden squeeze of credit which inhibits the progress of his enterprise.

This is a crucial factor affecting the performance of various Entrepreneurship Development or New Enterprise creation programmes. It is true that ideally the Banker has to be the best friend of the entrepreneur, especially the first timers. However, most entrepreneurs find him/her to be the biggest stumbling block. This may be due to certain constraints faced by the Banker. So far not many have talked to the bank-

ers on the problems and constraints faced by them in loan sanctioning. The need was therefore felt to examine the bankers' side of the story.

The sample for this study was drawn from four states namely Gujarat, Maharashtra, Karnataka, Rajasthan and the city of Delhi. In all 80 branches were covered to make the study broad based. Only those branch managers were included who had at least two years service in a particular branch. The data was collected from Bank Managers through structured interview schedule.

The study has revealed the following findings :

1. Managers face the following constraints in loan sanctioning to entrepreneurs.
 - a) Lack of Skill of Assessing an Entrepreneur.
 - b) Fear of Accountability
 - c) Lack of Job Knowledge
 - d) Lack of Expertise in Project Appraisal
 - e) Lack of Staff
 - f) Lack of Sources of Information
 - g) Lack of Discretionary Power
 - h) Political Pressurization
2. In the training imparted to the managerial cadre only 1/3rd of the syllabus is devoted to topics related to Entrepreneurship and Loan Sanctioning such as working capital, break-even analysis, credit appraisal, etc. Bulk of it is on routine basis banking operations.
3. No (Interviewed) manager before sanctioning the loan assessed the entrepreneur in terms of his risk taking ability, motivation, marketing and managerial potentiality and such other entrepreneurial competencies.

During discussions with Managers the following varied reasons of lack of identification with the new entrepreneurs surfaced :

- a) A spurt in branch banking forced the management of banks to effect quick and large scale promotions and post the new promotes directly as managers of newly opened branches. The bankers had no time to be selective in choosing managers and impart proper training.
 - b) It is the reward and punishment policy which is partly to be blamed for the attitude of the manager because their performance is not objectively evaluated. And more often then not they are punished for their positive decision (which imply a degree of risk-taking) rather than for not taking appropriate and timely decisions in sanctioning loans to the new entrepreneurs.
 - c) Political pressurization to grant credits to big borrowers on credit proposals which are not bankable is a mental harassment to managers.
 - d) Some managers remarked that in most cases the credit departments at regional offices and head offices are manned by academically qualified people, but lacking in experience in project appraisal of a new, less educated entrepreneurs.
- Since the main objective of the exploration was to identify the training needs of the bankers, the following Training Approach has been evolved.
- The objective underlying this training module is the making of an "entrepreneurial" banker.

The major job demands of the bankers in which they require training in order of priority are: Assessing an Entrepreneur, Credit Appraisal, Credit Sanctioning Procedures, Financial Analysis, Imparting Information to Entrepreneurs, Counselling Entrepreneurs, Knowledge of Industrial Policies & Procedures and Imparting Project Guidance

These job demands have been further classified under three sub-modules (knowledge, skill and attitude development).

- a) The knowledge development inputs will comprise of project viability concepts, sources of information concerning projects, financial promotional schemes, products, industrial policies and procedures and loan acquisition formalities, identification and selection dynamics of the appropriate business opportunity and concept and policies of small scale industries.
- b) The skill development inputs will comprise of developing skills (project appraisal, assessing entrepreneurs, project feasibility analysis counselling and assisting entrepreneurs in identifying and selecting feasible and viable business opportunity and diagnostic skills for existing enterprises.
- c) The attitude development inputs are mainly intended to instill a more positive attitude in the officials (banks) towards the new entrepreneurs and their projects. This will be done by exposing the officials in field visits and on the job training an unfreezing exercises, and extension motivation development. Interactions with successful and unsuccessful entrepreneurs, experienced officials from banks and from other financial institutions concerning appraisal of projects, loan sanctioning and recovery will be held.

Since the proposed training programme aims at making of an entrepreneurial banker, it will prove beneficial for all the developmental bankers, engaged in the task of loan sanctioning, project appraisal, promotion of Small Scale Industries and diagnosis of and support to existing enterprises.

PROGRAMMES HELD IN THE LAST QUARTER

1. A Refresher Course for Trainer-Motivators trained by the Institute in the 6th & 8th ATCs was organised at the campus from November 20 to December 1, 1989. This course is organised to help participants share their experiences while implementing their first EDPs in their respective centres which would help to strengthen their capability in organising EDPs more effectively. The Trainer-Motivators during the course are evaluated for their performance in various areas of Entrepreneurship Development activity and are awarded Accreditation.
2. The Institute organised an Entrepreneurship Orientation Programme for 15 prospective entrepreneurs from Jammu & Kashmir during December 11-13, 1989 at its campus. The Programme was sponsored by Indian Petrochemicals Limited, Baroda. The main objectives of this Programme were to strengthen the knowledge, abilities and skills of the participants in the field of Entrepreneurship. During the course, the group was briefed on various areas of Entrepreneurship Development like identifying viable business opportunities, planning a small scale industry, financial management, motivational inputs, entrepreneurial characteristics of successful entrepreneurs and marketing management.
3. The Institute in collaboration with the North Eastern Industrial Consultants Ltd. (NECON) organised two Entrepreneurs' and Institutional Meets in the north-eastern states, one in Imphal during December 11-12, 1989 and the other in Agartala during December 18-19, 1989. Chief Minister of Tripura inaugurated the Meet at Agartala while the Meet at Imphal was inaugurated by the Minister of State for Industries of Manipur. Both the Meets had a good representation of the local entrepreneurs who shared their views on the problems faced by them in launching and managing their enterprises, financial problems, including term loan, working capital, margin money, central investment subsidy, infrastructural problems like problems of industrial estate, industrial sheds, power, transport, communication etc. All these problems were presented the next day which was earmarked for a meeting of officers of different developmental agencies and support system.
4. The Institute has organised four programmes on EDP Appreciation and Extension Motivation in collaboration with NECON for GMs and DICs and other senior executives of developmental agencies. Similar programmes were organised from December 13 to 16, 1989 at Imphal and from December 20 to 23, 1989 at Agartala for operational level executives especially func-

tional managers DICs and branch managers of banks, Assam Finance Corporation, Handloom and Handicraft Board, Directorate of Industries, State Industrial Corporations etc. The participating officers at both the programmes were exposed to different areas of Entrepreneurship Development process, the methodology adopted by EDP conducting organisations like EDI and its support organisations, motivating entrepreneurs, problem solving, etc.

5. A Seminar on 'Potentials of Ex-Servicemen in Entrepreneurship' was held at the Institute on 19th December, 1989. The presentation based on a research study was made by Dr. Gautam Raj Jain a faculty member of the Institute. The seminar was participated by eminent academicians, officials of Directorate General and Resettlement, Sainik Welfare board and faculty members of training institutions. On the occasion, Major General R.P. Limay, Directorate General and Resettlement (DGR) also remained present.

The seminar was organised as a part of the Institute's commitment of dissemination of knowledge generated through research effort so that users group (DGR) and Training Institutions can benefit. The study was mainly carried out to understand ex-servicemen as a potential target group for entrepreneurship. The factors pertaining to profile, motivation and potentials have been analysed using data on 15 ex-servicemen entrepreneurs and 49 prospective ex-servicemen entrepreneurs.

As far as the profile is concerned, ex-servicemen who have taken entrepreneurial initiative are mostly those who were in the middle level ranks (2nd Lt. to Colonel), acquired work experience in civilian organizations before setting-up their industrial units, took voluntary retirement to have early settlement in civil life and started their own enterprises between the age group of 30 and 45 years. Concern for independence and economic gain are found to be main driving forces. The most commonly found potentials of ex-servicemen in entrepreneurship are management, technical expertise, physical stamina, hard work, discipline, commitment, self-confidence. The potential which ex-servicemen commonly lack in entrepreneurship are marketing, cost and finance, business dealings, flexibility, risk-taking and coping with complexities.

Some patterns also emerged with regard to the type of projects they have taken up. Ex-servicemen with the experience in technical and operational areas largely prefer to go for technology oriented projects and choose consumer non-durable product opportunities.



Trainers from developing countries who attended the Entrepreneur Trainer-Motivators' Orientation Programme sponsored by CFTC and organised by the Institute.

EDI PUBLICATIONS & AUDIO-VISUALS

Publications

1. Entrepreneurship Development Programme in India & its relevance to Developing Countries - V.G.Patel Pg. No. 97 Rs. 130 US \$ 25
2. Developing New Entrepreneurs Pg. No. 226 Rs. 200 US \$ 40
3. Self-made Impact Making Entrepreneurs Pg. No. 220 Rs. 250 US \$ 45
4. National Directory of Entrepreneur Trainer - Motivators (1989) Rs. 80
5. Entrepreneurship Bibliography Rs. 55 US \$ 11
6. Strategy of Success in Business and Industry (Hindi) - V.G. Patel, 1975, Pg. 153, Price : Rs. 50.00

Papers

1. Potentials of Ex-Servicemen for Entrepreneurship : A Study - G.R. Jain, 1989, Pg. 53, Rs. 47.75
2. Course for Entrepreneurial Succession in Family Business : A Feasibility Study - G.R. Jain, 1989, Pg. 46, Price : Rs. 42.50
3. The Missionaries - A Study of Entrepreneur-Trainer-Motivators in India - Dinesh Awasthi, 1989, Pg. 85, Price : Rs. 71.75

Video Cassettes

1. Five Success Stories of First Generation Entrepreneurs Rs. 1000/- US \$ 100
2. Assessing Entrepreneurial Competencies Rs. 1000/- US \$ 100