

Startup India ‘Micro Enterprises are Key to Solving Issue of Informal Labour Workforce in India’

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Skill, Labour, Talent for MSMEs: Considering that most micro-enterprises are not taught to foresee much beyond a financial crisis, a catastrophe like Covid-19 can leave them completely shaken.



Skill development training is the primary requirement and will certainly ensure the sustenance of micro-enterprises in India. (Representational image; IE photo)

By Dr Raman Gujral & Dr Rajesh Gupta

Skill, Labour, Talent for MSMEs: The regressive pandemic, COVID 19 has made almost every economy of the world lurch on the hinges of an economic downturn and severe medical crises. As India remains in lockdown, the impact on the economy and business landscape is expected to be devastating. Micro, small & medium enterprises (MSMEs) in particular, have registered a steep dip considering a complete disruption in demand and supply chain. As economies gape at the destruction of years of progress, the trickledown

effect of this devastation will be most felt by the informal labour force. Considering that most micro-enterprises are not taught to foresee much beyond a financial crisis, a catastrophe of this nature can leave them completely shaken.

A recent study by All India Manufacturers' Association (AIMO) showed that close to 43 per cent of MSMEs might shut down if the lockdown extends beyond eight weeks. The lockdown has already impacted the supply side as most of the manufacturing is shut down. While the supply side factors might recover once the lockdown is withdrawn, feeble demand on account of fall in disposable income may weaken the chain noticeably. While fiscal benefits, announced by the government will seek to normalise the situation to an extent, it is also important to simultaneously institute measures that impart some sort of self-reliance and sustenance.

Skill Development

It is important to build their trust in themselves so that they look forward to identifying local needs and requirements and partake in local manufacturing and business. For this, skill development training is the primary requirement and will certainly ensure the sustenance of micro-enterprises in India. The target should be that alongside meeting local requirements, they also move beyond their local area of operations to bigger turfs. Skill development training and establishing market linkages will facilitate both urban and rural micro-entrepreneurs. Those functioning in the informal sector will benefit substantially. So, training in entrepreneurship and skills to manage a crisis is one of the primary learnings here.

The basic premise of such training should be to prepare an entrepreneur to foresee an eventuality and to be able to evade/mitigate it. Yet, if it strikes despite measures, the entrepreneur must ensure that he/she does not fall prey to its resultant economic certainties; instead uses his creativity, resources and out-of-the-box thinking to survive these tumultuous times.

Amidst these vulnerabilities and uncertainties of the market, there are some micro-entrepreneurs whose stories are inspiring and who have responded to the need of the time. Some of the micro-entrepreneurs have turned into 'Healthcare Warriors' amidst

the breakdown in their regular business. They saw an opportunity to contribute their bit in tackling the spread of COVID-19. From manufacturing face masks to sanitizers and from manufacturing medical oxygen generators to producing disinfectants, MSMEs, self-help groups (SHGs), startups and entrepreneurs are trying to contribute in their own way, thus ensuring that they rise to the occasion and also earn a living in these trying times. Let me share some inspiring examples.

Micro-Enterprise Creation

At this point, it is important to build capacity and create micro-enterprises at village and taluka levels. These enterprises should be self-sustainable and agnostic external shocks. One such initiative in place to spur village entrepreneurship is Start-up Village Entrepreneurship Programme (SVEP), a programme of National Rural Livelihoods Mission under the Ministry of Rural Development, Government of India, being implemented with support from State Rural Livelihoods Missions. Under this programme, a range of micro-entrepreneurs has been promoted. Some of these micro-entrepreneurs who had been trained in stitching are these days contributing their bit in the efforts to prevent COVID 19 spread by making face masks and supplying to the local authorities, wholesalers and retailers.

Around 100 entrepreneurs, micro-entrepreneurs from Jharkhand, Chattisgarh, Haryana, Odisha, West Bengal, Uttar Pradesh and Madhya Pradesh are manufacturing masks and supplying to the zila panchayat, local authorities and to local wholesalers. Some of them were provided training in making the mask by the zila panchayat and were given orders to make the masks. On average they make around 50 to 60 masks per day and earn in the range of Rs.200 to 600 per day. These are basic low-cost masks priced between Rs 5 to Rs 30 per piece, produced with an objective to cater to the local demand at an affordable price. These village entrepreneurs have risen to a level wherein they are catering to demand for masks in remote locations amidst conditions marked by almost nil accessibility, poverty and low awareness.

There are some MSMEs that are mindful about environment protection and possess a conscience that tells them to choose that opportunity that helps them be socially responsible. Several youths today are taking up entrepreneurship and simultaneously

stepping into this space. With more such enterprises around, most problems will automatically be superseded and hence such a trend needs to be encouraged. The MSME sector has got severely pressed, leaving many jobless and helpless. However, while this catastrophe has come with challenges, it does extend opportunities that need to be worked upon and made of best use.

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