



NEW LETTER



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

Dr. V. G Patel
Director, EDI

EDI-EU SPEARHEAD TEAM

Dr. Dinesh Awasthi
Project Chief

Dr. KVSM Krishna
Director-Planning

Mr. Bipin Shah
Director-Implementation

Mr. Kirti Vakil
Project Leader

Mr. Shiv Bhusan 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. Sivan A.
Central Secretariat

EDITORIAL TEAM

Nabarun Sen Gupta
Editor

Nikhilesh Desai
Managing Editor

Julie Shah
Associate Editor



From the Director's Desk

On 26th January 2001, when India was all set to celebrate its 51st Republic Day, a high intensity earthquake struck Gujarat. The nightmarish 100 seconds resulted into a loss of hundreds of millions worth productive assets and property and immeasurable loss of precious human lives. We immediately rushed a team of EDI faculty for an on the spot assessment. After an intensive brainstorming on how best we can serve the earthquake affected regions, a comprehensive package was conceived way back in March 2001. It was perceived that any sort of intervention should be sustainable, reconstructing and long lasting. Thus took shape a proposal on Economic Rehabilitation of Earthquake Affected Regions in Gujarat focussing on enterprise development and revival.

The proposal saw the light of the day when the European Union came forward with a sanction of EUR 1.5 Million. The task will be accomplished by partnering with Non Government Organizations and industry that have commitment to the cause.

It gives me pleasure to place the First Edition of the Monthly Newsletter before you. The objective of this endeavour is to share our field level experiences with all the stakeholders and those who have concern for the rehabilitation work in Gujarat. I hope you find it useful.

- V. G. Patel

Editorial

On the morning of January 26, 2001, the Indian Province of Gujarat was struck by an Earthquake measuring 6.9 on the richter scale. The official record placed the death toll at 19,727 leaving over 166,000 citizens injured. There were reports that over 600,000 people were rendered homeless, with 348,000 houses destroyed and an additional 844,000 damaged. According to an official estimation 15.9 million people were affected directly or indirectly. It killed more than 20,000 cattle - a prime contributor to the rural economy of Kachchh and Saurashtra. Government estimates placed the direct economic losses at \$1.3 billion.

This damage had to be addressed on a war-footing. Entrepreneurship Development Institute of India took upon itself the task of facilitating the process of economic regeneration of the affected region through The EDI-EU PERKS supported by the EUROPEAN UNION. Having completed the first few months, it was thought prudent to disseminate information on our activities and initiatives among the stakeholders. This monthly newsletter will carry features on the efforts of EDI as well as those of our partners- NGOs, Corporate Houses and the Government. In the subsequent issues, we plan to bring forth-small caselets on people who bounced back braving the fury of nature.

- Nabarun Sen Gupta

"Entrepreneurs innovate. Innovation is the specific instrument of entrepreneurship"

- Peter Drucker

The EDI-EU Project - A Brief

The EDI-EU Project for Economic Regeneration of Kachchh and Saurashtra (EDI-EU PERKS) proposes to implement five programs. These are:

Entrepreneurship Development Program (EDP)

This will focus on imparting training to potential entrepreneurs from Urban locations in the earthquake affected regions. Inputs on initiating, conducting and operating business ventures will be given to 2000 youths (women and men). The efforts will possibly lead to the establishment of 1500 enterprises and will provide employment opportunities to around 15000 persons. A total of eighty (80) EDPs will be conducted during the project period of two years.

Commissioner, Development and Humanitarian Aid, European Commission visits EDI



Mr. Poul Nielson, Commissioner (Minister Rank), Development and Humanitarian Aid in the European Commission (extreme right) visited EDI. Accompanying him was (on extreme left) Michel Caillouet, Ambassador and Head of the EU Delegation in India. Also seen in the picture is Dr. V. G. Patel, Vice-President and Director, EDI (in the centre)



Dr. V. G. Patel, Vice-President and Director, EDI explaining the activities of the Institute to Mr. Poul

Rural Entrepreneurship Development Program (REDP)

REDP targets the rural men and women and is a program that motivates these women and men to set up micro-enterprises. The emphasis is on generating a livelihood for these families many of whom are below the poverty line. The program envisages to train 3375 potential entrepreneurs leading to setting up of 2700 enterprises which would lead to jobs for over 10800 rural folks. During the project period, 135 such programs will be conducted.

Group Entrepreneurship Development Program (GEDP)

Group Entrepreneurship as a concept has been gaining ground as an effort to empower the marginalized-the poor and vulnerable section. Since risk-taking ability of such individuals is at low levels, many shy away from an entrepreneurial endeavour. The rural population faces constraints in terms of resources and access to formal institutions and networks. Amidst such a situation, Group Entrepreneurship as a strategy has resulted in copious benefits. This strategy is, therefore, being tried out with 2500 entrepreneurs from the region-most of them would be members of the Thrift Groups initiated by the NGOs. The program will help form consortiums to acquire technology, marketing and financial support. The expectations are that women especially will use this program as a strategy for carrying out the backward and the forward linkages- input purchase and output disposal respectively. The chosen activities will be mainly skill based, natural resource based and/or traditional activities that are specific to the local area. 25 such programmes (GEDPs) will be conducted during the project period.

Industrial Rehabilitation Program (IRP)

In IRP, it is proposed to facilitate reconstruction and revival of 195 enterprises. These enterprises will be helped in the preparation of rehabilitation plans and identification of suitable technologies. The support will be consolidated through the establishment of counselling - cum - consultancy cells. The program envisages organisation of workshops at various locations to create awareness among the affected entrepreneurs and motivate them to join hands in this endeavour.

Corporate Linkage Program (CLP)

The program will create linkages for 260 small and medium enterprises and 50 corporate houses. The linkages will help these 260 small and medium enterprises bring in updated technology, improve product quality, establish market linkages, thus ensuring sustenance and growth. These will be initially achieved through the process of subcontracting and ancillarisation. Successful linkage program will, over a period, create conditions for innovations, establish good management practices and also create market opportunities for these firms.

Accomplishments

A. Need Assessment Study

In order to address the problems faced by disaster struck areas and implement a rehabilitation plan, EDI primarily proposed to carry out a need assessment study to have an in-depth understanding of the ground situation. This was felt necessary, so as to have a better idea of the economic activities of tiny and small entrepreneurs affected by the earthquake.

In this direction, EDI developed an alternative methodology to obtain both direct and indirect data collection methods to arrive at an understanding of what actually happened to the people. Indirect estimates on the loss were generated using primary as well as secondary data. Assessments of the livelihood losses were made directly, at the micro i.e. at village and small town level.

An in-depth assessment study of 1000 households was carried out as a part of data collection. In addition to this sixty (60) entrepreneurs were also interviewed. Interactions were done to obtain viewpoints from NGOs, industry associations, bankers and government officials. The data looked into their capabilities, their livelihood patterns, the economic losses they suffered and their interest in starting an entrepreneurial career.

A survey of households and earthquake-affected entrepreneurs was conducted using a structured interview schedule. The information obtained from NGOs, Industry Association, Bankers and Govt. Officials were based on personal interview.

The survey was conducted with due support of the collaborating NGOs in all the four districts.

Major Findings

- ◆ The age group of 18-25 forms the untapped group. This group could be targeted for self-employment.
- ◆ The work participation ratio indicates scope for increasing the work participation rate through employment generation.
- ◆ Livestock based occupation could be taken since knowledge and market exists.
- ◆ The respondents mentioned lack of finance, lack of managerial skills, lack of knowledge about support environment, lack of motivation and fear of not being able to get the required resources as factors limiting a career in self-employment.
- ◆ 93 per cent of households studied expressed their willingness to go for self-employment, provided the factors they perceived as limitations were removed.

B. The Survey of Industrial Units

Tiny, small and medium scale industrial units have come to play an increasingly significant role on the developmental front on account of their sizable contribution to employment and export earnings. Natural calamities and general economic upheavals however endanger the very existence of these units. In addition these units are also bogged down by lack of technology, market sensitivity, poor understanding of the economic scenario, unfavourable financial service support, etc. Rehabilitatory measures therefore need to address these issues. The survey was done to understand these aspects so as to design relevant and workable strategies towards rehabilitation.



The EDI-EU Project for Economic Regeneration of Kachchh & Saurashtra (EDI-EU PERKS) was launched at EDI campus on 6th May 2002 by Mr. Rajiv Mehta, Adviser (Development), Delegation of European Commission in India. Seen in the picture is Mr. Mehta addressing the NGO partners and the invited guests. Also seen on the dais are Dr. V. G. Patel, Vice-President & Director, EDI (on extreme right) & Dr. KVSM Krishna, the Project Director.



Mr. Mehta inaugurating the EDI-EU Project Secretariat at EDI campus.

The Key Findings

- ◆ Need was felt for advisory services particularly for business diagnosis and growth planning.
- ◆ Financial assistance and marketing support were the major needs of these units for survival and growth.
- ◆ Industry Associations, Bankers, District Industries Centre and other decision-makers were inclined towards using this opportunity to bring about a turn around.

As the two primary Industrial Reconstruction Activities viz. Industrial Rehabilitation Program and Corporate Linkage Program have the basic objectives of helping SMEs prepare rehabilitation plans and facilitating networking and matching of corporate house with the SMEs, these findings will help evolve a definite strategy to reach targets.

C. The Participatory Diagnosis

The participatory methodology was adopted to obtain broader and deeper insights into reality. This methodology was used to understand the difference in the use pattern of resources (natural and human). Distribution aspects, access and control profiles were also looked into.

The study was conducted in three districts (Rajkot, Jamnagar and Kachchh). At all the three locations a set of two to three villages were taken for an in-depth study. Various participatory techniques were used. Similarly at each location a few prominent resources were selected and an in-depth analysis was done through group discussion method to find out the access and control profile, seasonality of use, skills required etc.

The Findings

- ◆ Control over resources saw existence of inequities.- class, caste and gender. Mechanisms and procedures laid down by administration prevented the poor from exploiting resources for income generation.
- ◆ Linkages with market, support institutions were beyond the control of common person and came forth as barriers.
- ◆ Women and socially disadvantaged groups found extreme difficulty in exploiting the resources and earning a living out of them.
- ◆ Some possibility exists in group based enterprises with these disadvantaged groups since capital outlay for most of these projects is low as also existence of local markets for the products.

These findings would be used by the team while drawing out the products on which different enterprises could be initiated in the area. Similarly the problems faced by existing entrepreneurs in making use of the existing

resources would give insights to the NGOs particularly in devising strategies to address them.

D. Trainers' Training Programme (TTPs)

The TTPs were conducted to help participants understand the special needs of different target groups- Youth, Unemployed, SC/ST, Women, and to strengthen their knowledge in initiating, planning and implementing rural entrepreneurship development activities. The training concentrated on development of skills, knowledge and attitudes which are necessary for a competent entrepreneur, trainer-motivator and counsellor. Class room lectures, group discussions, role plays, case studies, audio visuals and field visits were part of the training methodology to facilitate learning of these development workers from 23 NGOs. Various evaluative methods were used to assess the performance of the participants. Most of these participants are able to handle major part of the training at the field level with certain degree of support from Master trainers from their NGOs or from EDI.

A total of four programs were conducted at EDI campus during the period. Partner NGOs nominated their development workers to attend these training programs. The TTPs together trained ninety-two trainees. These Trainers are now involved in conduction of GEDPs, EDPs and REDPs at various locations.

E. Industrial Rehabilitation Counsellors' Training Program

A training program of the Industrial Rehabilitation Counsellors was organized at EDI Campus during June 14-27, 2002. This was done to prepare a cadre of skilled human resource who could take on to the task of economic rehabilitation of small and medium enterprises. The program helped in training fifteen rehabilitation counsellors and consultants. The participants were professionals- Chartered Accountants, Management Specialists, Technocrats, with experience in undertaking rehabilitation studies and implementing revival programs.

The inputs comprised interactive sessions, case discussions, etc.

A two-day field assignment was given to each of these participants so as to expose them to the situation. These counsellors were given inputs on conducting various analysis - Market analysis, Financial analysis, Risk analysis, Diagnosis of potential of the region, Technology assessment etc. These tools will be used to diagnose the situation and give inputs based on the diagnosis.

F. STAKEHOLDERS' WORKSHOPS

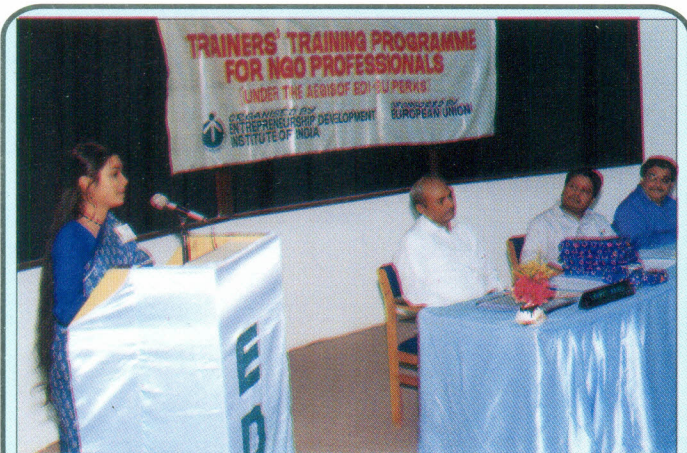
Two such workshops were conducted first at Rajkot (25-27 July, 2002) and then at Bhuj (8-10, August 2002) to share with the stakeholders the findings of the Need Assessment Studies. 69 representatives from partner NGOs, Government Departments and the Banks whose

support would have a bearing on the project outcome, met and discussed various issues and charted out a course of action.

Deliberations focused on the expectations of the stakeholders and also their strengths and weaknesses.

This was done with the basic objective of establishing linkages and rapport between the entrepreneurs and the agencies.

The workshop sensitized the participants to the needs of the local entrepreneurs and evolved a concrete action plan. Several meaningful recommendations were also generated; these were incorporated in the study report.



A participant from the Trainers' Training Programme organised at EDI campus for NGO professionals, presenting her views on the programme.

G. WORKSHOPS TO SENSITISE INDUSTRIAL ASSOCIATIONS

Three workshops were held with the Industrial units and their associations. This was done as a follow up of the Stakeholders' Workshops. The workshops were held at Vadodara (4th October 2002) with Federation of Gujarat Industries; Rajkot (27th September 2002) with Rajkot Engineering Association and at Gandhidham (27 August 2002) with Gandhidham Chambers of Commerce and Industries. These were also attended by members from various Government Departments.

In each of these workshops the focus was on informing and convincing the members on the Corporate Linkage Program (CLP) and the Industrial Rehabilitation Program (IRP) component and thus ensuring their support.

At all the places the presentations were followed with one-to-one meeting to ascertain and select enterprises. In addition to the members of the associations, small entrepreneurs and counsellors were also present. This gave the participants an opportunity to know one another and also establish possible links.

As these agencies are expected to play a very vital role, these workshops will pave way for future collaboration for

Corporate Linkages as well as for Industrial Rehabilitation Programs.

H. Training of Entrepreneurs

EDI has entered into an understanding with 23 NGOs located in Kachchh and Saurashtra. These NGOs had deputed their development workers to attend a month long training program of Trainers. The first phase of entrepreneurship training has been initiated at various locations. A total of twenty NGOs are conducting 44 programs. The break up is given as under:

| District | REDPs | EDPs | GEDPs |
|---------------------------|-------|------|-------|
| Kachchh | 07 | 06 | 05 |
| Jamnagar | 02 | 03 | -- |
| Surendranagar | 03 | 06 | 02 |
| Rajkot | 05 | 02 | 03 |
| Total | 17 | 17 | 10 |
| Number of NGOs Partnering | 15 | 16 | 08 |

The first phase of the enterprise training was launched in the second week of September 2002. The trainers trained in the first two Trainers Training Programs are involved in this training. This phase is almost nearing completion.

The Spearhead Team from EDI is involved in various activities related to the training. This includes helping the trainees in conducting certain critical tasks like Selection of the Entrepreneurs, Achievement-Motivation Training, Business Opportunity Counselling and Product Identification, Project Report Preparation, Liaison and Networking with local Government and Bank Functionaries.

I. IRP and CLP In Action

Industrial Rehabilitation Program and the Corporate Linkage Program have also made a good beginning. A total of 64 Small and Medium Enterprises have been identified and 15 Industrial Counsellors are presently interacting with these units to draw out a detailed action plan for their rehabilitation and possible linkages. The geographical distribution of the units is as under:

| District | No. of Units |
|---------------|--------------|
| Kachchh | 28 |
| Jamnagar | 06 |
| Surendranagar | 11 |
| Rajkot | 19 |
| Total | 64 |

The work of more units will be taken up in the days to come. It is expected that detailed rehabilitation plans and linkage programs of these units would be taken up before the end of the year 2002.

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, FNSt, British Council, Ford Foundation and the European Union which has extended support to its project for 'Economic Rehabilitation of Kachchh & Saurashtra.'

Our Partner NGO

Each issue of the EDI-EU PERKS Project Newsletter will give brief information on one of the NGOs partnering with us in the project. The First Newsletter introduces MEDHAVI, an organisation based at Ahmedabad, Gujarat.

MEDHAVI

MEDHAVI endeavours to enrich quality of life of socio-economically disadvantaged class of people by intervening in the areas of their resource management, health, sanitation and education with special emphasis on maximizing returns on available resources, exploiting potentials with due environmental consideration. Technological, financial and group based intervention is used for integrated, balanced & equitable growth of agriculture and rural development. Emphasis is on self-sustainability.

The key areas identified for intervention were watershed development, wasteland development, local resource management, health and hygiene, sanitation, education, gender and environmental issues.

The organisation through its efforts is also involved in the state of Gujarat and Rajasthan.

The organisation gives emphasis on securing participation of the communities and makes attempts to channelise the hidden and dormant energies of the people for the betterment of the societies at large.

For successfully implementing Government Projects, the organisation has been honoured with awards like : "VIKASRATNA" award of India International Friendship Society, New Delhi in 1998; "VIJAYRATNA" award of The Industrial Economic Forum, New Delhi in 1998 and "LEADERSHIP" award of Soil Conservation Society of India in 1999.

Address

Shreeji House, Behind M. J. Library Ashram Road, Ahmedabad-380 006.
Phone : (079) 6578594, 6575762
Fax : (079) 6582812
E-mail : mail@medhavi_ngo.org
Contact Person : Dr. Rajendrabhai Dalal
(Chief Executive)

EDI-EU Secretariat

Entrepreneurship Development Institute of India

(Via Ahmedabad Airport & Indra 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