



NEWSLETTER



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

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Editorial

One of the important components of EDI-EU Project is to promote business activities among rural poor. It is always difficult for an individual entrepreneur to face the challenges of the business world alone. This is more so for a first generation entrepreneur. Initiating a business in a group mode is seen as a strategy to help these sets of people gain confidence on one hand and on the other make a living out of the business the group initiates.

The concept of group entrepreneurship is seen as a recipe for survival & growth of small entrepreneurs. This is particularly the case for the "micro-enterprise sector where savings generated by members of low income groups through the self-help programs are used as an institutional frame to support such initiatives. The father of our nation laid the foundation of the concept with a dream that every man and woman should be able to earn his or her daily bread by making use of technologies, based on the principle of production by masses. In today's context this concept needs to be supported since free trade and globalization are pitted against the products from masses i.e. micro-enterprises.

Studies and observations point out that higher success in rural entrepreneurship activities can be achieved with the help of a good training program for rural poor and also by providing them help in aspects like product marketing, technology support and financing. While individual entrepreneurship efforts are guided by profits and depend on individual competence, group entrepreneurship efforts are seen to depend on factors like support of link organizations in areas like raw material purchase, technology sourcing, credit sourcing, advertising, marketing etc. To allow informal businesses to continue with group entrepreneurship strategy could keep focus on some aspects, such as:

- ◆ locating enterprises close to low-income residential areas,.
- ◆ minimizing transportation costs by providing support and facilitate labour mobility.
- ◆ providing credit on easy terms
- ◆ allowing businesses in residential premises.

These efforts are likely to have a very positive impact on both enterprises as well as entrepreneurs. Some of these impacts could;

- ◆ boost individual members' income,
- ◆ strengthen management capacities,
- ◆ enlarge the credit pool in the long term,
- ◆ provide for a firsthand model that would build confidence in the entrepreneurs.

There is an immense scope of promoting Group Enterprises in Gujarat. It is in Gujarat that the cooperatives have done wonders. The self-help micro-credit movement is a decade old experiment. Reforms and learnings are both with us. It is in this context that Group Enterprises could be seen as one viable alternative. However organizing poor into groups is no easy task. Issues of transparency, participatory decision making etc are likely to play a decisive role in maintaining the groups unity and its cohesiveness. One has to be careful so as to prevent one to take the benefit at the expense of others' involvement. Let's make this effort and success will be with us.

"Nothing splendid has ever been achieved except by those who dared believe that something inside them was superior to circumstance"

- Bruce Barton

- Nabarun Sen Gupta

Status of EDP, GEDP and REDP

The month of December saw the initiation of the second phase of the entrepreneurship programs. These were launched at 43 different locations in the earthquake affected districts of the Gujarat State. NGOs were seen gearing themselves for launching the second phase programs. This included identification of locations for training, spearheading campaign for motivating youths, etc. Table 1 illustrates the district wise program breakup of the second phase.

At almost all locations the partnering NGOs were also involved in follow up actions, namely guiding, preparing, submitting and negotiating on behalf of the trained entrepreneurs so that they could obtain support from financial institutions. The team from EDI was also involved in

meeting the bank officials. Parallel to all this was the stock taking of the learnings of the first phase, which continued during the month. Table 2 illustrates some socio-economic data of the first phase trainees.

The GEDP Groups got strengthened through generation of savings. Discussions were promoted with the members of these groups on product identification for launching some kind of business activity.

The IRP counsellors were also on the move. Most of the IRP counsellors were involved in preparing diagnostic study reports of the identified units. The counsellors have by now identified a total of 81 units. The spread and the type of unit is illustrated in table 3.

Table 1
Distribution of the Second Phase Program

Districts	EDP	REDP	GEDP	TOTAL
Surendranagar	03	03	02	08 (18.6)
Rajkot	02	05	03	10 (23.3)
Jamnagar	00	01	00	01 (02.3)
Kachchh	09	11	04	24 (55.8)
Total	14(35)	20(47.5)	09(17.5)	43 (100.0)

Figures in brackets indicates percentages

Table 3
Spread of IRP

Districts	Number	Type
Jamnagar	06	Castings
Rajkot	30	Brass Parts
Surendranagar	11	Ceramic Tiles
Kachchh	31	HDPE Sacks
Others	03	Cement
Total	81	Pipes, Dye Chem, Minerals Salt Products, Pump-sets Kitchen-ware, Mineral water Jewelry, Metal products

Table 2
Profile of the participants of First phase

PROGRAM		EDP	REDP	GEDP	TOTAL	(%)
ENTREPRENEURS TRAINED	Total Programs	16	12	8	36	
DISTRICTS	SURENDRANAGAR	120	051	0	171	11.3
	RAJKOT	080	122	323	525	34.6
	JAMNAGAR	055	051	0	106	7.0
	KACHCHH	152	107	455	714	47.1
SEX	FEMALE	100	219	778	1097	72.4
	MALE	307	112	0	419	27.6
AGE GROUP	18-24	221	150	141	512	33.8
	25-44	177	171	588	936	61.7
	45+	009	010	049	068	4.5
EDUCATION	ILLITERATE	013	046	283	342	22.6
	PRIMARY	116	152	406	674	44.5
	SECONDARY	080	069	065	214	14.1
	SENIOR SECONDARY	087	047	022	156	10.3
	GRADUATE	086	014	002	102	6.7
	POST GRADUATE	010	002	0	012	0.8
	TECHNICAL	015	001	0	016	1.1
CASTE	GENERAL	230	116	216	562	37.1
	OTHER BACKWARD CASTE	125	150	398	673	44.4
	SCHEDULED CASTE	049	061	056	166	10.9
	SCHEDULED TRIBES	001	001	0	002	0.1
	OTHERS	002	003	046	051	3.4
	MUSLIMS	0	0	062	062	4.1
INCOME	LESS THAN 18000	172	174	503	849	56.0
	18001-23999	073	029	166	268	17.7
	24000-35999	063	078	091	232	15.3
	36000-59999	047	037	016	100	6.6
	60000+	052	013	002	067	4.4

The Leather Processors

Charmakars, as they are called, belong to a socially and economically backward community and are involved in flaying from carcasses of dead animals. Some enterprising individuals are skilled in doing some value addition. They are involved in doing some primary tanning of skin also. The techniques adopted by them are traditional and the skins they process find market with local shoemakers.

These enterprising individuals are involved in buying skin from those who are involved in flaying. These are then subjected to further processing using barks from locally grown trees. The skin of the dead animals takes around 45-50 days to process. They are initially treated with salt mixed with the bark of a tree locally called 'Juwashi'. The treatment lasts for around three weeks, wherein the hair come out and the skin becomes soft. The skin is then again soaked in large ponds mixed with salt and with bark of another tree locally called 'Avar'. The skin is rotated every eight days so as to treat every part. Once the treatment is over the skin is sun dried and then sold to the shoemakers (Mochies).

The raw material is readily available. Both Saurashtra and Kachchh have Animal Husbandry as a major economic activity. Therefore obtaining skin is possible. Local estimates revealed that atleast one tenth of the animal stock perish every year. The processed skin is sold at a price of Rs. Fifty a Kilogram. Local estimates revealed that an individual can make an earning of Rs 3000 per month from this trade.

The value addition on a skin of different animals is given in the table as under:

Animal type	Cost of raw skin in Rupees	Average weight of finished leather in Kgs	Value added
Sheeps, Goats	10-15	0.5 Kgs.	+ (10 to 15)
Small Cows, Buffaloes	50	4-5 Kgs	+ (150 to 200)
Big Cows	100	10-12 Kgs	+ (400 to 500)
Big Buffaloes	150	15 Kgs +	+ (600)

Women are mostly involved in supply of necessary raw material. They obtain the barks of the trees and prepare a paste out of it. They also fetch water for the ponds. The men then involve in mixing of the bark and salt and doing the operations of processing while the skin are in these ponds. Men do the trading activity of the raw as well as the

processed skin.

Generally the equipment needed are simple. The ponds could be constructed locally and each of them would cost a thousand rupee. On an average the processing would need three such ponds. The recurring cost would be another two thousand rupees. This is required for purchasing the necessary raw materials. In most cases the same is obtained at credit with no interest charged. Maintenance cost is also marginal. Repair and maintenance would require a few hundred rupees every year.

Immense scope exists for generating employment in both Kachchh and Saurashtra. The presence of the Central Leather Research Institute (CLRI) at Ahmedabad could add further value to technology based intervention in leather processing. The technology intervention might fetch in higher returns for those involved in processing. Since capital cost and seed capital cost are marginal these could be taken up. The processing add a minimum value of five times the cost of purchasing the raw material. One could think of establishing units with those who are socially excluded.



'Juwashi' - The shrub used as a raw material for Tanning



'ponds' - used in leather processing

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

Center for Entrepreneurship Skill and Career Development (CESCD) was established in the year 1982. The organisation is into the field of income generation and focuses on marginalised groups. Using training as a strategy the organisation seeks to empower rural women and youths.

CESCD has organized a lot of training programs in the field of Entrepreneurship Development and Skill Development. These have been possible due to the dedicated efforts of qualified and experienced professionals. CESCD also undertakes women welfare activities and ensures economic viability, technical feasibility, and financial soundness in all its efforts. It effectively concentrates on the social and economic considerations of the project it associates with.

The efforts have paid the organisation well. The organisation has been able to initiate self-help groups covering 1600 women. Many of these women are today into various income generating projects. The organisation has also conducted 17 Entrepreneurship Development Programs and has provided inputs to 510 youths of which 294 are women. In the year 2002 CESCD conducted REDPs, GEDPs, EDPs covering over 600 women and 60 men. Technical EDPs in Leatherwork and light engineering were also conducted during the year covering over 90 women and 60 men. The organisation is associated with various institutions. This includes - NABARD, SWA-Shakti, Gujarat Council of Science and Technology Women Economic Development Corporation (WEDC), EDI, District Rural Development Agency (DRDA), Rural Technology Institute (RTI), CESCD is presently working in six districts of Gujarat namely Mehsana, Patan, Gandhinagar, Ahmedabad, Surendernagar and Rajkot.

EDI has involved CESCD as one of its partner in EU project. The organisation has carried out programmes in Rajkot District.

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