

EDI Reports

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From the Director's Desk



FACILITATING TIE-UPS BETWEEN INDIAN & EUROPEAN SMEs

Getting the ENTRIXIE Project (Entrepreneurship Training and Information Exchange for Small Businesses in India and Europe) of the European Union-India Economic Cross Cultural Programme (ECCP) is a credit not just for EDI but also for the country. ENTRIXIE is one of the 29 projects shortlisted by the ECCP to encourage trade cooperation between the European

countries and India. The Project has EDI as one of its partners and its launch on January 8, 2000 was a matter of pride for all of us.

The other partner institutions in the project, i.e. Training 2000, UK; BfZ, Essen, Germany; and Bfl, Linz, Austria are also leaders in their fields and I am sure the entrepreneurs will gain in terms of forging meaningful partnerships. To begin with, Gujarat and Karnataka have been selected for the pilot project. This project will further strengthen exchange of know-how, technology, markets, linking up of entrepreneurs, learning the nuances of joint ventures and entering into successful partnerships/relationships. The five main sectors identified under the project for exploring possible tie-ups are : Food & Agro, Leather, Information Technology, Engineering and Drugs & Pharmaceuticals. Depending on the viability and the success of the pilot initiative, the project will see its implementation on an all India level.

For years, our focus had been on creation of new enterprises. Lately the realisation has dawned upon all concerned that performance and growth of those who are already in business is also important. And this is more so now in the light of the challenges posed by globalisation where survival of the fittest has become a reality. The institute has also struck a balance and moved a step beyond organising programmes on New Enterprise Creation and now also focuses on conducting Growth Programmes for existing entrepreneurs. This project is a significant step in this direction and will ensure that SMEs of one country benefit from the experiences of the other.

A recent study by EDI brought to the fore that almost half of our entrepreneurs have no clue as to how will they face the challenges posed by globalisation. A CII study also indicated that a significant number of entrepreneurs are not aware of technology transfer and upgradation of technology required. They are not equipped to meet the new challenges. A few concerns they showed were 'how do we sign an agreement with a partner country abroad? What are the aspects we should focus on?' This project aims at removing cross cultural barriers and apprehensions with regard to trade and investment relationships. It will improve reciprocal knowledge, understanding and mutual respect between SMEs of the EU and India with a view to establishing and fostering fruitful business relationships.

'Training', 'business contacts', 'developing telematics' and maximising its use will be the primary mechanisms to be adopted. I am happy that around 500 entrepreneurs from Gujarat and Karnataka have come forward to explore this project and I hope that a fairly large number will benefit directly. We have launched the project with the good wishes of Hon'ble Industry Minister, Shri Sureshchandra Mehta of Gujarat. We are confident of success.

- V. G. Patel

ENTREPRENEURSHIP DEVELOPMENT INSTITUTE OF INDIA



The United Nations Industrial Development Organisation (UNIDO) has been cooperating with the EDI in implementing Training Programmes on Industrial Project Preparation and Appraisal since 1991. In order to contribute comprehensively to the process of investment promotion and entrepreneurship development, the Government of India and UNIDO together sponsored the Inter-Regional Centre (IRC) for Entrepreneurship and Investment Training, which has been set up at EDI.

IRC's mission is to develop and strengthen indigenous capacities of 46 selected countries in Asia, Africa and Arab regions for investment promotion and entrepreneurship development.

In a short span of about 2 years, IRC has benefitted over 200 professionals from 23 countries. As a matter of strategy, IRC adopted a two-pronged approach (a) organise capacity building programmes for the target countries covering various aspects of project development cycle starting from business opportunity identification to project appraisal and implementation and (b) identify Focal Point Countries in Asia, Africa and Arab Regions so that over a period of time, their capacities could be strengthened to promote investments and develop indigenous entrepreneurs. Further, Focal Point Institutions (FPIs) have been identified in Kazakhstan, Bahrain and Botswana with a view to benefit a group of countries in a given region.

Some impact making programmes were conducted under IRC in the recent past.

**UPGRADING SKILLS IN INDUSTRIAL PROJECT
PREPARATION AND APPRAISAL
- AN INTERNATIONAL TRAINING PROGRAMME**



Seen during the inaugural function are (R to L) Mr. O.Ravi, Director, Dept. of Industrial Policy and Promotion, Ministry of Industry, Govt. of India, Mr. Antonio Pinto Rodrigues, Acting Director, Investment and Technology Promotion Branch, UNIDO, VIENNA and Dr. Dinesh Awasthi, Senior Faculty, EDI.

A large percent of the GDP of most countries arises from the agriculture and agro-processing sectors. And, its contribution to employment generation, foreign exchange reserves, and entrepreneurship development is tremendous. However, at the macro level the sector can be

successful only if value addition is maximised and specialised management practices and appraisal norms are instituted at the agri-business enterprise level. Besides, UNIDO studies reveal that lack of appropriate skills to adopt a systematic approach is a major constraint in several developing countries. A training programme on Industrial Project Preparation and Appraisal (IPPA) with special focus on Fruit and Vegetable Processing Sector, was therefore, planned during November 15 - December 3, 1999.

The objectives of the programme were to help potential/existing entrepreneurs and support system officials acquire enhanced appreciation of the intricacies involved in promoting projects in the sector; enhance knowledge and skills of participants in preparation and appraisal of industrial investment projects in agro-processing in general and fruit & vegetable processing projects, in particular; facilitate experience sharing among participants in the area of 'project development cycle'; increase awareness level of the participants in the area of appropriate technology/ equipment; equip the participants with an understanding of techno-commercial aspects of the sector; help them identify and understand critical issues involved in promoting, formulating and appraising projects for processing fruits and vegetables basically oriented towards export.



Mr. Antonio Pinto Rodrigues, Acting Director, Investment and Technology Promotion Branch, UNIDO, Vienna, inaugurating the programme.

The programme was inaugurated on November 15, 1999. The chief guest for the function was Mr. Antonio Pinto Rodrigues, Acting Director, Investment and Technology, Promotion Branch, UNIDO, Vienna. Mr. O. Ravi, National Project Co-ordinator, IRC & Director, Department of Industrial Policy & Promotion, Ministry of Industry, Govt. of India briefed about the project and its mission. 21 participants in the programme included entrepreneurs/ corporate planners/ managers, from countries like; Bangladesh, Bahrain, Ethiopia, Uganda, Nepal, Mozambique, Sudan, Sri Lanka, Tanzania, Zambia and India. The programme aimed at helping them in areas such as; establishing network with Indian technology providers, machinery suppliers; emerging trends in the agro-processing sector, market-related issues pertaining to export

of fruit and vegetable processing products; parameters of technology choice keeping in view the emerging scenario in the sector; computer supported comprehensive appraisal of financial viability of projects through Computer Model for Feasibility Analysis and Reporting (COMFAR III Expert), a UNIDO-developed software; understanding the process of assessing a promoter; and taking rational industrial investment decisions.

The programme also provided a holistic approach to project appraisal covering market analysis, technical analysis, financial analysis and environmental impact analysis. As an outcrop of the programme Inter-institutional tie-ups are being established between Indian financial institutions and developmental institutions in East Africa as to promote mutual trade and investment.

Overall the programme was highly rated and the participants felt it had indeed sharpened their skills with regard to Industrial Project Preparation & Appraisal, specifically.

Feedback of a participant



Mr. Salah Hasan Janahi, Bahrain

Today on this last day of the programme when I look back on the first day when we had gathered here, I feel I was so ignorant. This programme has not just added to my knowledge in the field of food and agro-industry but has gone beyond my expectations. Besides, I have also acquired practical knowledge by visiting industries and meeting Indian investors and entrepreneurs.

TRAINING PROGRAMME ON PROJECT APPRAISAL AND COMFAR

Under the aegis of Zimbabwe Investment Center (ZIC), a Training Programme on Project Appraisal and COMFAR Applications was organised during August 16 -27, 1999 in Harare. Over 20 delegates, representing ZIC, EMPRETEC, Zimbabwe Development Bank, Women in Business and various Town Councils, participated in the programme.

The inputs focussed on

- 1. Market Analysis
- 2. Technical Analysis
- 3. Financial Analysis and
- 4. Entrepreneurial Competencies.

The participants felt that the programme was very useful, particularly so as most of them were preparing themselves to initiate various activities in investment promotion. Case studies, they felt, were impact making and helped them internalise the learnings faster.

TRAINERS' TRAINING PROGRAMME ON ENTREPRENEURSHIP DEVELOPMENT FOR BAHRAINI PROFESSIONALS

The first training intervention in Bahrain started in the form of a Trainers' Training Programme for New Enterprise Creation during June 19-July 1, 1999 in association with Investment Promotion Services Office (IPSO) of UNIDO, Manama. The programme was organised by EDI.

The objectives were to help the participants acquire an understanding of the process of Entrepreneurship Development, generate awareness on the process of designing and introducing a course on Entrepreneurship Development as a part of the regular curriculum in educational institutes at under-graduate level and help the participants acquire an understanding of the process of planning, designing and implementing Entrepreneurship Development Programmes (EDPs) for new enterprise creation.

In all, there were 27 participants in the training programme. In order to build a cadre of core professionals who in turn could spread entrepreneurship movement in the entire Arab region, the participants were a mix of teachers, trainers, consultants, appraisal officers and industry promotion officers representing the University of Bahrain (UoB), Bahrain Training Institute (BTI), Bahrain Development Bank and the like.

TRAINING PROGRAMME ON PROJECT DEVELOPMENT CYCLE (PROJECT PREPARATION AND APPRAISAL)

Under the aegis of Islamic Development Bank (IDB), Jeddah, a Training Programme on Project Preparation & Appraisal was organised during 9 - 20 October, 1999 at Jeddah, Saudi Arabia.

20 delegates including one from UNIDO, IPSO, Bahrain and 19 from IDB participated in the programme.

The programme covered a variety of aspects like; introduction to the project system, economic and related policies that have an impact on any industrial project, process of identifying investment opportunities, information needs for market assessment, various aspects of information gathering instruments, approaches to demand forecasting including survey methods and statistical methods, etc.

The participants called the methodology of the programme extremely effective and suggested that case studies should be given more emphasis. They felt that all relevant issues revolving around the subject were covered.

A STUDY

International Centre for Integrated Mountain Development (ICIMOD) Kathmandu, Nepal commissioned a study to EDI on Promoting Small and Micro-Enterprises Through Training Interventions : The Indian Experience. On behalf of the Institute, the study was conducted by Dr. Dinesh Awasthi, Sr. Faculty Member and Head RED Division, Dr. Naresh Singh, Associate Faculty Member and Shri Promod K. Srivastava, Asst. Faculty Member. The study focussed on preparation of case studies in different countries and areas of the Hindukush - Himalayan (HKH) region with a view to documenting experiences of development and functioning of enterprises.

The study conducted in Indian Himalayan Hill Region (IHHR) threw light on the training interventions made by different agencies for promoting small and micro-enterprises. It analyses some successful and a few not successful training interventions and assesses the scope for their replicability elsewhere. The findings of the study suggest that development of entrepreneurial capabilities as also initiation of productive and gainful ventures through EDPs, have made positive impact on enterprise development in many underdeveloped regions, particularly the hilly areas in India.

The study concludes that EDPs following the EDI approach have as much chance of succeeding in hilly regions as elsewhere, but group entrepreneurship development approach is found to have better potential in terms of sustaining successful entrepreneurship activities in these regions.

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OLPE COUNSELLORS DEVISE NEW STRATEGIES TO ACHIEVE DESIRED OUTCOME

Various state level entrepreneurship development institutes, as well as EDI, the pioneer in entrepreneurship development, have, for decades, been conducting localised Entrepreneurship Development Programmes (EDPs). These EDPs have limitation of number & reach and cannot fulfill the need of a large number of potential entrepreneurs scattered in the vast geographical areas of the country. Hence need for a novel approach was felt.

To address this need of developing new, committed entrepreneurs on a large scale, the EDI, Ahmedabad, in 1995, conceptualized and launched an innovative Entrepreneurship Development Programme through distance learning and personal counselling titled Diploma in Business Entrepreneurship & Management (DBEM).

This course is sponsored by Friedrich-Naumann-Stiftung (FNSt), a foundation of International repute from Germany and is supported by National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology, Govt. of India.

The main objective of this one year course is 'New Enterprise Creation and Management'. To achieve this objective, the study material focusses on various aspects of starting and managing an enterprise.

The total number of learners enrolled till date in DBEM is 1780. Of this, 1304 have Science & Technology background and 476 non-S&T background. DBEM has 73 nodal agencies spread over 17 States.

MEET



Counsellors seen during a brainstorming session

Around 73 counsellors have been appointed by the OLPE Division to provide one-to-one counselling to the learners, organise contact sessions and extend support services to them for setting up their enterprises.

The OLPE Division organised a MEET of its counsellors with the objectives of reviewing the working methodology and devising innovative strategies so as to orient more and more youth to join the course and become self-employed.

Counsellors from nodal agencies in different parts of the country attended the MEET and reached at ways of orienting more number of youth towards self-employment and improving the start-up performance.

It was decided that the nodal agencies should organise awareness camps so as to bring potential learners face to face with the charms of being an entrepreneur. Besides the nodal agencies resolved to establish a network among themselves so that better support in terms of exchange of information, project ideas, and technologies could be made available. Another main objective of the Meet was to apprise the counsellors about the additional inputs in the study material focusing on Export Procedures, Formalities, Vendor Development, Venture Capital Financing, Strategic Management, Business Ethics, Changes in the Mode of Communication etc.

BANKERS ADOPT A MEANINGFUL APPROACH; LAY EMPHASIS ON PROJECT APPRAISAL AND ENTREPRENEUR ASSESSMENT

A training programme on Project Appraisal and Entrepreneur Assessment was conducted at EDI. This first programme in the series was attended by representatives from Bank of Baroda, Central Bank of India, Bank of India, Indian Overseas Bank, Gujarat State Financial Corporation and National Bank for Agriculture & Rural Development.

Over the years, EDI has designed and conducted several training programmes on skill and attitude development for bank managers and officers engaged in project appraisal as also the man behind the project. EDI is now offering new programmes to train bankers and financial institution personnel. Three programmes have been planned for the year 1999-2000. This comprises 2 programmes of basic level and one programme of advanced level.

The broad objectives of the programmes are to upgrade the skills of bankers and financial institution personnel in formulating and appraising projects in the SME sector and assessing the entrepreneurs.

The specific objectives of this first programme in the series were to develop overall project formulation and appraisal skills among the participants, help them identify competent entrepreneurs using specific behavioural tools and techniques, besides helping them become more proactive, customer-oriented, dynamic and responsive officers competent enough to operate in the changing scenario.

Besides EDI, the faculty for the programme represented institutions like IIM Ahmedabad, IIM Indore, reputed consultancy firms and financial institutions.

The participants were extremely happy at the end of the programme and felt that the programme had met their expectations.

They felt that they would now be able to assess the entrepreneur in a better manner using the EDI developed Focussed Behavioural Event Interview Technique. They opined that FBET technique of entrepreneur assessment is more advanced than their conventional management appraisal. According to the Programme Director, Dr. Sunil Shukla, 'the participants appreciated the programme inputs and stated that they shall now be able to assess the impact of budgets and economic cycle on the project implementation schedule and projects.'

Participants also understood the importance of comparing the cost of capital with the Internal Rate of Return (IRR) rather than comparison of IRR with a benchmark rate.



A participant of the Programme expressing his views during one of the sessions.

DEVELOPING IMPACT-MAKING IMPLEMENTATION PLAN FOR PMRY SCHEME

Over the last five years national level institutes committed to entrepreneurship development have been pursuing result oriented activities in a variety of areas, that have together yielded fruitful results. One such step was to devise ways and strategies to ensure successful implementation of the PMRY scheme. DCSSI, to reach the objective, invited national level institutions to discuss the modalities for organising training programme under PMRY for District Industries Officers.

A meeting of Chief Executives of national level training institutions was therefore organised

for the purpose, under the chairmanship of Joint Development Commissioner (SSI), Govt. of India.

The Chief Executives discussed various aspects and devised strategies of conducting the programme for DIC functionaries. In order to ensure lasting impact, a conclusion was reached to organise the training in three phases.

For the first phase it was decided that faculty members of four national training institutions, namely NISIET, IIE, NIESBUD and EDI would meet in a specially organised workshop to finalise the course curriculum and methodology for the training programme of DIC functionaries. Besides, two senior faculty members from EDI, NISIET, IIE, NIESBUD and a General Manager-DIC each from Gujarat, Madhya Pradesh and Maharashtra were also expected to participate.

Another decision taken was that, in the second phase, a trainers' training programme would be organised at EDI for 2 trainers from ED institutions in different states. It was felt that this would equip the trainers with skills to impart training to DIC functionaries in an effective manner.

The third phase comprises actual implementation of the programme for DIC functionaries at the State/Regional level. Trained trainers of State ED institutions and National ED institutions would be conducting training programmes for these functionaries.

To attain the goals set in the first phase of training a workshop was organised on EDI Campus.

The focus of the workshop remained on identifying problems and issues faced by DICs in the implementation of PMRY. Various aspects of the PMRY scheme were looked into, roles of DIC officials were identified and with this in view, the areas in which these officials required training were identified.

Based on this, the inputs were finalised. In finalising the same, several important areas surfaced and were incorporated in the final curriculum to ensure that by the end of the training programme, the DIC officials were groomed to perfection especially in certain crucial areas.

Important aspects taken into consideration were : identifying area specific feasible business opportunities, promoting PMRY scheme, assessing entrepreneurial competencies, understanding issues related to establishing and managing small enterprises and developing counselling skills.

The Executives finalised a detailed curriculum with session guide covering topics, objectives, contents and methodology.

According to the Programme Director, Shri Ramesh Dave, 'the activity undertaken is an outcome of a lot of study, analysis and brainstorming and is certain to achieve its results by extending training to all DIC General Managers by March, 2000.'

'RURAL ENTREPRENEURSHIP DEVELOPMENT' — SEEN IN A NEW PERSPECTIVE

Entrepreneurship Development approach lays stress on the use of local resources by local people. It also equips the local human resources to exploit indigenous opportunities for suitable economic development. Although Rural Entrepreneurship Development Programmes offer great scope for self employment and micro-enterprise creation, particularly in the non-farm sector, there's need for a better planned and comprehensive effort to create more rural entrepreneurs through training intervention. This necessitates implementation of an approach to develop and nurture the latent entrepreneurial potential in rural areas and link the same with economically viable opportunities. In order to ensure impact-making dissemination of the EDI-REDP model techniques across the length and breadth of the country, the Institute has been working with hundreds of established NGOs/VOs for organising REDPs. The Institute conducts training programmes for extension workers of NGOs/VOs to ensure proper implementation of REDPs.

EDI has till date organised 12 REDP Trainers' Training Programmes with an objective to strengthen their capabilities in successfully organising REDPs. The feedback of these programmes was highly encouraging and hence it was planned to organise a regional level 2-week training programme for development professionals of selected VO/NGOs, operating in Hindi speaking belt of the country. The programme was sponsored by Small Industries Development Bank of India (SIDBI) and was conducted in Hindi at Lucknow.

The major objectives were to facilitate the participants, i.e. the extension workers of NGOs/VOs, understand the special needs of different groups such as; youth, unemployeds, SC/ST, women, strengthen their knowledge and develop their skills, attitudes and behavioural attributes for initiating, planning and implementing rural entrepreneurship development activities effectively; develop their capabilities to enable them to perform specific tasks related to RED, such as identification of viable business opportunities and linking the same with selected rural entrepreneurs. Besides this, the programme provided them with up-to-date knowledge on preparing business plans and getting financial and other support. Regular follow-up with the trained participants after successful completion of the REDP; and skills to counsel prospective rural entrepreneurs for launching and managing micro enterprises successfully were also covered in detail.

31 development workers from 29 voluntary agencies representing 5 states, i.e. U.P., Bihar, Haryana, Himachal Pradesh and Chandigarh participated in the programme.

The inputs given were highly appreciated by the participants. The sessions were interactive and ensured maximum positive impact. The participants said that they now felt confident of creating an environment where people could be induced into thinking on the lines of setting up his/her enterprise. The Programme Director was Shri Raman Jaggi, Faculty Member and Incharge, Northern Regional Office, EDI.

WORKSHOP SERIES ON OPPORTUNITY GUIDANCE AND EXPORT MANAGEMENT

EDI organised a series of workshops over October 19-26, 1999. The first workshop focussed on conventional project options for diversification of business, the second on high-tech project options and the third on international market options for existing entrepreneurs.

About 18 participants participated in each of the workshop. This included representatives from the office-bearers of Industry Associations and delegates from support institutions.

The workshops were very well received by existing entrepreneurs who were given insight into the risks and advantages of related and unrelated diversification. Sessions presented by Dr. V.G. Patel, Vice President & Director, EDI, on crisis management in a growing industrial enterprise were particularly enlightening for the delegates.

The support system officials who participated in the workshops could develop an inventory of profiles that could be offered to entrepreneurs, in Gujarat, intending diversification. New and unique options in areas such as information kiosks, educational softwares, plasma, green-house projects, etc. were explored.

Food and Agro Processing Sector - Opportunities Galore

Food and agro processing sector has vast potential in India. In all, nearly 56 varieties of crops are cultivated throughout the year. India is one of the leading producers of fruits and vegetables but unfortunately a large percentage, i.e. 30 to 40% is spoiled due to inadequate storage facilities.

Realising the immense potentiality of food and agro sector, EDI conducted a one-day seminar on 'Emerging Opportunities in Food and Agro Processing Sector'. The participants, comprising existing and prospective entrepreneurs, policy makers, consultants, farmers and bankers, were given deep insight in certain critical areas such as;

- Technological Options for Processing Fruits and Vegetables
- Opportunities in Processed Fruits and Vegetables
- Opportunities in Processed Food
- Export Oriented Business Opportunities
- Innovative Business Opportunities
- Opportunities Based on Agro-Waste

The Seminar ensured maximum interaction between participants and experts. Besides EDI faculty members, scientists and entrepreneurs also addressed the participants.

Infotech Industry : Potential and its Analysis

The present era of Information Technology (INFOTECH), a combination of computer and communication technologies, has opened up several new business opportunities like; software consultancy, hardware maintenance, DTP, computer training and education, website development etc. for entrepreneurs the world over. It is playing a lead role in all kinds of development activities, giving tremendous opportunities to entrepreneurs to explore business based on INFOTECH. The business avenues that INFOTECH opens up are viable not just at national level but also at international level.

However, to draw maximum benefit, it is necessary to upgrade the skills of entrepreneurs, counsellors and consultants. In view of this, EDI planned a seminar on Business Opportunities based on INFOTECH.

Internet is today closely following the popularity of computers and entrepreneurs, counsellors



Shri S. K. Nanda, Managing Director, GSFC, addressing the participants during the inauguration of the Seminar on Business Opportunities in Food & Agro Processing. Also seen in the picture are faculty members of EDI.

and consultants are using it widely to acquire information on business opportunities. The seminar, therefore, had the main objective of providing information on business opportunities based on information technology. The idea was to help participants acquire knowledge on the emerging business opportunities based on INFOTECH and thus gain insight into the opportunities & scope which the fast growing INFOTECH industry offers.

Information Technology and its Applications, Scope and Business Opportunities in INFOTECH Industry, Market Potential & Analysis, Future Prospects in INFOTECH, Export Opportunities in INFOTECH, were some of the highlights of the seminar.

Workshop on Strategic Export Management : A Global Perspective

The present era of liberalisation and globalisation poses tough competition for domestic industries from Multi National Companies. This has necessitated small scale industries to manufacture customer-friendly products and strictly monitor quality in order to survive fierce competition. The workshop was organised to help owner-managers of SMEs from Gujarat in :

- analysing the internal and external environment using scientific method and evolving strategies according to internal resources of their organisations and
- getting benefit of liberalisation by adopting a systematic export marketing strategy.

In addition to discussion on the procedures and formalities of export marketing, participants were given country specific and product specific information on exports. Prof. Ajit Shah, a senior export consultant from Mumbai was among eminent lecturers invited to impart information on export marketing. Prof. Shah emphasised the importance of being 'price competitive' and 'reliable supplier' in international marketing.

Participants were mostly owner-managers of Small Scale Industries of Gujarat.

The workshop empowered participating entrepreneurs to work on export costing exercises on their own and also oriented them towards real business policies of the export-import arena in the sub-continent.

A REVIEW OF THE SOCIETIES REGISTRATION ACT OF 1860

EDI, in the recent past, has trained more than 100 NGO functionaries under specially designed training programme on "Managing Organisation for Sustainable Development". The efforts were supported by Friedrich-Naumann- Stiftung (FNSt), Germany. During the last year, EDI took up policy issues and the task of sensitizing the system in all the target states. Three policy sensitization workshops, i.e. one each in UP, HP and Rajasthan were, therefore, organised. These workshops dealt in general with the policy framework and tried to promote Govt. of India-NGO partnership.

In the policy sensitization workshops, a whole lot of issues concerning the functioning of NGOs surfaced. It called for structural changes in the existing system so as to create an enabling environment for the NGOs to function. One of the

important issues that came up in these workshops was the need to revamp the existing Societies Registration Act of 1860. Major objective of this enactment was to facilitate formation and functioning of such groups of individuals in India who could voluntarily promote finer human values in society through literature, science, fine arts etc.

After Independence, however, when the subject of societies was transferred to states, a few states formed their own state laws and a few other made amendments in the Act as per their perceptions and requirements. However, the amendments that were made by various states turned out to be much more complex than the original Act.

In order to debate upon and workout suitable recommendations for enabling modifications in the Societies Registration Act as applicable to the state of UP, a Workshop was organised on 28-29 Oct. 1999, involving NGOs, Activists, Policy Makers, Administrators, etc. so that solutions for certain critical issues could be arrived at. The workshop was supported by Friedrich-Naumann-Stiftung, Germany.

The successful efforts made by the Cooperative Development Foundation (CDF), Hyderabad, in preparing a model Bill for Societies Registration Act, 1860 to be applicable in Andhra Pradesh, was taken as a model.

The main objective of the workshop was to present and debate upon various issues pertaining to the Societies Registration Act (SRA). The specific objectives were to :

- present the case of SRA as applicable to the state of UP and arrive at a consensus on issues for debate,
- share experiences of NGOs and activists, on SRA provisions and its implementation in a few states other than UP,
- debate upon the relevant issues and work out suitable recommendations for amendment in SRA, and
- sensitize the key players (Govt. / Non-Govt.) by developing a common understanding on the needs of an enabling Act.

After a brainstorming discussion on various aspects, some of the recommendations that ensued were :

- The powers for registering a society should be delegated to the respective District Magistrates.
- The present policy of renewing registered societies every five years should be removed and life time registration should be granted to societies as applicable in other states.
- A time limit should be fixed to register a society to avoid delay in the process.
- The present structure of 'Society' should be changed to 'Body Corporate' so that the scope of developmental interventions, for NGOs, is widened and solutions to various operational & management related problems is ensured.
- The section on 'work areas' of a society should be amended to include only the negative list of objects. This will ensure better NGO participation in the development process.
- The excessive powers given to the Registrar of Societies in UP should be withdrawn and meaningful dialogue between the NGOs and the registering authorities should be initiated to ensure better understanding & cooperation.

To initiate quick action on the recommendations, a 'task force' was also formulated. The task force is expected to continuously interact with authorities to ensure effective implementation of the recommendations.

CREATING AN ENABLING ENVIRONMENT FOR MICRO FINANCE



Seen during the inaugural function are (R to L) Shri Hubertus Von Welck, Regional Director, FNSt, South Asia, Prof. S.R. Hashim, Hon'ble Member of Planning Commission, Govt. of India and Shri Raman Jaggi, Faculty Member, EDI.

A two-day national workshop on 'Micro Credit Delivery and NGO Intermediation : The Legal & Regulatory Framework', was organized by the Institute on November 30 and December 1, 1999. The workshop was inaugurated by Prof. S. R. Hashim, Hon'ble Member of Planning Commission, Government of India. The workshop, supported by the Friedrich-Naumann-Stiftung, Germany, was held at Vishwa Yuvak Kendra, New Delhi. Around 60 participants from national and international NGOs involved in handling 'Micro Credit Delivery', leading practitioners, researchers and policy makers debated on issues such as; legal formalities and regulatory framework in the area of Micro Credit Delivery and NGO Intermediation in the whole approach. In his inaugural speech, Prof. Hashim while highlighting the role of NGOs, mentioned that NGOs working at the grass-root level are important in bringing about social change in rural areas. Focussing on some of the talents and capabilities of 'poor', he mentioned that the role of NGOs is to help them form small Self Help Groups (SHGs) so that they initiate and manage their own economic affairs and analyse their economic and social problems.

Explaining the objectives of conducting such a national workshop, Dr. Dinesh Awasthi, Head, Micro Enterprise Division, EDI, mentioned that despite a number of developmental schemes, the real benefits have not reached the poor people. He said that there are many people who wish to start their own enterprises but are not able to do so because of lack of finance. Banks and other financial institutions do not consider them as credit worthy and the rate of interest is very high in the case of local money lenders. He further mentioned that the involvement of NGOs in the area of micro finance through informal credit delivery is the answer to rigidities and failure of the formal system.

Dr. Awasthi hoped that the workshop will focus on various critical issues such as; the present scenario of micro credit delivery, experiences of NGOs, finalizing suitable recommendations and sensitizing key players on the needs of an enabling and facilitating legislation.

Regional Director FNSt, South Asia, Mr. Hubertus Von Welck mentioned that micro credit delivery looks upon the important area of poverty alleviation in a broader framework. To combat poverty, Mr. Welck suggested, we need to empower the economically weaker sections of the society. This can be achieved only if a large number of poor have easy access to micro finance

facility, he said. He also opined that micro finance should be promoted as a commercial activity rather than a subsidy finance activity. He hoped that the two-day deliberation will be crucial in creating an enabling policy environment for micro finance in India.

After technical sessions and subsequent group discussions certain significant recommendations came to the fore. Some of these were :

- Formal financial institutions and NGOs working informally in this area as micro finance institutions can co-exist but under separate legal and regulatory frameworks.
- The NGOs should develop and/or strengthen their capabilities before venturing into Micro Finance activities.
- NGOs being exposed to the ground realities and having a close rapport with people are best suited for Micro Finance interventions.
- The rate of interest should be decided by the Micro-Finance operators.
- Promoters should encourage and help rural people in the formation of groups and nurture it but should not induce a dependency syndrome.
- Financial intermediation must be combined with social responsibilities.
- RBI should have a separate regulatory system for Micro Finance activities.
- The banks should simplify the procedures for Micro Finance activities. There should be enhancement in financial support to NGOs for capacity building and mobilisation of the funds.



Prof. S.R. Hashim, Hon'ble Member of Planning Commission, Govt. of India, inaugurating the workshop.

The participants opined that it was a major intervention on the part of EDI & FNSt and that they had brought together the major players in Micro Finance Sector. According to Mr. Siegfried Herzog, Project Director, FNSt, Delhi, "A lot is really happening and the genesis of the programme has been a response to felt need and not external factors.

Encouragements for Micro Finance operations have come from successes in other countries and we have realised that legal and regulatory framework is not really fit for the current needs and times. We are in a legal jungle, which hinders our involvement in Micro Finance, and there is a requirement of a legal and regulatory framework that gives the possibility of growth of Micro Finance Institutions in Micro Finance sector."

EDI - RED STRATEGY TO COMBAT RURAL POVERTY

EDI successfully undertook an experimental project, supported by The Ford Foundation, on Rural Entrepreneurship Development to promote entrepreneurship among rural poor. EDI's long association with the NGO sector has established that this sector is well suited to undertake promotion of Rural Entrepreneurship, especially if the model is to be replicated on a large scale for the benefit of rural poor.

EDI, subsequently implemented this approach in collaboration with a few NGOs and helped many other NGOs in institutionalising RED strategy by training their development workers, with active support of SIDBI, NABARD and RGVN. Interaction with a number of NGOs indicates that though some of them are involved in promoting income generation activities, there is a need to make them aware of a systematic approach to promote micro enterprises and undertake such a task in an organised manner as well as on a sustainable basis.

In view of this, a workshop on Rural Entrepreneurship Development Strategy was organised in Lucknow to :

- share EDI's Rural Entrepreneurship Development experiences and approach with the NGOs with regard to its replicability,
- provide orientation to the NGOs on Rural Entrepreneurship Development activity,
- provide a platform to the NGOs to deliberate on various approaches for promoting economic/ income generating activities in rural areas, besides the EDI approach,
- learn from the experience, reactions and feedback of NGOs as they have rich experience of working with rural poor on various developmental projects,
- evolve a future course of action for Rural Entrepreneurship Development and involvement of NGOs therein.

The participants felt that EDI-RED strategy has great potential and agreed that the programme had made their concepts about a systematic approach to rural enterprise development more clear.

The Workshop Director, Shri Raman Jaggi stated that, all the participants were of the view that continuous follow-up is required in order to effectively institutionalise the RED approach in the NGO sector wherein NGOs shoulder the biggest responsibility. Further the need to sensitise support system was felt so as to ensure better results of developmental programmes.

EDI ADJUDGED AS THE BEST ENTITY FOR PRESENTATION OF ANNUAL REPORT AND ACCOUNTS BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA



Shri S. G. Patel, Manager (Finance and Accounts), EDI receiving the award at the hands of Shri Ram Jethmalani, Hon'ble Union Minister of Law, Justice and Company Affairs.

EDI has been selected as the best entity for presentation of Annual Reports and Accounts for the year ended 31st March 1999 in the Best Presented Accounts Competition 1998-99, by the Institute of Chartered Accountants of India, New Delhi. The Institute of Chartered Accountants of India holds such a competition with the objective of promoting better standards in the presentation of information in published accounts. The institute announces such an award under four different categories namely; non-financial public sector and joint sector companies; non-financial private and joint sector companies; financial institutions, banks and financial companies in public, private and joint sectors; and entities such as port trusts, municipal corporations, public utilities not registered under companies act, co-operative societies, public trusts, educational and research institutions, etc.

The plaque was awarded at the Institute of Chartered Accountants of India's Annual Prize Distribution function on 17th January, 2000 by Shri Ram Jethmalani, Hon'ble Union Minister of Law, Justice and Company Affairs.

EDI was adjudged as best amongst the entries received from entities such as Public Trusts, Co-operative Societies, Research and Educational Institutions, etc.

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Telephone No.: (079) 2864084. 2864331, 2869068 Fax : (079) 2864367
Website : <http://www.ediindia.org> * E-Mail : ediindia@ad1.vsnl.net.in
Gram : ENDIND, Ahmedabad

Bangalore Office : No. 133, XI 'A' Cross, I Main, II Stage, West of Chord Rd., Bangalore-560 086
Telefax : (080) 3496580, 3490384 * E-mail : ediro@giasbg01.vsnl.net.in

Lucknow Office : 432/36 Kala Kankar Colony, Old Hyderabad, Lucknow-226 007.
Phone : (0522) 387820 Fax (0522) 387856 * Email : edinro@lw1.vsnl.net.in

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Email : chandrika@icenet.net