

A CONCEPTUAL FRAMEWORK ON TRAINING AND DEVELOPMENT OF RURAL ENTREPRENEURS IN INDIA

Dr.N.Rajendhiran

Professor -cum-Director

M.Kousalya Devi

Ph.D. Research Scholar

Abstract - Entrepreneurship is gaining importance in India in the wake of economic liberalization and globalization. The policy and institutional framework for developing entrepreneurial skills, providing vocation education, training and development has widened the horizon for economic empowerment of youths in India. Entrepreneurial talents and capabilities are latent in all communities but their translation to innovative action depends on appropriate motivations and environment and these motivations can be generated through training and development. Training rural people for entrepreneurial and managerial capabilities should be conceived as one of the most important factors for accelerating growth. Efforts are being made along these lines, however they are limited only to bring changes quantitatively but not qualitatively. Hence appropriate training and development interventions are needed to bring qualitative changes in the situation. An attempt was made in this study to examine the conceptual framework on training and development for rural entrepreneurs in India.

Keywords: Entrepreneurship development, training and development, Need for training, Entrepreneurial schemes

Introduction

Who should be capable of making use of the government policies and schemes for the betterment of rural people? Some individuals who happen to be local leaders and NGOs and who are committed to the cause of the rural people have been catalytic agents for development. Though their efforts need to be recognized yet much more needs to be done to reverse the direction of movement of people, i.e. to attract people in the rural areas. It means not only stopping the outflow of rural people but also attracting them back from the towns and cities where they had migrated. This is possible when young people consider rural areas as places of opportunities. Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities. This is much to do with the way one sees the reality of the rural areas. The way a survivor or job seeker would see things would certainly be different from those who would like to do something worthwhile and are ready to go through a difficult path to achieve their goals. It isn't that there is a dearth of people with such a mindset. But with time they change their minds and join the bandwagon of job seekers due to various compilations. Enabling them to think positively, creatively and Entrepreneurship purposefully is most of the development of rural areas. Young people with such perspective and with the help of rightly channelized efforts would usher in an era of rural entrepreneurship.

Entrepreneurship has been visualized as one of the strategic development intervention to accelerate the rural development process in India. It is often said that "necessity is the mother of invention". In rural India every day the poor men and women devise new methods and means to ease the economic burdens of their daily lives and find ways for employment. This facilitates them to earn income and make themselves available with two square meals a day. People make innovation in such a way that leads to a sustainable income flow to their households. Therefore, innovation and entrepreneurship is the key to sustainability of any enterprise or economic activity. Institutions promoting rural upliftment see entrepreneurship as a strategic development intervention to add momentum to rural prosperity in India.

Entrepreneurship Development Programmes:

Meaning: As the term itself denotes, EDP is a programme meant to develop entrepreneurial abilities among the people. In other words, it refers to inculcation, development, and polishing of entrepreneurial skills into a person needed to establish and successfully run his / her enterprise. Thus, the concept of entrepreneurship development programme involves equipping a person with the required skills and knowledge needed for starting and running the enterprise.

Let us also consider a few important definitions of EDPs given by institutions and experts: Small Industries Extension and Training Institute (SIET 1974), now National Institute of Small Industry Extension Training (NISJET), Hyderabad defined EDP as "an attempt to develop a person as entrepreneur through structural training.

The main purpose of such entrepreneurship development programme is to widen the base of entrepreneurship by development achievement motivation and entrepreneurial skills among the less privileged sections of the society."

According to N. P. Singh (1985), "Entrepreneurship Development Programme is designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. It is necessary to promote this understanding of motives and their impact on entrepreneurial values and behaviour for this purpose." Now, we can easily define EDP as a planned effort to identify, inculcate, develop, and polish the capabilities and skills as the prerequisites of a person to become and behave as an entrepreneur.

Need and importance of the study: That, entrepreneurs possess certain competencies or traits. These competencies or traits are the underlying characteristics of the entrepreneurs which result in superior performance and which distinguish successful entrepreneurs from the unsuccessful ones.

Then, the important question arises is: where do these traits come from? Or, whether these traits are in born in the entrepreneurs or can be induced and developed? In other words, whether the entrepreneurs are born or made? Behavioural scientists have tried to seek answers to these questions.

A well-known behavioural scientist David C. McClelland (1961) at Harvard University made an interesting investigation-cum-experiment into why certain societies displayed great creative powers at particular periods of their history? What was the cause of these creative bursts of energy? He found that 'the need for achievement (n' ach factor)' was the answer to this question. It was the need for achievement that motivates people to work hard. According to him, money- making was incidental. It was only a measure of achievement, not its motivation.

In order to answer the next question whether this need for achievement could be induced, he conducted a five-year experimental study in Kakinada, i.e. one of the prosperous districts of Andhra Pradesh in India in collaboration with Small Industries Extension and Training Institute (SIET), Hyderabad.

This experiment is popularly known as 'Kakinada Experiment'. Under this experiment, young persons were selected and put through a three-month training programme and motivated to see fresh goals.

One of the significant conclusions of the experiment was that the traditional beliefs did not seem to inhibit an entrepreneur and that the suitable training can provide the necessary motivation to the entrepreneurs (McClelland & Winter 1969). The achievement motivation had a positive impact on the performance of entrepreneurs.

In fact, the 'Kakinada Experiment' could be treated as a precursor to the present day EDP inputs on behavioural aspects. In a sense, 'Kakinada Experiment' is considered as the seed for the Entrepreneurship Development Programmes (EDPs) in India.

The fact remains that it was the 'Kakinada Experiment' that made people appreciate the need for and importance of the entrepreneurial training, now popularly known as 'EDPs', to induce motivation and competence among the young prospective entrepreneurs.

Based on this, it was the Gujarat Industrial Investment Corporation (GIIC) which, for the first time, started a three-month training programmes on entrepreneurship development. Impressed by the results of GIIC's this training programme, the Government of India embarked, in 1971, on a massive programme on entrepreneurship development. Since then, there is no looking back in this front. By now, there are some 686 all-India and State level institutions engaged in conducting EDPs in hundreds imparting training to the candidates in thousands.

Till now, 12 State Governments have established state-level Centre for Entrepreneurship Development (CED) or Institute of Entrepreneurship Development (IED) to develop entrepreneurship by conducting EDPs. Today, the EDP in India has proliferated to such a magnitude that it has emerged as a national movement. It is worth mentioning that India operates the oldest and largest programmes for entrepreneurship development in any developing country.

The impact of India's EDP movement is borne by the fact that the Indian model of entrepreneurship development is being adopted by some of the developing countries of Asia and Africa. Programmes similar to India's EDPs are conducted in other countries also, for example, 'Junior Achievement Programme' based on the principle of 'catch them young' in USA and 'Young Enterprises' in the U. K.

Objectives of the study

- The main objective of the study is to develop and strengthen the entrepreneurial quality and motivation or need for achievement.
- To study the process and procedure involved in training and development of EDP.
- To analyze environmental set up relating to small industry and small business.
- To discussing the sources of help and support available for starting a small scale industry.

Entrepreneurship Development : Entrepreneurship demands an enabling environment to flourish. Appropriate institutional framework leads to promotion of entrepreneurial development. Practical mechanisms for risk taking and risk sharing in early and most uncertain stages of entrepreneurial ventures and an organizational system are conducive to growing new and existing business.

The rural entrepreneur in rural areas faces the following challenges for development:

Government policies: Licensing, taxes and tariff

Management: In many small firms same individual is responsible for production and management

Finance operations: The entrepreneur has to make a decision relating to each of the above functions

Information: Hardly there is any information on prices, technology etc.

Technology: Lack of awareness on processing technology

Marketing: Large firms can afford transport, storage facility, advertising and product development efforts which an individual, more often cannot.

Credit: Mostly forced to rely on personal savings, borrowing from friends, relatives and money lenders

Rural Entrepreneurship Development Programme (REDP) : REDP is one such programme given priority in developing economies to promote entrepreneurship as also self employment avenues in rural areas. It also provides gainful employment to surplus labour in agriculture sector as well as to landless labourers with a view to supplement their income. Problems of unemployment and underemployment are widely prevalent in developing countries like India. The promotion of Non Farm Sector (NFS) through inculcating entrepreneurship among rural youth plays the crucial role in redressing such problems. It is viewed that even though agriculture provides maximum income to rural communities, rural development is increasingly linked to enterprise development. Since nation's economies are more and more globalized and competition is intensifying at an unprecedented pace, it is not surprising that rural entrepreneurship development is gaining its importance. It is the forces of economic change that must take place in many rural communities to survive.

Women Empowerment and Rural Entrepreneurship : The word empowerment means giving power. According to the International Encyclopedia (1999), it means having the capacity and the means to direct one's life towards desired social, political and economic goals or status. Therefore, women empowerment means giving the capacity and means to direct women's life towards desired goals. Empowerment is a process by which women gain greater control over resources (income, knowledge, information, technology, skill and training), challenge the ideology of patriarchy and participate in leadership, decision making process, enhance the self-image of women, to become active participants in the process of change and to develop the skills to assert themselves. Entrepreneurship may be a force that mobilizes other resources to meet unmet market demand, the ability to create and build something from practically nothing, it is a process of creating value by pulling together a unique package of resources to exploit an opportunity.

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. Women's entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. According to statistics women in India 2010, proportion of female main workers to total population in percentage is 16.65 in rural areas and 9.42 in urban areas this shows overall less contribution of women in work but more percentage of women workers in rural areas. Women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. Entrepreneurship development among rural women helps to enhance their personal capabilities and increase decision making status in the family and society as a whole. They were engaged in starting individual or collective income generation programme with the help of self-help group. This will not only generate income for them but also improve the decision-making capabilities that led to overall empowerment. Now Indian women entrepreneurs are showing their presence in new areas like herbal marketing, food processing, farming, handicraft, readymade garments, dairying, etc. Empowerment in the context of women's development is a way of defining, challenging and overcoming barriers in a woman's life through which she increases her ability to shape her life and environment. It is an active,

multidimensional process, which should enable women to realize their full identity and power in all spheres of life. India envisions a future in which Indian women are independent and self-reliant. It is unfortunate that because of centuries of inertia, ignorance and conservatism, the actual and potential role of women in the society has been ignored, preventing them from making their rightful contribution to social progress. It is also because of distorted and/or partial information about their contribution to family and society that they are denied their rightful status and access to developmental resources and services contributing to their marginalization.

Reasons for Women to become Women Entrepreneurs

There are several factors which can initiate entrepreneurship characteristics among women, basic entrepreneurial initiators are: personal motivations, socio-cultural factors, availability of ease finance, government schemes support and business environment. Mallika Das (2000) observed in her study that most common reasons for success of women entrepreneurs is personal qualities such as hard work and perseverance. Some independent factors are market opportunity, family background, idea, challenge, and dream desire of status and economic independence. These factors vary according to parameters such as region, gender, age, family background, and work experience. Several surveys conducted in different parts of the world regarding women entrepreneurship management show that women have provided to be good entrepreneurs for the following reasons:-

- Economic independence.
- Establishing own credit idea.
- Social Identity.
- Achievement of excellence.
- Confidence.
- Status in society.
- Greater freedom and mobility.

Challenges and Opportunities for Rural Entrepreneurs

Kishor and Choudhary (2011) in his study emphasize on the role of women entrepreneurs, as they have been making a significant impact in all segments of the economy in India, However, it is potentially empowering and liberating only if it provides women an opportunity to improve their well-being and enhance their capabilities. On the other hand, if it is driven by distress and is low public support than it may only increase women drudgery. The small and medium enterprises led by women experiencing some major challenges and constraints. Kumari, et. al.(2010) conducted work in the rural areas, the results of the study indicate lack of supportive network, financial and marketing problems were the major problem areas for rural women entrepreneurs and major de-motivator for other women to initiate entrepreneurial activity. Srinivasan (2009) Microfinance has made great strides during the last decade, the SHG bank linkage programme has continue to make good progress in India but at a slower pace. It is found that poor quality of information about microfinance that is available to people renders their decision making and conservatives. The main challenges faced by rural women in business are lack of technical knowledge and skills and to make balance their time between work & family. Some of the challenges faced by rural

Rural Entrepreneurship Development Programmes (REDPS): Rural Entrepreneurship Development Programmes, which were initiated as an experiment, by EDI about two decades ago, have become one of the major activities of the Institute. Job opportunities in today's competitive and over populated environment are very rare and especially for rural youth getting a job in this hard fought environment is almost impossible. In such a scenario, generating viable business opportunities in rural areas and teaching & motivating the youth to start their micro enterprise has been proved to be a result-oriented strategy for initiating the process of economic development in the region. The EDI has, therefore, developed and implemented a well-tested replicable training model for promoting entrepreneurship in rural areas. The training is spread over three phases, i.e. the pre-training phase under which the main activity is selection of potential entrepreneurs; the training phase which focuses on the participants acquiring knowledge and skills in business opportunity identification and guidance, project report preparation, market survey & feasibility, financial management etc. and the post-training phase which aims at follow-up by the trainers of the trained potential entrepreneurs thus ensuring a good start-up rate. Through these phases and various other simulation exercises, case studies, role-plays, etc. the participants are motivated and taught how to successfully launch and manage their enterprises in their

areas itself. To institutionalize the RED activity EDI has linkages with over 500 NGOs across the country. EDI conducts capacity building programmes for the functionaries of these NGOs, who in turn conduct REDPs at grassroots level.

Skill development and training institutes in India: The Government of India has taken several initiatives to develop skills in different trades/disciplines. These initiatives have helped skill development and creation of self-employment opportunities. Government of India has also recently announced special packages for training of entrepreneurs through specialized courses run by MSME development institutes for new and existing MSME entrepreneurs. Financial support to select business schools is also provided to tailor made courses for training the entrepreneurs.

National level training institutes:

- National Institute of Micro, Small and Medium Industry Extension Training (NIMSMIET), Hyderabad
- National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi, which conducts national and international level training programmes in different fields and disciplines.
- Indian Institute of Entrepreneurship (IIE), Guwahati. The main objective of the institute is to act as a catalyst for entrepreneurship development with its focus on the North East.

Other associated agencies:

- National Small Industries Corporation (NSIC) for technology and marketing support
- Small Industries Development Bank of India (SIDBI) an apex bank set up to provide direct/indirect financial assistance under different schemes to meet credit needs of the small-scale sector and to coordinate the functions of other institutions in similar activities.
- Khadi and Village Industries Commission (KVIC) assists the development and promotion and disbursement of rural and traditional industries in rural and town areas.

State level institute support:

- State Government executes different promotional and developmental projects/schemes and provide a number of supporting incentives for development and promotion of MSME sector in their respective States.
- These are executed through State Directorate of Industries, who has District Industries Centers (DICs) under them to implement Central/State Level schemes.
- The State Industrial Development & Financial Institutions and State Financial Corporations also look after the needs of the MSME sector.

Related links for setting up of Small and Medium Enterprise in India

Financial Assistance to Medium Scale Units

Tamil Nadu State Industrial Investment Corporation

TIIC provides long and medium term financial assistance under following schemes

Term Loan

- Term Loan and Working Capital Assistance under the Single Window Scheme.
- Lease Financing for Machinery/Equipments.
- Hire Purchase Financing for Machinery/Equipments.
- Merchant Banking & Other Financial Services.
- Soft Loan.

Central Government / Institutions / PSUs

- Chief Controller of Accounts
- Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)
- Small Industries Development Bank of India (SIDBI)
- Ministry of Food Processing Industries
- Ministry of Rural Development
- Ministry of Textiles
- National Manufacturing Competitiveness Council (NMCC)
- Department of Information Technology
- Department of Heavy Industry
- Department of Industrial Policy & Promotion
- Department of Commerce
- Ministry of Law & Justice

State Government / Institutions / PSUs

- State Directorate / Commissionerate of Industries

- State Khadi Boards
- Andhra Pradesh State Financial Corporation
- Delhi Financial Corporation
- Gujarat State Financial Corporation
- Himachal Pradesh Financial Corporation
- Jammu & Kashmir State Financial Corporation
- Madhya Pradesh Financial Corporation
- Orissa State Financial Corporation
- Uttar Pradesh Financial Corporation
- Pradeshiya Industrial & Investment Corporation of Uttar Pradesh (PICUP)

Non Governmental Organisations

- Ashoka
- Appropriate Rural Technology Institute (ARTI)
- Appropriate Technology Mission of India
- BASIX
- Centre for Learning, Organic Agriculture and Appropriate Technology
- Centre for Science and Environment (CSE)
- Consumer Education & Research Centre (CERC)
- Consumer Guidance Society of India (CGSI)
- CUTS International (Consumer Unity & Trust Society)
- Drishtee Foundation
- EFFICOR
- GOONJ
- Habitat For Humanity India
- Habitat Technology Group
- National Solid Waste Association of India
- Professional Assistance for Development Action (PRADAN)
- Self Employed Women's Association (SEWA)
- ShriMahilaGrihaUdyogLijjat Papad
- Society for Development Alternatives (SDA)
- Technology Informatics Design Endeavour (TIDE)
- The Energy Research Institute (TERI)
- Thrive
- Toxiclinks
- WaterHealth

Industry Associations

- SME India
- National Bank for Agriculture & Rural Development (NABARD)
- LaghuUdyogBharati (LUB)
- SME Network - Network of Small and Medium Enterprises Associations & Members
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Confederation of Indian Industry (CII)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Federation of Indian Micro and Small & Medium Enterprises (FISME)
- World Association for Small and Medium Enterprises (WASME)
- India Trade Promotion Organisation (ITPO)
- Technology Innovation Management and Entrepreneurship Information Service
- Technology Bureau for Small Enterprises (TBSE)
- Asian and Pacific Centre for Transfer of Technology
- Environmental Information Centre

International Organisations

- International Network for SMEs
- WIPO Small and Medium-Sized Enterprises

- United Nations Industrial Development Organization
- World Trade Organisation
- European Commission - Enterprise & Industry
- Innovation - SMEs
- Canadian International Development Agency
- Small and medium-sized enterprise information center, Canada
- SME Centre, Hongkong
- Small and Medium Enterprises in Ireland
- SME Information of Japan
- Ministry of Economy, Mexico
- World Trade Centre, Mumbai
- Small and Medium Enterprise Development Authority, Pakistan
- Swedish International Development Agency
- Small and Medium Enterprises Development, Washington, USA
- Department for International Development, UK

Vocational and Rural Entrepreneurship Development Programme

- Modern dress making and Embroidery
- Jute bag making and diversified products
- Electrician course
- Domestic appliances and house wiring.
- Skill cum technical training.
- Guidance to self-employment initiatives.
- Exposure to developed institutions.
- Multifaceted input and practice.

Concluding Observations

The overview of training intervention for entrepreneurship development shows that over the years the entrepreneurship development movement in the country established its root in terms of institutions and interventions. The attempts to evaluate the performance of the training intervention show that there is considerable variation across states. While admitting the utility of such evaluations, it should be stated that they are not comprehensive especially in terms of their coverage. The studies suffer from several methodological limitations and therefore the findings cannot be generalized. The main limitation is that they assess the success of EDPs in terms of the number of enterprises started. This seems to be a too narrow way of looking at a development intervention. The contribution of EDPs should be assessed more comprehensively taking into account the direct and indirect impact of the programme. There is considerable scope for refining the methodology of EDP evaluation.

Reference

1. Seyednezhadfahim S.R., Eghdami E., Yosefnezhad S. and Maleki M, Investigating the Procedure of Financial Factors in Successful Companies, *Research Journal of Recent Sciences*, ISSN 2277-2502, **2(3)**, 44-48 (2013)
2. Alireza Pooya, Hamid Rezazadeh Barfoei, Naghme Kargozar and Fateme Maleki, Relationship between Emotional Intelligence and Conflict Management Strategies, *Research Journal of Recent Science*, **2(7)**, 37-42, (2013)
3. Deshpande Sunil and Sethi Sunita, Women Entrepreneurship in India - Problems, Solutions and Future Prospects of Development, Shodh, Samiksha aur Muulyankan, *International Research Journal*, ISSN-0974-2832, **II(9-10)**, (2009)
4. Patil D.A., Dhere A.M. and Pawar C.B., ICT and Empowerment of Rural and Deprived Women in Asia, *Asia-Pacific Journal of Rural Development*, **XIX(1)**, (2009)
5. Amha W. and Ademassie A., Rural Financial Intermediation Program and its Role in Strengthening the Rural Financial System in Ethiopia, *Journal of Microfinance Development Review*, **3(2)**, 230-365 (2004)
6. Mann A. and Phukan R., *The Motivational aspects of Women Entrepreneurs in India*, New Delhi, India: Himalaya Publishing House (1998)