

Building Human Capital Through Entrepreneurship Education for Microenterprise Development: A Case Study of ABC Company

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Abstract

Indian economy is considered to be one of the largest agrarian economies of the world. In the year 2007-08, agriculture sector contributed approximately 17.8 percent of India's GDP (at constant 1999-2000 prices) and 12.2 percent of total exports. According to 2001 census, this sector provides employment to 58.2 percent work force of India (Annual Report, Ministry of Agriculture, 2009). Limited resources, erratic rainfall, climatic hazards, and fragmented landholdings are some of the major factors associated with low agricultural productivity, leading to low profit for farmers which results in unemployment and underemployment for vast section farmers especially small and marginal farmers. Most of the Indian agriculture is rainfed and unable to provide sustainable income generation round the year. In this situation, self-employment in general and microenterprise in particular is evolving as a prospective option for livelihood and income generation. Lack of skill has been identified as one of the key hindrance in promoting microenterprises among poor. Various initiatives by various organisations have been taken to promote entrepreneurship among poor. This paper is an attempt to document one of the successful experiences in providing training to the poor with the objectives of promoting self-employment. The study concludes that provision of training alone does not help in promoting entrepreneurship due to lack of access to finance.

Keyword: Microenterprise, Building Human Capital

Introduction to ABC COMPANY

ABC Company is a public limited company registered under Companies Act, 1956. It is an ISO 9001-2000 company, established in 1982. It is basically a Technical Consultancy Organisation (TCO). In terms of total turnover, it is acclaimed as the number one TCO in India. ABC Company provides total consultancy and training services to existing and potential entrepreneurs covering diverse industry sectors. The organisation is considered to be a pioneer in systematic entrepreneurship development movement in Maharashtra and Goa. The organisation works in a very diverse set of activities like, energy, environment, agribusiness etc. Agribusiness and micro-enterprise remains a major focus area of ABC Company. The organisation conducts several Entrepreneurship Development Programmes (EDPs) for promoting micro-enterprises in rural as well as urban areas. The mission of the organisation is "To offer the best consultancy and training services to environmental, industrial, vocational, educational and individual concerns by providing an outreach from the grassroots to the biggest corporate outfits with tailor-made solutions with legal and technical finesse".

ABC Company has so far created a cadre of more than 100 district level entrepreneur-facilitators, engaged in conducting training programmes under various schemes and has fully fledged administrative set up at Pune, Mumbai, Aurangabad, Nasik, Amravati, Nagpur, Delhi, and Chennai for close monitoring of training activities. Every year thousands of participants get trained at ABC Company in Maharashtra State under various sponsored and non-sponsored training programmes. This paper is

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based on the Udyog Parobdhini centre of ABC Company, which deals with promotion of entrepreneurship education among budding entrepreneurs.

Review of Literature and Objectives of the Study

Various organisations which promote MED adopt different approaches to support micro-enterprise. Approaches here mean various sets of strategies adopted by an organisation to implement a program in the field. One of the prominent approaches is building human capital through training, mentoring, exposure etc. In a study in the Himalayan hills region of India on training interventions, it was concluded that careful selection of potential entrepreneurs, need based and appropriate curriculum, a competent trainer and motivator and a proactive and responsive support system reasonably ensure the success of the approach. The study also concluded that group entrepreneurship development approach for promoting skills, also offer substantial scope for replication (Awasthi, Singh and Shrivastava, 1999). Another study on training component of *Swarnajayanti Gram Swarozgar Yojana* (SGSY) in West Bengal concluded that trainings were mostly supply driven than demand driven and farm type instead of non-farm type and training inputs were not properly utilised by the *swarozgaris*. Nearly 50 percent of the *swarozgaris* were not interested in receiving any training as they found that these would not be economically viable (Sarangi and Lahiri, 2007).

In a study on the impact of training programs offered by Vermont Micro Business Development Programs (MBDP) in the United States on the success of micro-enterprise, it was reported that MED training programs lead to varying degree of success, ranging from personal growth to business growth. These training programs were also able to make sustainable development, as after receiving training, clients were becoming self-reliant (Schmidt and Kolodinsky, 2006). Buckley (1997) agrees that micro-enterprise growth cannot be tackled solely by capital injection. Wijisundera (1996) also advocated the provision of training to micro-entrepreneurs in terms of enterprise management including quality control, costing and accounts. Aftab and Rahim (1989) reported barriers for the expansion of micro-enterprises in Pakistan due to lack of education and training. A recent report by NABARD on status of microfinance in India concluded

that NGOs and government departments provided better opportunities for training for taking up income generating activities than the banks whose role in the area appeared to be low. However, training imparted by NGOs/ government agencies was not of substantial help and useful as training imparted did not match the needs of the members. It also added that training on routine activities like *papad* and pickle making etc., were not preferred by the members (NABARD, 2010).

The above discussions clearly indicate that training and skill building is identified as one of the important component in small business success. In view of these arguments this study was conducted with following objectives

- To understand the approach of organisation for microenterprise development
- To analyze the effect of building human capital approach on MED

Methodolgy

This paper presents a case study of ABC Company (ABC Company Consultancy and Engineering Services Limited), an organisation based in Pune. Data for this study is mainly collected from head office of the organisation and its entrepreneurship training division '*UdyogPrabodhiniCentre*'. In-depth interviews with 15 people from the organisation holding various positions at planning and implementation level were also conducted. In addition to organisation level data, enterprise level data were also collected from 50 micro-enterprises of the organisation through a structured questionnaire from two districts i.e. Pune and Amrawati.

MED Interventions in ABC Company

MED interventions in ABC Company are mainly dealt in the Entrepreneurship Training and Consultancy Division named as *Udyog Prabodhini Centre*. The Micro-Enterprises and Entrepreneurship Development division was started in 1984. This division is developing large number of entrepreneurs through training, counselling and information dissemination. In today's environment a new global trend is emerging. There are lots of changes taking place because of globalisation. Large groups are emerging as the major investor in Maharashtra. It has also given a lot of scope and opportunity for ancillary units

and service providers. This has given ample opportunities to organisations like ABC Company to train people in entrepreneurship. In the recent past, the centre has designed several new programmes. As a result, *Udyog Prabodhini* centre is the most active division since last five years in ABC Company. But, in today's environment, for budding entrepreneurs support from family is limited and as these are poor people they lack capacity to invest in new ventures. They follow district based approach. It helps them in keeping record of each trainee. The target clients of ABC Company consist of a wide range of people aspiring to become entrepreneurs including potential entrepreneurs, existing entrepreneurs, industrialists/MSMEs, rural/urban youths, women, farmers, underprivileged, unemployed etc. ABC Company has 100 enterprise trainer-facilitators working in its seven regions of all districts of Maharashtra and Goa. Several training interventions are conducted for promoting entrepreneurship, these are

- i. Vocational Counselling
- ii. Entrepreneurship Awareness Camp (EAC)
- iii. Entrepreneurship Development Programmes (EDPs): General EDP, Process EDP (Herbal Cosmetic), Agri EDP (Dairy, Horticulture. Emu farming, Milk Processing etc.), Technology based EDPs
- iv. Vocational Training Programmes
- v. Skill up gradation Programmes
- vi. Self-employment training Programmes
- vii. Management Development Programmes
- viii. Faculty Development Programme for Entrepreneurship
- ix. Capacity Building Programmes

Micro-enterprise development interventions at ABC Company are basically classified under three categories.

Government Schemes

ABC Company is recognised as the nodal agency for providing training under different schemes of state and central government e.g. SGSY, PMRY, and SJSRY etc. In the organisation, these training programmes are categorised under the category of government resolution. Government resolution constitutes about 20 percent of the total training programmes conducted under ABC Company. In terms of number of participants trained this

component constitutes about 90 percent of the trainees. Details of the programme and participants under this type of programme for the year 2007-08 are given in annexures (Table 2).

In government programmes, three districts namely, Amrawati, Bhandara and Latur are prominent ones in terms of number of participants contributing more than 50 percent of the total participants. Amrawati has a high number of participants contributing about 30 percent of the total participants followed by Bhandara and Latur.

Sponsored Programmes

There are various other organisations like Department of Science and Technology (DST), Ministry of Food Processing etc. sponsoring training interventions in ABC Company. These programmes constitute 40 percent of the total training programmes in ABC Company. ABC Company also conducts training programmes for big corporate organisation like TATA and Bajaj under their Corporate Social Responsibility (CSR) activities. It has also trained about 12,000 farmers in the suicide affected areas of Vidarbha under the DSIR sponsored programme for empowerment of women through Entrepreneurship Development in the districts of Buldana, Amrawati and Akola.

The organisation has taken up training interventions in various trades like, food processing, tailoring, catering management, leather, baking and confectionary, herbal processing, jewellery design, fashion Design, fibre moulding, and computer application in the last two years. It counselled 466 women in 2006 and 564 women in 2007 and trained 300 women in various trades during these years. Out of the 300 women trained, about 113 women have started their micro-enterprise activities.

Non-Sponsored Programme

Apart from sponsored programmes, the organisation also conducts some non-sponsored programmes. These programmes are fee based programmes and constitute about 40 percent of the total training intervention of ABC Company. A total of 9405 participants in about 37 different trades were trained under non sponsored programmes in the year 2007-08. The organisation conducts training in about 37 trades. Some of the trades have focus on micro-

Table 1: Details of trainees of various districts of ABC Company under non-sponsored programmes in the year 2007-08

S.No.	Districts	No. of Trainees	% of total trainees	Ranking of Location (Age*)
1.	Pune	2253	34.82	1
2.	Amrawati	1297	20.04	4
3.	Thane	834	12.89	2
4.	Satara	780	12.05	-
5.	Jalna	682	10.54	-
6.	Nagpur	625	9.66	3
	Total	6471	100.00	

enterprises as it can be started with less investment. These trades are photography and video shooting, painting and plumbing,, textile, agro-tourism, air conditioner and refrigeration maintenance, printing technology, mobile repairing, photocopy machine repairing, two wheeler repairing, inverter repairing, emu farming, dairy processing, fishery, bakery, catering, tailoring and fashion designing, beauty parlour, herbal cosmetics etc. Among all the micro-enterprise focused trainings most of them are service oriented enterprises. In terms of number of trainees, share trading ranks first followed by beauty parlour and mobile repairing.

In terms of total number of trainees under non-sponsored programmes, the Pune office has largest number of trainees than the other regional offices with about 25 percent followed by Amrawati (about 14 percent) and Thane (10 percent). In terms of activity, share market training was leading with contribution of about 25 percent of the total training intervention followed by *Indus Prakalp* (17 percent), beauty parlour (6 percent) and mobile repairing (5 percent). For details refer to annexure. Apart from these interventions, the organisations also conduct training as part of charity. Under non-sponsored programmes, district-wise number of trainees during the year 2007-08 is presented in Table 1.

Med Design, Approach, Strategy and Implementation

Basically, the organisation focuses on providing training for self-employment. Its training programmes are focussed towards developing attitude, skill building and imparting knowledge. Stated mission of the organisation clearly indicates its focus on training for the promotion of entrepreneurship. In other words, the basic approach

of ABC Company for promoting entrepreneurship is of building human capital. They adopt various strategies to meet their objective. These are.

- To provide trainings in various trades,
- Organise interaction of budding entrepreneurs with established entrepreneurs, bankers and government officials
- Organise field visits to various units
- Follow-up meetings with trainees

The division adopts the investment limit for defining micro-enterprises. For promoting micro-enterprise a well-defined procedure is followed. Design of interventions depends on several factors like, size and volume of assignment, trainees involved and the impact of those interventions. If the assignment is national or regional level the design is mostly done by policy level officials. In local level assignments, interventions are mainly designed by area managers and assistant area managers of the organisation. Thus the interventions are need based.

First of all, an area assessment survey is done and ideas are collected from the field by district coordinators. The Area Assessment Survey helps in identifying the opportunities in the particular area. Based on the findings of the survey, district co-ordinators make a tentative design of the programme and make a presentation to the training manager. In consultation with the training manager, a tentative design is finalized. Then the feasibility of the design in terms of technology, market, finance and expected profit is analysed. For this feasibility analysis availability of resource person for providing training, availability of budget, breakeven analysis of the interventions etc. are evaluated. A particular target group is identified for the intervention. Participation of local community is restricted to identification of their need. Based on their feedback

their need is analysed and interventions are designed accordingly. Various components like bookkeeping and accounts, marketing skills, information about banking schemes, information about forward and backward linkages, behavioural aspects, entrepreneurial spirit, motivation, packaging, branding etc. are incorporated in the design of the intervention. In general, designing these training interventions takes one and half months. Normally, these training interventions are open for all and do not require any educational qualifications, but there are exceptions.

The organisation provides certificates to all the trainees in all the training interventions. In some of the government scheme-based programmes and sponsored programmes, financial incentives are provided to the participants. In SJSRY and SCP programmes, for 30 days training Rs. 1000/-, for 45 days training Rs. 1500/- and for 60 days training Rs. 2000/- is provided as stipend to the participants. In fee based programme no such incentive is given to the participants. Most of the training interventions are residential and lunch and accommodation is provided by the organisation. The organisation gets Rs. 4000/ per participant for 12 days residential training programmes and Rs. 2000/per month/per participant for non-residential training programmes from sponsors. Entrepreneurship Awareness Camps (EAC) is used for identification of opportunities in a particular area. They help in identifying people willing to take up entrepreneurship. EACs are followed by counselling to help participants identify their interest in a particular trade. This is further followed by training and post training services. Most of the staff of ABC Company consider their initiative as innovative. Some of the examples of innovative programmes are packaged drinking water, painting and plumbing, agri-tourism, emu farming, share trading etc.

After designing, advertisements are made for these interventions in the leading newspapers. As per the need, suitable trainers and availability of infrastructure are identified. In the beginning, batches are taken for trial. Before starting the intervention, an expectation levelling is done to understand the requirement of participants. During the training programmes, after every two days feedback from the participants is taken. Based on the feedback from the participants the course is finalized for a particular training intervention. Again, the training interventions are advertised in the leading newspapers. Interested persons contact the concerned trainer for

further details of the interventions. A form is filled by the interested person with the objective of seeking basic information about the trainees. Depending on the response of interest of the participants, number of trainings per year is decided. A proper procedure for ensuring quality is also ensured. Assistant area manager and other staff are responsible for monitoring the programme quality. ABC Company forms a Monitoring cum Guidance Committee (MCGC) consisting members from government, District Industries Centres (DICs) and OBC Corporations. In each training session, feedback from trainees is sought. Spot visits by sponsoring agencies are being organised. In these spot visits interaction with the trainees is done to understand the quality of the training. Inspectors of MCGC make frequent visit to these training session and are expected to submit their visit reports. It is ABC Company's responsibility to organise the inspectors visit.

In training interventions, follow-up services are considered very important for the establishment of new ventures. Six follow-up meetings with the trainees are organised at one month intervals. Personal counselling is also provided to the trainees for addressing their problems. Above all, the trainees are free to contact the organisation for any kind of services required in establishing their own ventures. The organisation also holds training at village level for those for whom attending the training at district centre is difficult.

Performance of THE MED Intervention at Organisation Level

Targets for the interventions are mostly self-imposed. On an average one trainer is responsible for conducting 10-12 training sessions per year. In the sessions, the number of participants varies from 20 to 30. Taking an average of 25 trainees per training programme, one trainer trains about 250-300 people in a year.

In its internal evaluation, the organisation adopts following parameters to judge the performance of the interventions

- Turnover
- Number of trainings conducted
- Debtors position
- Recovery Position
- Number of unit Started
- Total Employment generation

Most of the staff of ABC Company consider the level of competition in the market from similar organisations as moderate which is not an important factor affecting the performance of their interventions. Chaitanya and Maharashtra Centre for Entrepreneurship Development (MCED) are considered as major competitors for the organisation. In the short term though many small and mushrooming organisations give competition to the organisation, but it is felt that in long term this competition does not affect the organisation.

Outreach and Scale

ABC Company is also regarded as the nodal agency for providing training under various schemes of state and central government. It engages more than a 100 dedicated trainers to provide training in various traits to more than 1 lakh trainees every year. The organisation trained a total of 1,11,438 trainees in the financial year 2007-08. During the year, 2007-08, the organisation had achieved a gross turnover of Rs. 2117.47 lakh as compared to Rs. 1705.20 lakhs previous year. In the year 2007-08, it achieved a 24 percent increase in its gross turnover over the previous year. It achieved a gross profit of Rs. 613 lakh in 2007-08. In terms of profit, the organisation achieved a profit of Rs.

388.72 lakhs in the year 2007-08, a 32 percent increase over the previous year. The organisation has also declared a dividend of 25 percent for its shareholders. Since the year 2000, the organisation has continuously been on a positive growth path (Figure 1)

Financial Viability

The MED programmes are considered financially viable and are earning a good profit. The total turnover of ABC Company for the year 2007-08 was Rs. 2100 lakh. Out of this, the contribution of the MED centre was Rs. 1300 lakh. Income earned from Vocational Training Programme was Rs. 564.5 lakhs. Talking about the financial performance of ABC Company interventions, Mr. Bhosale added that “Planning of the interventions are made in such a way that these interventions had never faced any financial crisis. Initial sources of finance for the organisation were the contribution from various shareholders and consultancy fees from various assignments. Current sources of finance of the particular division are fees from non-sponsored programmes, Government of Maharashtra for being the nodal agency for training under different schemes and other sponsored programmes.” Talking about the self-sustainability of their programmes Mr. Vivek Sinare,

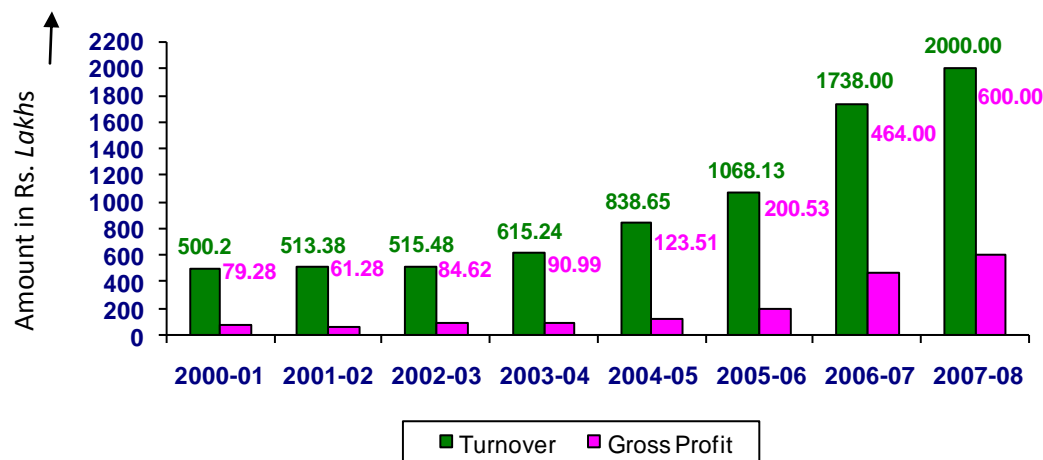


Figure 1: Growth Path of ABC Company

Area Manager of Pune district added that “We make our programmes self-sustaining by innovative programme design and widening horizons in different areas like corporate training, academia training and training of trainers”.

To conclude, the organisation is operating at a very large scale across Maharashtra. In terms of the focus on micro-enterprise development, the organisation has a separate unit for promoting entrepreneurship through training

Table 2: Socioeconomic Profile of MED Trainees

S.No.	Particulars	No of Trainees	Percentage
1	Age Group		
a	Below 20	8	16
b	21-30	20	40
c	31-40	15	30
d	41-50	6	12
e	51-60	1	2
f	Above 60	0	0
	Total	50	100
2.	Sex		
a.	Female	36	72
b.	Male	14	28
	Total	50	100
3	Religion		
a	Hindu	47	94
b	Muslim	0	0
c	Others	3	6
	Total	50	100
4	Educational Qualification		
a	Less than 8th	0	0
b	8th-10th	22	44
c	11 th -12 th	15	30
d	12 th - Graduate	7	14
e	Post graduate	6	12
	Total	50	100
5	Poverty Status		
a	BPL	26	52
b	Non BPL	24	48
	Total	50	100
6	Land Holdings		
a	Landless	41	82
b	Land owner	9	18
i	less than 1 acre (Marginal)	0	0
ii	1-2.5 acre (Very small)	1	2
iii	2.5-5 (Small)	3	6
iv	6-10 acre (Medium)	2	4
v	More than 10 acres (Large)	3	6
	Total	50	100

Source: Based on primary data collected from trainees of ABC Company

among budding entrepreneurs. A large section of various trades comes under the purview of micro-enterprises. The focus of the organisation remains on training.

Insights from Field Survey

For understanding actual micro-enterprise level performance and insights, data were collected from 50 trainees who have taken assistance from the organisation for starting business ventures. First of all, based on the outreach of the various programmes two districts, Pune and Amrawati were selected for the data collection. A total of 50 trainees were selected from these two districts who have taken assistance from the organisation at least one year ago for MED. Two different questionnaires were administered on the trainees depending on the outcome

- i. Those that have taken assistance from organisation and have started micro-enterprise
- ii. Those that have not been able to start the activity or have failed in running micro-enterprises.

It was noted that organisational intervention was not able to help a large number of trainees in taking up micro-enterprises. About 66 percent of a total of 50 trainees taken for interviews have not been able to take up micro-enterprise successfully. 50 percent of the trainees have not even tried to start the enterprise and only 16 percent have tried but failed in sustaining the activities because of various reasons. Presently, about 34 percent of the total trainees are running micro-enterprise successfully. Following sections deal with various issues on the organisational assistance provided to the trainees including its effect on promotion of micro-enterprises.

Socio-Economic Profile of Trainees

Data on various socio-economic characteristics like age, religion, education, poverty status and landholdings were collected to understand the background of the trainees. Socio-economic profile of trainees on different parameters is presented in Table 2.

Highest number of trainees i.e. 40 percent was noted in the age group of 21-30 years closely followed by the 31-40 years of age group (30 percent). It indicates that most of the aspiring micro-entrepreneurs are young and are below 40 years of age (86 percent). Only 14 percent of the trainees fall in the category of 40-50 years of age. In

terms of gender, 72 percent of the trainees were female and only 28 percent of them were male. It can be observed that a large percent of trainees that is 94 percent of the micro-entrepreneurs belonged to Hindu community. The educational level of the entrepreneur has a direct bearing on his ability to understand, run and manage the business. All the trainees of the organisation had received education above the 8th Std. level. A large percentage (44 percent) of trainees fell in the education category of 8th-10th Std. level followed by the education category of 10th-12th Std. levels (30 percent). 26 percent of the trainees were graduates out of which 12 percent have received education upto post-graduation level. This indicates that a common trainee of the organisation is educated upto 8th Std. level or beyond.

52 percent of trainees had BPL status. In terms of land holdings, it was noted that 82 percent of the trainees belonged to landless category. It indicates that the organisation is working largely with the landless to promote livelihood especially in the form of micro-enterprise. Only 18 percent of the trainees belong to the land owner category. Among, 18 percent of land owner, 2 percent were very small, 6 per cent were from small farmer, 4 percent from medium farmer and 6 percent in the large farmer segment. Overall analysis of the socio economic profile revealed that a typical trainee of the organisation is Hindu, belong to 21-30 years of age, relatively well qualified and belong to landless and below poverty line.

Livelihood Sources

In this field study efforts were made to understand the various livelihood sources of the micro-entrepreneurs, income from various sources, the nature of micro-enterprise activity started and contribution of those micro-enterprises to their livelihood (Table 3).

An analysis of present livelihood source of the trainees indicates that service is the largest source of livelihood for the trainees (54 percent) followed by business/trade as a livelihood source for 30 percent of the trainees. Four different trades namely, jewellery designing, food processing, tailoring and mobile repairing have been selected for the study. Start-up rate of micro-enterprise among the total trainees is quite low. Among 50 respondents selected only 50 percent have started micro-enterprise. Only 34 percent have succeeded in pursuing micro-enterprise activity further and 16 percent have

Table 3: Livelihood source, training trades selected, starting of ME and annual income of trainees

S.No.	Particulars	No of trainees	Percentage
	Livelihood Category		
a.	Agriculture	4	8
b.	Allied agriculture	0	0
c.	Business/ Trade	15	30
d.	Wage labour	2	4
e.	Service	27	54
f.	Artisans	0	0
g.	Any other	2	4
	Total	50	100
	Training taken on activities		
a.	Jewellery	10	20
b.	Food processing	20	40
c.	Tailoring	10	20
d.	Mobile repairing	10	20
	Total	50	100 100.00
	Status of ME started		
a.	Micro-enterprise started	17	34
b.	Started micro-enterprise but failed	8	16
c.	Micro-enterprise not started	25	50
	Total	50	100 100.00
	Annual income of the respondents		
a.	Less than 20000	0	0
b.	20001-50000	8	16
c.	50001-100000	21	42
d.	100001-200000	10	20
e.	Above 200000	11	20
	Total	50	100

Source: Based on primary data collected from trainees of ABC Company

started but failed in sustaining micro-enterprise activity further. Some of the trainees are in micro-enterprise activity but have not received the training in the related area from the organisation. They have not found the training sufficient to start the activity and have taken up a different activity. The Field study tried to look at the annual income of the trainees. The result indicated that most of the trainees i.e. 42 percent fell in the income bracket of Rs. 50001-100000 followed by 20 percent each in the category of 100001- 200000 and above 200000. No trainee fell in the category of less than Rs. 20000/ pa. The results also indicate that micro-enterprise was the major source of income for 53 percent of trainees. Out of which

it was the sole source of income for 35 percent of trainees. About 47 percent of trainees have started micro-enterprise as a supporting activity for their livelihood. This indicates that the organisation is able to promote micro-enterprise with those who do not have any other income source and need some stable livelihood source only upto a limited extent.

Break-up of various micro-enterprise activities taken up by the trainees and nature of activity is presented in Table 4. Food processing and catering had the maximum start up rate than other trades. Jewellery making trade had the least start-up rate. Not a single micro-entrepreneur has succeeded in establishing jewellery making as a business.

Table 4: Various activities taken up by various micro entrepreneurs and nature of activities

S.No.	Particulars	No of trainees	Percentage
	ME as a livelihood source		
a.	Major source of livelihood	8	47
i.	Sole source of income	6	35
b.	Supporting income	9	53
	Total	17	100
	Activity		
a.	Catering	3	17.65
b.	Food Processing	6	35.29
c.	Mobile repairing	2	11.76
d.	Canteen	1	5.88
e.	Tailoring	2	11.76
f.	Grocery shop	1	5.88
g.	Centring	1	5.88
h.	Auto	1	5.88
	Total	17	100.00 100.00
	Nature of activity		
a.	Trading	1	5.88
b.	Service	9	52.94
c.	Manufacturing	7	41.18
	Total	17	100.00

Source: Based on primary data collected from trainees of ABC Company

Further, these activities were classified under various types of business activity. For this purpose normal economic classification of manufacturing, trading and services was used. Being unorganized businesses with a narrow asset base, maximum percentage of microentrepreneurs i.e. 52.94 per cent are engaged in providing services. Only, 5.88 percent of the enterprises are engaged in trading activities and 41.18 percent of the microentrepreneurs were involved in manufacturing activities. Food processing was the most commonly taken manufacturing activity taken up by the trainees.

The analysis shown in Table 4 reveals that start-up rate of micro-enterprise among the total trainees is quite low. Only 34 percent have succeeded in sustaining micro-enterprise activity further, and 16 percent have started but failed in sustaining micro-enterprise activity further. Food processing and catering had the maximum start-up rate than other trades. Jewellery making trade had the least start-up rate. More than 50 percent of the trainees

of the organisation have a job for their livelihood. The result indicates that most of the trainees i.e. 42 percent fall in the income bracket of Rs. 50001-100000. The results also indicated that micro-enterprise was the major source of income for 32 percent of micro entrepreneurs. Out of which it was the sole source of income for 16 percent of micro entrepreneurs.

Organisational Assistance

The results indicated that the source of information about the organisation was newspaper advertisement for 58.82 percent of respondents and other agencies for 23.53 percent of microentrepreneurs. Friends, organisational staff and SHG played a limited role in providing information about training (5.88 percent each).

The organisation was categorized under the building human capital approach. It was expected to largely provide training services. Efforts were made to understand the

Table 5: Training details of trade selected for the study

Trade	Duration	Fees	Content
Food Processing	1 month	6500+10.3% Service tax	<ul style="list-style-type: none"> • Business Opportunities in Fruit and Vegetable processing, Dairy Products, Cereal Based Products, Bakery Products, Chocolates and Confectionary Products etc. • Preservation techniques • Quality Control • Packaging and labelling • Govt. schemes and Subsidy • Project Report • SSI and FPO Licence
Mobile repairing	8 weeks	4500+10.3% Service tax	<ul style="list-style-type: none"> • Introduction to Hardware, • Software, • Mobile multimedia service • Mobile market information • Downloading, • Trouble shooting etc.
Jewellery Design	6 weeks	8000	Elements of design, Jewellery export, Imitation Jewellery etc.
Tailoring	6 weeks	Provided at Amrawati under-sponsored category so no fees is charged	Stitching skill, marketing etc.

Source: Based on primary data collected from ABC Company

type of assistance provided to the micro entrepreneurs by the organisations. Minimal charges in terms of fee have been taken from the trainees for providing training.

96 percent of microentrepreneurs received only training. Realising the importance of marketing in success of micro-enterprise Amrawati team of the organisation has established a centre named as 'MARG Marketing' for providing forward and backward linkage support to the budding microentrepreneurs. The result of the research indicated that despite this effort for providing marketing support to the microentrepreneurs only 4 percent microentrepreneurs got marketing support. Details of training under various trades selected for the study is given in Table 5.

The organisation follows the project guidelines provided by the donors for identifying the trainees for taking of micro-enterprise activity. For non-sponsored and fee-based programmes generally, the interested person approaches the organisation for getting admitted to the training programmes. A small interview is taken by the concerned incharge to judge the seriousness of the individual towards

taking up the micro-enterprise and based on that interview the person is selected for training. An attempt was made to get the satisfaction level of micro-entrepreneurs about assistance received from the organisation. The results indicated that only about 47 percent of the trainees were satisfied with the assistance they received from the organisation and 53 percent of trainees indicated their dissatisfaction from the organisational assistance. Those who showed dissatisfaction from the organisational assistance were asked to suggest improvements they expect in the assistance. Micro-entrepreneurs indicated preference for only three components i.e. finance (22.22 percent), training (66.67 percent) and technology (11.11 percent).

Thus, as expected, the organisation is adopting building human capital approach and providing training services to the micro-entrepreneurs. More than 50 percent of the micro-entrepreneurs showed their dissatisfaction towards the assistance received from the organisation. Most of them who showed their dissatisfaction felt that the training provided by the organisation was not sufficient

Table 6: Establishment of ME, their age profile, motivation source and reason for starting micro-enterprise

S.No.	Particulars	No of trainees	Percentage
1.	Establishment/ expansion of ME		
a.	Expansion	7	41.18
b.	Establishing	10	58.82
c.	Total	17	100.00
2.	Establishment year		
a.	Prior to 1990	0	0
b.	Between 1990-2000	0	0
c.	After 2000	17	100
	Total	17	100.00
3.	Nature of ME		
a.	Established own	14	82.35
b.	Traditional	1	5.88
c.	Family Inherited	2	11.77
	Total	17	100.00
4.	Motivation source		
a.	Self	9	52.94
b.	Organisation staff	0	0.00
c.	Friends	5	29.41
d.	Saw Another ME	2	11.77
e.	Other	1	5.88
	Total	17	100.00
5.	Reason for starting own venture		
a.	Get employed	7	41.18
b.	Increase Income	3	17.65
c.	Wanted to do something different	3	17.65
d.	Wanted to gain self respect in the society	0	0.00
e.	Others, please specify	4	23.52
	Total	17	100.00

Source: Based on primary data collected from trainees of ABC Company

for starting their own venture and want improvements in the curriculum of the training.

Start-up of the Activities

Various aspects of enterprise startup like establishment or expansion of enterprise with the support of intervention, age profile of enterprises, source of motivation for starting the venture were asked to understand the effect of interventions on start-up of the micro-enterprise activity (Table6).

The field data indicated that of these successful micro-enterprises, organisational intervention has been able

to help 58.82 percent of them in establishing new businesses. 41.18 percent of the micro-entrepreneurs were able to expand their business with the help of organisational assistance. Due to lack of availability of data, only recent trainees were selected and all the micro-entrepreneurs selected had started their micro-enterprise post 2000. The results indicated that a large percentage of micro-enterprises supported by the organisation were first generation entrepreneurs (82.35 percent). Only 11.77 percent of micro-enterprise was found to be family inherited and 5.88 percent were traditional in nature.

About the source of motivation for starting their business, the results indicated that, self-motivation was one of the

most important contributing factors towards making them micro-entrepreneurs (52.94 percent). However, friends and relatives (29.41 percent) also influenced them to become micro-entrepreneurs. Only 11.77 percent of the micro-entrepreneurs mentioned that they got motivation to start their enterprise after working with similar enterprises. In terms of the basic purpose or reason behind starting the own ventures, the results indicated that most of the micro-entrepreneurs (41.18 percent) started new enterprise with the objective of getting employment followed by (17.65 percent) for increasing income and 17.65 percent who wanted to do something different in the society. Other reasons included reduced family responsibility which was most frequently quoted reasons by the female micro-entrepreneurs.

About the trainees of the organisation being satisfied with the adequacy of organisational assistance or not, it indicated that a large chunk of micro-entrepreneurs (70.59 percent) found intervention sufficient for starting their business and did not have to manage other resources from anywhere else. Only 29.42 percent of micro-entrepreneurs found organisational assistance insufficient and had to manage other resources like finance and skill from various sources. Those micro-entrepreneurs who did not find organisational assistance sufficient were asked to explain how they managed the other required resource for establishment/ expansion of the micro-enterprises. The result of the research indicated that finance is the most required resource. About 80 percent of the micro-entrepreneurs had to manage finance from various sources. Only 20 percent of micro-entrepreneurs managed to get technology from sources other than organisation. Further, about management of resources, the results indicated that more than 40 percent of micro-entrepreneurs tried to manage the resources on their own. 40 percent of the micro-entrepreneurs approached bank for financial support. The size of an enterprise can be determined in several ways- one of them being the total number of employees or workers. As per the definition of micro-enterprise, for this research, enterprises with 5 or less employees were selected. The results indicated that 100 percent of the enterprises were started by the micro-entrepreneurs themselves. In other words, these are very small units or businesses and fall in the category of Own Account Enterprises (OAEs).

It could thus be seen among the successful micro-entrepreneurs that organisational intervention was quite

helpful for many trainees in establishing new enterprise with self-motivation and with the objective of getting employment. All the micro-enterprises are OAEs and who found intervention sufficient in establishing the business.

Borrowings

The survey tried to explore the purpose of the borrowings by the micro-entrepreneurs, their loan amount and the outstanding loan amount. Only 11.87 percent of the micro-entrepreneurs had borrowings for business purposes and only 5.88 percent had an outstanding loan amount.

Financial Performance

Data on various indicators of financial performance were taken to understand the economic conditions of the enterprises like initial capital investment, present capital investment, fixed as well as variable investment in the enterprise and its profitability. The following section describes the status of enterprise on these parameters.

The initial capital investment made in the enterprises was also examined. This is not only an indicator of the scale of business at the time of commencement but also its financial strength. Overall, that total investment made by the 17 micro-entrepreneurs amounted to Rs. 11,84,500/-. The average investment amounted to Rs.69,676/, which falls within the limit of micro-enterprise of Rs. 2,50,000/- as per the Government of India definition of micro, small and medium enterprise. However, initially the highest investment was Rs.1, 50,000/- and lowest investment was Rs.100/. All the enterprises had initial capital outlay of less than Rs. 2,50,000/-. Of these, 76.48 percent had initially invested less than Rs. 5,000 in their enterprises. Only 17.65 percent of enterprises had an initial investment of more than Rs. 10,000/-. Only 5.88 percent of the enterprises fell between the categories of Rs. 5001- 10000. This indicates the small size of the enterprises promoted.

Scrutiny of the present capital investment of enterprises was undertaken to assess the extent to which these businesses have been able to grow their net worth from the time of inception. Over a period of time, it is expected that there will be a movement of enterprises towards higher capital brackets owing to business growth. The comparison between the distribution of initial and present capital investment shows that there has been significant

Table 7: Initial and present Investment in the enterprise

Investment (Rs.)	No. of enterprise at beginning	Percentage	No. of enterprise at Present	Percentage
0 - 1000	6	35.29	0	0.00
1001-5000	7	41.18	3	17.65
5001-10000	1	5.88	0	0.00
Above 10000	3	17.65	14	82.35
Total	17	100.00	17	100.00

Source: Based on primary data collected from trainees of ABC Company

improvement in the selected enterprises. Total present investment amounts to Rs. 11,84,500/- among 17 micro-entrepreneurs showing 210 percent increase over total initial investment. The initial investment was less than Rs. 1000 for 35.29 percent enterprises in the beginning. There are fewer units with a low capital base now than there were at the time of their initial setting up. Approximately about 17.65 percent of the enterprises had investment more than Rs. 10000 in the beginning; however, now, a bulk of the enterprises (82.35 percent) falls under this category.

An analysis of returns of income per year reveals that these micro-enterprises are moderate income oriented as about 47 percent of them generated a income between Rs. 20000-50000 per year. Only 17.65 percent were low income generating micro-enterprises with an annual income of less than Rs. 20000. About 35 percent were generating high income i.e. more than Rs. 50,000. A few of the enterprises were able to generate a profit of 1 lakh and above in one year.

The fact that there was an overall growth in the successful enterprises is also borne out by a comparison of their present turnover with initial turnover. 88.23 percent of the enterprises exhibited a positive growth and 11.77 percent enterprise showed zero growth. None of these enterprises showed negative growth.

Marketing of Products

Attempt was also made to understand the marketing ability of the micro-entrepreneurs and for this purpose questions were asked on the micro-entrepreneur's reach to the market, marketability of their products and suggestions for improvements of marketing services. The results indicated that most of the micro-entrepreneurs (94.12 percent) have been able to market their products

within the nearby town or city itself. This indicates that no micro-entrepreneur was able to reach market beyond nearby town and city.

About, whether micro-entrepreneurs are able to market their product or they faced problems, it was found that only 23.53 percent of the micro-entrepreneurs found problems in marketing of their products. Those who found market as the problem were asked to give their suggestions on how the marketability of the products can be improved. Out of 4 respondents, 2 of the micro-entrepreneurs found their inferior products as a major problem in marketing and suggested improving quality as the most important factor in improving marketability of the product. However, 25 percent of the micro-entrepreneurs felt that marketability can be improved by developing more linkages and by exploiting local market.

Thus, these micro-entrepreneurs could not reach beyond nearby town and cities for marketing of their products. Sales were not an issue due to the low scale of the business. Those who found marketing problematic wanted to improve their products and services for improving marketability.

Factors Affecting the Performance of MED Intervention

Respondents were asked to identify the problems or constraints that they typically face as entrepreneurs. Successful micro-entrepreneurs were also asked to indicate the factor of success.

The results indicated that skill was the most important factor considered by 47.06 percent of the respondents followed by information (29.41 percent). Other factors responsible for success of micro-entrepreneurs were

Table 8: Factors of success and problems in establishing micro-enterprise

Particulars	Factors of success	Problems
1.	Finance (0)	Finance (35.29)
2.	Skill (47.06)	No Problems (29.41)
3.	Market (5.88)	Market (11.87)
4.	Information (29.41)	Others (11.87) Space and material (5.88) Labour (5.88)
5.	Others (11.86) a. Quality products (5.88) b. Time (5.88)	Technology (5.88)
6.	Technology (0)	Skill (5.87)
7.	Family Support (0)	
8.	Infrastructure (0)	
Total	17	17

Source: Based on primary data collected from trainees of ABC Company

market (5.88 percent) and quality of products (5.88 percent). Other factors like technology, family support and infrastructure were not considered as success of factors by any of the micro-entrepreneurs.

In terms of problems also, finance was considered one of the major factors (35.29percent) hindering the establishment and growth of micro-enterprise. 29.41 percent of the micro-entrepreneurs mentioned that they do not face any problem in running their enterprise (Table 8).

Finance as a Constraint

Vidya Ramsingh Chavan is a landless 40 year-old female microentrepreneur running a grocery shop in Amrawati. This grocery shop is the only source of livelihood for her family of four. She has got education upto class 8th. She got information about ABC Company through newspaper and received training on food processing in the year 2006. She started her micro-enterprise with an initial investment of just Rs. 100. She started the business with self-motivation with the main objective of getting employed. She found organisational intervention sufficient for establishing business. Initially she started with making *laddoos* and selling in her neighbourhood. Gradually, she moved on to diversify her business and opened a small grocery shop. Presently, she owns assets worth Rs. 35000 and earns Rs.150/day. She is also willing to take a loan of Rs. 50000 for expanding her business but due to lack of collateral, banks are not providing her loans. She claims that if she is provided a loan of Rs. 50000, she can expand her business, increase her income and will be able to pay a monthly instalment of Rs.2000. But, as her business is not a registered entity and in formal banking it is not counted for collateral, she is unable to take loans from formal sources. Credit from informal sources is too costly for this small and budding micro-entrepreneur to bear.

Talking about the financial problems, she mentioned that “I started my business with Rs. 100 and earned a profit of Rs. 250 in the first cycle of the business. In the last 3 years of business I have increased my investment upto Rs. 35000 without taking any loans. I am able to educate my children very well. Recently, my husband also lost his job due to some unavoidable situation. In these tough times I am able to support my family financially. Now my husband also helps me in running the business. Today I am in a position do a daily business of about Rs. 500 and save Rs. 70 daily. I want to expand my business by taking loans. But, despite my established business, I am not able to get a loan of Rs. 50000. Access to finance is the major constraint for expanding the business for micro-entrepreneurs like us.”

Table 9: Details of trainees not in micro-enterprise activity

S. No.	Training trade	Assistance received	No of trainees not in ME	Total no of trainees	% of trainees not in ME
1	Mobile repairing	Training	9	10	80
2	Jewellery design	Training	10	10	100
3	Tailoring	Training	5	10	50
4	Food processing	Training	9	20	45
	Total		33	50	66

Source: Based on primary data collected from trainees of ABC Company

Trainees Not in Micro-Enterprise Activity

A total of 33 trainees (66 percent) of the total 50 trainees are not in micro-enterprise activity. However, start-up rate of the micro-enterprise was very less. Out of these 33 trainees, only 8 (16 percent of total trainees) had started an enterprise but have not been able to run the micro-enterprise successfully and had to close the activity due to various reasons. Trade-wise break-up of trainees is presented in Table 9. Similar problems were noted in the mobile repairing trade. Mobiles being very fast moving technology oriented trade the old curriculum did not prove much helpful for trainees to start their own

ventures. Finance was one of the most commonly cited problems across trades (35.71 percent) by the trainees followed by lack of adequate skill (21.42 percent) and marketing (17.85).

Among these 33 trainees highest rate of non-start-up was found in jewellery designing (100 percent) followed by mobile repairing (90 percent). Not a single successful activity was noted in this jewellery design trade. Most commonly cited problems were costly raw material, curriculum-based on old designs, lack of markets etc. All the trainees demanded updating the curriculum and market linkage for being able to start the micro-enterprises.

Market Linkage for Jewellery Making

Maya is a 30 year old female from Amrawati. She holds a post graduate degree and belongs to a landless BPL status family. She took training in jewellery designing from ABC Company in the year 2008 and started a business of jewellery making with her own investment. She had to shut down the business because she felt that the business was not profitable enough to provide her a sustainable livelihood. She feels that raw materials for the business are very costly and, there is lack of market. There is also presence of large players who can produce low cost imitation jewellery at large scale and gives tough competition for these small micro-entrepreneurs. She felt that linkages for low cost raw material from organisation would help these micro-entrepreneurs make their business sustainable. After closing her business, presently she is working as an RTO agent, but, she is willing to start her business again provided she gets support from organisation for raw material.

Conclusions

ABC Company as an organisation started with a focus on training and other support for entrepreneurship development. It has categorised its work into several areas for promoting entrepreneurship. Among all its divisions, micro-enterprise and entrepreneurship training division is outperforming other divisions in terms of turnover. This study made an attempt to assess its work and see the effect of its programmes on the start-up, establishment

and expansion of micro-enterprises. The organisation is adopting building human capital approach and providing training services to the micro-entrepreneurs.

Start-up rate of micro-enterprise among the total trainees is quite low. Only 34 percent have succeeded in taking up micro-enterprise activity further and 16 percent have started but failed in taking up micro-enterprise activity further. Food processing and catering had the maximum start-up rate than other trades. Jewellery making trade had

the least start-up rate. However, one of the objectives of these training programmes is to provide jobs in mobile repairing shops and Jewellery units. In that sense these programmes has been successful in providing livelihood to their trainees. The result indicated that most of the trainees i.e. 42 percent fell in the income bracket of Rs. 50001-100000. Though the start-up rate of the micro-enterprise is low, the organisation has been able to help its micro-entrepreneurs generate an annual income of Rs. 20000-50000 per annum.

More than 50 percent of the micro-entrepreneurs showed their dissatisfaction towards the assistance received from the organisation. Most of them who showed their dissatisfaction felt that the training provided by the organisation was not sufficient for starting their own venture and want improvements in the curriculum of the training. Finance was also cited as one of the important problem. Only 11.87 percent of the micro-entrepreneurs had borrowings that too only for business purposes and only 5.88 percent had outstanding loan amount. Some of the micro-entrepreneurs mentioned that they face lot of problems in accessing loan from banks and informal source of finance is too costly to afford.

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