ENTREPRENEURSHIP DEVELOPMENT INSTITUTE OF INDIA

EDI REPORTS 73

FROM THE DIRECTOR'S DESK

A FOCUSSED APPROACH TO EN'LIVE'NING CLUSTERS

An idea can create a business. However, it must be laced with proper understanding of market and availability of adequate resources. Small scale entrepreneurs, although possess the acumen to spot opportunities and establish a business venture, they are not able to reach the desired heights on account of their restricted access to markets and the limited resources to compete therein. They often lose out to resource-enabled entrepreneurs, because of the lack of scale of their operations.

Business performance encompasses a multiplicity of operations, and the edge that an enterprise gets by approaching a business function in an agglomeration of producers engaged in manufacturing homogenous products, 'better known as clusters', is unmatched. Such a paradigm leads to collective efficiency that imparts a definite upward push to all the enterprises within a cluster. Small strengths of individual entrepreneurs combine to form a 'force', a force that ensures them the advantages of scale and scope, when they work collectively.



Based on the Third Census data compiled by the Office of the Development Commissioner, Small Scale Industries, as of now, about 2890 industry clusters, 3337 artisan/craft clusters and 400 clusters of handlooms are operating in the country. In terms of rural-urban distribution, about 1265 clusters are operating in urban areas and 1566 in rural areas. It does not account for craft or handloom clusters.

(Cont..)

Three Cheers RBI, But There Are Riders;
By Mr. Manoj Mishra, EDI-Faculty On page 41

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Acknowledging the benefits of cluster development approach, several organisations have today pitched in to facilitate this process. But what is lacking is that the interventions of different organisations display 'wide ranging disparity'. Organisations are, today, designing interventions on the basis of their experiences or what they presume to be rewarding. Unfortunately, such presumptions often do not work in tandem with the expectations. A certain sharing of information and connectivity between these organisations would sure enhance as also improve the quality of information exchange the impact of which would sure be experienced by clusters.



Mr. Anupam Dasgupta, Secretary, SSI & ARI , Ministry of Industries, Govt. of India inaugurated the Foundation for MSME Clusters and the National Convention on Cluster Development Initiatives in India. Also seen are (L-R) Dr. Y.K.Alagh, Professor Emeritus, Sardar Patel Institute of Economic & Social Research and Dr. Dinesh Awasthi, Director, EDI.

UNIDO, one of the first organisations to bestow faith in the cluster development strategy, once again came on the scene in the role of a turn-arounder. It extended valuable support to EDI in setting up a non-political, not-for-profit, operationally autonomous and professionally managed Foundation for MSME Clusters, with Dr. Y.K. Alagh, former Union Minister of State for Power and ex-Vice Chancellor of Jawaharlal Nehru University, as its founder Chairman. The Foundation was inaugurated on 1st December 2005 in New Delhi by Shri Anupam Dasgupta, Secretary, SSI & ARI, Ministry of Industries, Government of India. Need for SME development would certainly receive better appreciation as this Foundation would bring together organisations working in the area, on a common platform so that there could be rich experience sharing, leading to concrete action plans for sustainable benefit of clusters in India. It is hoped that the Foundation will play an important role in facilitating competitiveness to micro, small and medium enterprises in the country.

The foundation will streamline an array of services in the field of training, advocacy & research, thus ensuring that the process of creation and sharing of knowledge in the area of economic development, particularly with regard to clusters in India as also in developing countries gets a boost. The large variety of clusters and diverse range of cluster initiatives with wide-ranging methodologies in use makes India an ideal place to act, research, learn and draw lessons from. EDI, on its part, now looks forward to inducing concrete, holistic development in clusters at a wider scale.

-Dinesh Awasthi

Entrepreneurship Education

These PG Students will Redefine India's Economic Status

Finally the much awaited day had arrived. The exuberant, eclectic and high-spirited 90 students seemed to endorse one point-"we are what the contemporary India demands; we will redefine career and success."

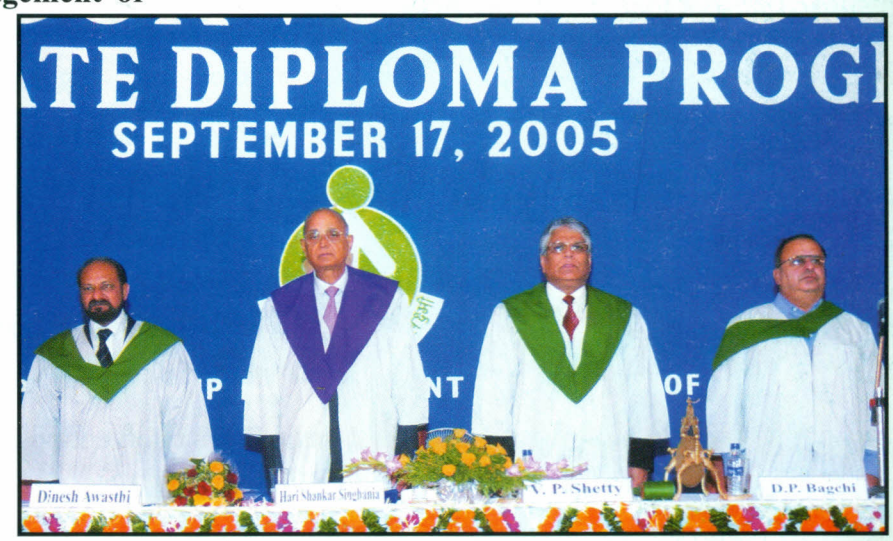
They had the reins of the future in their hands and they were quite aware of it. The convocation ceremony of EDI-PG Programmes was like an endorsement to the winning values, which was such a distinct, visible aspect of their personality.

The 7th Convocation of the **'Post Graduate Diploma in Business Entrepreneurship and Management'** and **'Post Graduate Diploma in Management of NGOs'** was organised on 17th September 2005 at the serene and sprawling campus of the Institute.The Chief Guest of the function was **Padma Bhushan Shri Hari Shankar Singhania**, President of multi-business, multi-product and multi-locational J.K. Organisation Group of Companies.

In all, 90 students successfully completed the course and were awarded the certificates- 39 in New Enterprise Creation, 34 in Family Business Management and 17 in Management of NGOs.

The function began with the welcome address by Dr. Dinesh Awasthi, the Director of EDI. Introducing Shri Hari Shankar Singhania, Dr. Awasthi recalling his mega achievements, said that Shri Singhania was honoured with the prestigious national award, 'The Padma Bhushan' in the year 2003 for his contributions in the field of trade and economic activities. J K Group of Companies, said the Director, is synonymous to colossal growth and that almost all states of India boast of atleast one J K Organisation set up in addition to the presence of the group in about 65 countries across six continents. Dr. Awasthi also threw light on the academic orientation of Shri Singhania, highlighting his presence on the Boards of several institutions of excellence.

Dr. Awasthi upon introducing the esteemed members of EDI Governing Board, went on to bring forth some of EDI's achievements on the domestic as also the international front. Addressing the graduating students, the Director exhorted them to bring about a fundamental shift in the way businesses are



Seen during the EDI-PGP Convocation is (2nd from L) Padma Bhushan Shri Hari Shankar Singhania, President, J.K. Organisation Group of Companies-the Chief Guest, with (L-R) Dr. Dinesh Awasthi, Director, EDI; Shri V.P.Shetty, EDI-President and Chairman-IDBI and Shri D.P.Bagchi, Ex-Chief Secretary, Govt. of Orissa.

conducted. He urged them to make maximum use of their talent for their own growth as also for that of the nation's.

EDI-President and IDBI-Chairman, Shri V.P. Shetty, endorsed the need of promoting entrepreneurship for economic development, and hailed Shri Singhania as a trailblazer who has made the phenomenon of entrepreneurship mainstream.

Shri Shetty called entrepreneurs a 'revolutionary force', and highlighted EDI's work towards making it a nationwide phenomenon. Entrepreneurship Development Programme has evolved as a progressive strategy, reinforced Shri Shetty, adding that bestowing faith in this strategy, EDI has led to setting up of around 2000 enterprises across 18 states of the country under the Ministry of Food Processing, Government of India assigned project of setting up units in the area of Food Processing, across the country.



Students celebrating after receiving their Diplomas

The Institute's foray in the Government of India's Ministry of External Affairs sponsored project of setting up ED Centres in Cambodia, Lao PDR, Myanmar and Vietnam was also highlighted.

The accomplishments of the EDI-EU project for Economic Rehabilitation of the Earthquake affected Region were also highlighted by Shri Shetty, in terms of setting up of 6186 small enterprises, rehabilitation of 455 units and creation of 11,131 employment opportunities. That on these very lines, a project ensuring rejuvenation and enrichment on all fronts in Sri Lanka and Maldives has become operational, was also brought forth by the President.

EDI's interventions towards promoting clusters of industries in India as also its activities towards concretising entrepreneurship on the grounds of Sudan, Mozambique, Yemen and Lao PDR were especially pinpointed by the President. Calling entrepreneurship a global need, Shri Shetty urged the passing out students to play a pivotal role towards giving themselves

and this nation a prominent place on the world's economic map.

The Chief Guest of the Convocation, Padma Bhushan Shri Hari Shankar Singhania awarded the Diplomas to the students and the medals for best performances to meritorious students. The Bharti Best Student of the Year Award (sponsored by Bharti Foundation, New Delhi) was also presented to Aadil Bandukwala of Family Business Management specialisation. It was announced by the Chairperson, PGPs, Dr. Sunil Shukla.

Bharti Foundation, New Delhi a leading telecommunication network, sponsored 'Bharti Centre for Entrepreneurial Initiatives' has been established at the Institute to motivate youths to opt for entrepreneurship as a career option. As a part of the Centre's activities, the Bharti Student of the Year Award has been instituted.

Bharti Entrepreneur of the Year Award 2005, instituted by EDI and sponsored by the Bharti Foundation was also presented on this occasion. Mr. Bhavin Turakhia, owner of DIRECTi was awarded the Bharti Entrepreneur of the Year Award 2005.

The awards followed a very inspiring address by the Chief Guest Padma Bhushan, Shri Hari Shankar Singhania. The Chief Guest began by complimenting EDI for offering these unique courses, i.e. 'Post Graduate Diploma in Business Entrepreneurship and Management' and 'Post Graduate Diploma in Management of NGOs'.

Shri Singhania offered his heartiest congratulations to the students for successfully completing post graduate diploma programmes and said that they were at a highly rewarding phase of their life. Giving them his best wishes, he went on to establish the significance of entrepreneurship and entrepreneurs in the growth of the economy. "Entrepreneur is the one who constantly analyses opportunities and takes initiatives and risks to seize them with courage and boldness. S/he has to have a vision, farsightedness as well as determination to forge ahead despite ups and downs", asserted the Chief Guest.

Flipping over the pages of the past, Shri Singhania said that it's the entrepreneurs who built nations and started the process of globalisation centuries ago and that they travelled far and wide to create the silk route, spice route and other trade routes.

India, he added, has been a land of entrepreneurs for centuries and that Entrepreneurship has pervaded all facets including agriculture, manufacturing, trade and services, which is why, he said, we in India are not new to this phenomenon. Shri Singhania expressed happiness over the fact that we had entered an era where an entrepreneur is free to do any business or set up any industry he or she likes, barring very few exceptions. "The process of globalisation has brought a new dimension of competitiveness and inflow of foreign investment; our economic boundaries are no more national but indeed global", he announced. What he called very rewarding was that in addition to the proven entrepreneurs, budding new entrepreneurs have also come up on the scene and are forging ahead. The Chief Guest appreciated that this number was increasing day by day.

He called the future of India 'very bright' and highlighted a few phenomena, like 'outsourcing' as very promising. Like a determined entrepreneur himself, he said that a true entrepreneur is never deterred by any problem or hindrance. "The creative urge and determination to win would drive you-the

young entrepreneurs-to take on the challenges and enjoy the benefits of the unfolding opportunities", he added.

Citing the example of his own forefathers, the Chief Guest threw light on their efforts to establish themselves during the difficult times of freedom struggle. The narration brought forth, as to how they succeeded despite odds.

Advising the students, the Chief Guest urged them to build a strong value based character to succeed as an entrepreneur. "Integrity, honesty and fairness are the basic tenets of this value system", he asserted. He advised them to always stick to their value system.

Innovation is a part of entrepreneurship, said he, adding that one needs to innovate constantly, look at the problems from different angles and cultivate flexibility and dexterity so as to be able to respond promptly to the changing situations.

He asked the students to analyse opportunities by taking various facets and alternatives into account, being realistic and adopting a farsighted approach.

The Chief Guest concluded by quoting the dictum that success comes only with 10% inspiration and 90% perspiration, adding that they must make the best of all opportunities. He requested the Financial Institutions and Banks to rise to the occasion and take an entrepreneurial approach to actively encourage and assist our entrepreneurs.

The function concluded with a vote of thanks by EDI Director, Dr. Dinesh Awasthi. The students exuded confidence and looked forward to an illustrious career. Upon asking them to list out their strengths, they called themselves the repository of knowledge, strategic thinking, information and meticulous planning.



Aadil Bandukwala (Family Business Management specialization) receiving the award for Bharti Student of the Year- 2005 at the hands of Hon'ble Shri Hari Shankar Singhania.

Training Programme on Research Methodology

Against the backdrop that there is a dearth of Professionals who could undertake research based activities in organizations involved in entrepreneurship development, the Institute with sponsorship support from National Entrepreneurship Development Board (NEDB), Ministry of Small Scale Industries, Govt. of India, organised the first ever 2-week training programme on Research Methodology at the Institute during January 16-27 2006. A group of 28 participants from 8 states representing various state-level ED institutions, ED Cells, STEPs and NGOs attended the said programme. They were equipped with requisite skills to understand research related problems and address it by undertaking quantitative and qualitative research. During the programme, participants learnt the techniques of data collection and analysis, interpretation of statistics and the ways of preparing a research report. As a part of the training exercise, they were provided with computing skills to pursue research, covering data management and computer-aided data analysis, charting and reporting.



Participants of the programme seen with (4th from R) Dr. Dinesh Awasthi, EDI-Director; (3rd from R)Dr. G S Gupta, Programme Director and EDI faculty members.

Developing Faculty Group as Harbingers of Change

'Entrepreneurship' has sure grown much beyond rhetoric. Today 'Creating an Entrepreneurial Personality' is a task, which is heard of and no longer, looked upon in derision. The once precarious entrepreneurial environ has now come to embrace a fast changing mindset. And one must acknowledge that the onus of this has been successfully borne by the faculty at college / university level that has not just precast the mindset but has also positioned it firmly.

Mr. Arun Nigavekar, Chairman, University Grants Commission, rightly said during a recently organised National Convention at Delhi that out of 94 lakh students at the undergraduate level, 70%, i.e. about 80 lakhs, are pursuing B.A., B.Com. or B.Sc. courses and it is this force, he emphasized, which should be concentrated upon and inclined towards entrepreneurship. If we go by this status, we need to call upon our faculty group to precent and make the enviroment rife with entrepreneurial occurrences.

These most crucial change agents, however, feel that they need to be informed about the aspects closely associated with entrepreneurship.

With this in view, EDI organised a National Faculty Development Programme during 19 - 30 December, 2005. The programme was sponsored by NSTEDB, Department of Science & Technology, Government of India. The efficacy of this programme is endorsed by 925 teachers trained in these programmes till date. The primary objectives were to give an exposure to the comprehensive entrepreneurship development process as also the skills essential for effective initiation of Entrepreneurship related activities in their respective educational institutions.



Seen above is the Chief Guest of the Valedictory Function, Dr. H.K. Mittal, Advisor & Member Secretary, National Science & Technology Entrepreneurship Development Board, Ministry of Science & Technology, Govt. of India. Mr. Mittal in his address urged the participants to work with passion towards promoting entrepreneurship. The Chief Guest exhorted that this quality being the most significant factor for success; the participants must never compromise on this front. He advised them to trust the knowledge that they had acquired, and commit themselves to the mission. Also seen in the picture is Dr. Anupriya Pandey, EDI Faculty.

The programme methodology was designed to cover the detailed process of EDPs and aspects such as; Assessment of Potential Entrepreneurs, Business Opportunity Identification, Business Plan Formulation, Skill and Behavioural Training Inputs and such other significant aspects.

Faculty members from as many as 40 educational institutions from all over the country, admitted to having received practical insights into entrepreneurship development efforts. Field visits to educational institutions, training and industrial support institutions and small enterprises to view things in action gave the participants a closer and practical peek. One-on-one interaction also helped them acquire a deeper understanding.

According to the Programme Director, Dr. Anupriya Pandey, "the faculty group is a force for transformation. They must acknowledge the power that they wield because only then the process of change would be initiated on a wider plane. I am glad that these 42 enlightened members of the teaching group strongly believe in the concept that they have set out to propagate".

The action plans of the participants reflected their conviction to initiate activities that guarantee worthwhile results.On the last day of the programme, one could sense futuristic resolve that forced one to believe that the results would be worth while.

Faculty Development Programme at Bhubaneswar

The Faculty Development Programme in Entrepreneurship organised at Bhubaneswar, was sponsored by NSTEDB, Department of Science and Technology, Government of India. The 20 participants who attended the programme gained valuable insights into entrepreneurship development and its significance in the growing economy. As an important outcome of the programme, the participants prepared action plans indicating their resolve to implement result-oriented activities for the student community.

Faculty Development Programme at Varanasi



Seen deliberating in the picture are Dr. P.K. Mishra, Reader, IT, BHU; Dr. Sunil Shukla, Professor, EDI; Dr. Pradeep Shrivastava, Reader, IT, BHU and Shri Raman Gujaral, Faculty Member, EDI.

Varanasi buzzed with intellectuals brainstorming, sharing their experiences and learning from experts on the subject of 'promoting entrepreneurship among youths' during the recently organised Faculty Development Programme in Entrepreneurship with 28 faculty members from reputed institutions. The faculty group charted out a course of action which spelt out a visionary approach to promoting entrepreneurship as a career option.

Faculty Development Programme at Kochi



Seen here is EDI Faculty, Mr. N. Ramesh in interaction with the participants of the Faculty Development Programme organised at Kochi during December 26, 2005 to January 7, 2006. 28 participants of the programme represented academic institutions and voluntary organisations from 3 states namely Karnataka, Kerala and Tamil Nadu. The programme, they felt, equipped them towards promoting entrepreneurship as a career option among the modern day youth.

"India must have its Own Model of Economic Development", Exhorted SEBI Chairman



Seen during the lecture session are the Chief Guest, Mr. M. Damodaran, SEBI Chairman, with (R-L) Dr. Sunil Shukla, Professor, EDI, Prof. Bakul Dholakia, Director, IIMA, Dr . Dinesh Awasthi, Director, EDI and Mr. Bipin Shah, Sr. Faculty, EDI.

The Annual Lecture Series was one of the several activities planned under the Bharti Centre for Entrepreneurial Initiatives set up at the Institute under the aegis of Bharti Foundation. The first lecture in the series was successfully organized on November 29, 2005 at Gujarat Chamber of Commerce and Industry, Ahmedabad. Shri M. Damodaran, Chairman, Securities and Exchange Board of India (SEBI) delivered a very motivating and thought provoking address on **'India in the 21st Century'.** Well attended by over 300 persons, the audience represented a wide section of the community including bankers, academicians, students, industrialists, consultants and state corporation chief executives. Also present on this occasion was Mr. Raveen Bhatnagar, Chief Executive Officer, Bharti Group. Prof. Bakul Dholakia, Director, IIM, Ahmedabad, presided over the function. Dr. Dinesh Awasthi, Director, EDI, initiated the proceedings with his welcome address.

Dr. Awasthi in his address cast a glance over the improving perceptions about India across the globe. Citing landmarks from Mr. Damodaran's illustrious career, Dr. Awasthi hailed him as an esteemed personality who has introduced changes that have changed the face of India. Welcoming Prof. Bakul Dholakia, Dr.



Mr. Damodaran addressing the House

Awasthi said that he is an academician whose stories of accomplishments reach a place before he does and went on to highlight a few stories of his academic brilliance.

Shri Damodaran, in his address, negated the efforts made to compare India and China. According to him, the two nations follow different models of economic development.

He felt that India's growth model, though slow, would prove to be more sustainable and stronger than China's in the long run as India's model is based on domestic needs while China's is dependent on exports. "Though Indian model has its own barriers, fundamentally it is stronger as China has adopted processes, which have not been proven over time", opined Shri Damodaran.

Shri Damodaran further added that plans initiated by our Central Government had failed on some of the fronts as they were not focused on local needs. He stressed on the need for specific plans for each state, as a standard model would fail to meet the demands of local development. According to him, developmental plans should be tailor-made as each state has its own distinct character and Indian solutions need to be found for the country's problems. Fancy consultants are not required to advise us on our future course of development, he felt. Rather than focusing on our problems, he said, we must count on our blessing which lies in our youth force, which is aggressive, assertive and ambitious.

Elaborating on his own 'Tripod Theory', he emphasized on the need for empowering more people to take decisions and thus take responsibility, rather than confining powers in a few hands. This, he said, should be followed by rewarding those who have been empowered as it would then inculcate a sense of responsibility in them for their actions /decisions.

Shri Damodaran's address evoked considerable amount of interest and interaction among the audience.

Endorsing the beliefs of Shri Damodaran, Prof. Bakul Dholakia, Director, IIMA, stressed on the significant role that our youth can play in taking India to newer heights of success. Prof. Dholakia also emphasized on the power of teamwork and urged the youth to work in a team to reach enviable results.The distinguished gathering also presented their points of view and unfolded several new dimensions to the issue of 'India in the 21st Century'. The understanding of the audience was elaborated upon by Shri Damodaran.

The house was briefed about the activities of the EDI-Bharti Centre by the Convenor of the Centre and Professor at EDI, Dr. Sunil Shukla.

The event concluded with a vote of thanks by Shri Bipin Shah, Senior Faculty, EDI.



Mr. Raveen Bhatnagar, Chief Executive Officer, Bharti Group, felicitating Mr.Damodaran

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International Centre for Cluster Competitiveness and Growth (IC^{3}G)

Hon'ble Chief Minister offers a Hand in Spearheading the Cluster Approach



Seen during the inauguration are the Chief Guest, Hon'ble Chief Minister of Gujarat, Shri Narendra Modi with (L-R) Shri Arvind Agarwal, Industries Commissioner, Govt. of Gujarat; Shri D.Rajagopalan, Principal Secretary, Industries Dept, Govt. of Gujarat; Dr. Dinesh Awasthi, Director, EDI and Mr. R.J.Shah, Principal Chief Industrial Advisor, Industries Commissionerate, Govt. of Gujarat.

'Gujarat has a rich culture of Small and Medium Enterprises (SMEs), and many of these exist as clusters, manufacturing products that are competitive. The significance of addressing SMEs in clusters has been well-recognised as it is then that individual small enterprises derive advantages on the fronts of quality, technology, raw material purchase, common facility centre, competition, export, etc. The Institute, therefore, focuses on the cluster development approach to strengthen small and medium enterprises. Its efforts have been widely acclaimed and recognised by a number of national and international bodies. The dynamism ensued in the Jamnagar Brassparts Cluster and the Rajkot Engineering Cluster is worth the mention. However, the work of infusing competitiveness among clusters also necessitates sensitising the concerned officials as also creating a cadre of Cluster Development Executives who could implement turn-around strategies for sustainable development.

It is worth highlighting here that Gujarat houses 394 clusters, out of which 181 are SSI clusters, 199 are handicraft clusters and 14

are handloom clusters. So the massive task of developing clusters requires an equally massive force.

It is, therefore, imperative that the concerned officials be sensitised on various facets of clusters and the importance of cluster-based development interventions. A competent cadre of Cluster Development Executives need also be developed so as to take the responsibility of streamlining the cluster development movement in the state.



Dr. Dinesh Awasthi felicitating Hon'ble Shri Narendra Modi

Keeping the same in focus, EDI organised a one-day Sensitisation Workshop on Cluster Development Strategies for the officials of Industries Department, Govt. of Gujarat. The basic objective of this workshop was to sensitise the officials about the need for cluster based development interventions in the state. The participants understood the various facets of cluster development and the role of support institutions in facilitating the development process. They got an overview of the cluster development initiatives in India as also the significance and growth of clusters in developing economies. Initiatives of Govt. of Gujarat in developing clusters and a few successful cases were also discussed in detail during the workshop. Upon completion of the workshop, the participants gained asound understanding about the development needs of clusters and the ability to channelise resources in order to ensure overall development of industrial and artisanal clusters in Gujarat.

The Workshop was inaugurated by the Hon'ble Chief Minister of Gujarat, Shri Narendra Modi. Shri Modi highlighted how the cluster approach was a part of business operations even in the olden days. Shri Modi felt that the only roadblock in the continuation of the approach was its gradual isolation from the modern market trends. Hon'ble Chief Minister highlighted the benefits that accrue as a result of operating in a cluster and the role of Cluster Development Executives (CDEs) in spurring the performance of clusters. The Chief Minister concluded by endorsing that the country's huge potential in terms of resources could be fruitfully relied upon to shape India's future and believed that the cluster approach could play a pivotal role in this.

In order to give a strong fillip to the cluster development movement in the state, EDI also organised a three-phased CDE training programme. The programme was attended by select officials of Industries Commissionerate and District Industries Centre and aimed at endowing the participants with necessary knowledge, skills and attitude required to be an effective CDE. The participants opined that their concepts were clarified in the areas of;

- understanding the dynamics of a cluster and their role as cluster actors.
- carrying out diagnostic study in an effective manner and preparing the strategic intervention plan.

- streamlining development initiatives in a purposeful manner.
- establishing network among cluster actors and ensuring their capacity building.
- ensuring holistic development of the cluster.

During the programme each participant was allocated one cluster. They completed the diagnostic study of their allocated cluster and prepared a plan of action featuring the factors which when worked upon would facilitate development. During the programme the participants were also trained on how to write a proposal for cluster development. Every year a few clusters would be taken up for holistic development under the framework of cluster based development approach of the Government of Gujarat.

The Gujarat experience of involving their officials in fostering industrial development under the cluster mode has evoked interest among other state governments as well. It is heartening to note that the Government of Rajasthan is also thinking on the lines of adopting the same approach.

By the end of the third phase of the programme the participants endorsed to have understood the various facets of clusters and the need for cluster based development interventions in the state.

As Mr. Sanjay Pal, Faculty, EDI, believes, "it must be appreciated that the Industries Commissionerate, Govt. of Gujarat for the first time decided to involve their officials working in the District Industries Centres all over Gujarat, in the cluster development activities, as this would certainly spur the economic performance of the state." The officials working with the DICs are looking forward to adopting central roles as that of facilitators to foster industrial development through cluster approach.

Structuring Clusters

The Indian culture and tradition has managed to maintain its centrality in most economic processes and procedures. The handloom sector may not be categorised as futuristic or growth oriented but it has proved itself as the largest employer in India, providing employment to about 65 lac persons. The sector however, lacks a modern, structured approach to turnaround excellence. Excessive reliance on conventional practices has kept the sector away from venturing and operating at a plane where 'competitiveness' is the buzzword. The sector has not revolutionised itself in the face of open markets and free trade. Handloom weavers need to chart out a holistic growth approach to meet the challenges of the global market environ.

Integrated handloom cluster development programme launched by the Office of the Development Commissioner, Ministry of Textile, Govt. of India is an attempt to facilitate sustainable development of handloom weavers located in identified clusters so that they evolve into a cohesive, self managing and competitive socio-economic unit.

The Institute has been selected as an implementing agency for Varanasi Handloom Cluster and as a National Resource Agency for 20 pilot integrated Handloom Cluster Development Programmes spread across 14 states in the country. As an implementing agency at Varanasi Handloom Cluster, EDI will adopt an integrated approach by following capacity building, market development, technological and institutional development activities. An all-encompassing approach recognising the role of social capital at the weavers' level; trust building initiatives; vision building with cluster stake-holders' networking with special attention to consortia; job quality improvement and upgrading workers' productivity; association building, skill enhancement for accessing business development services (BDS), implementing cluster action plans and establishing principles of monitoring and evaluation have been worked out. The strategy adopted focuses on addressing both the generic and specific problems of the cluster in a way that the cluster experiences all-round, multifaceted growth.

Playing the role of a National Resource Agency, the Institute will facilitate, strengthen and provide support services to render a distinct thrust to cluster development. Development of 20 handloom clusters at different locations has been primarily targeted with effective mentoring and monitoring services. Printing of newsletters and brochures, as also documentation of best practices, will be emphasized upon to promote replicability of the model designed.

Identifying the support to be provided; preparing time frame of actions , convening periodic meetings in close co-ordination with the apex committee at the national level to appraise progress; seeking approvals and inputs if need be, for technical, design development and other such issues deemed fit, are yet other activities planned with the aim of ensuring result-orientedness. Sensitizing policy makers about the requirements of handloom cluster is another area which will be kept in sharp focus to ensure long-term sustainable results.

Amidst the times when globalisation is making inroads, it is significant to promote the performance and status of the small scale sector. The cluster approach is one means to get an insight into the strengths, potential and innovativeness of small scale industries thus enabling formulation of strategies that give them the advantages of large scale sector.

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Amidst the times when globalisation is making inroads, it is significant to promote the performance and status of the small scale sector. The cluster approach is one means to get an insight into the strengths, potential and innovativeness of small scale industries thus enabling formulation of strategies that give them the advantages of large scale sector.

Small Scale Enterprises Display a New Perspective

Breaking norms of conventional standards, taking risks and enduring hardships are some of the characteristics that set apart a winning enterprise. However, amidst the escalating complexity of economic processes not all small-scale enterprises are resource rich and there is always a fear of failure which lurks at the edge of even a well thought out novel idea. However, an entrepreneur does enjoy centrality, some unique strengths and resources, if he / she works in tandem with other entrepreneurs of the field. Operation in an agglomeration of enterprises or as we say, a cluster approach provides certain distinct advantages on the fronts of quality, technology, raw material purchase, common facility centre, export etc. EDI has through its focussed interventions, transformed the face of many a cluster by addressing and rectifying the anomalies that cloud them.

Sponsored by the Government of Punjab and DCSSI, Govt. of India, Development of Auto Parts Components' Cluster in Jalandhar, Ludhiana and Phagwara will shortly witness result-oriented interventions, which will revivify the cluster as

Technologies Transferred at Autoparts Cluster at Jalandhar, Ludhiana and Phagwara.

Technology	Effects
Fluxing of aluminum bronze	Minimising blow holes and minimum rejections
Inoculations in grey iron castings	Improvement in tensile strength Minimising chilled rates
Optimising parameters in roto finishing	Cutting down production time
Optimising parameters in barreling	Improvement in quality
Changing the material of forging dies	Increased die life
Application of appropriate lubricant in forging dies	Improving quality of parts and die life
Changing heat treatment process for springs	New development and expanded market
Improvement in surface engineering of tie rods	Better appearance and better aesthetics
Elimination of shrinkage in cast iron	Improvement in productivity

also simultaneously, induce permanent growth generating impulses. A diagnostic study to begin with, was carried out to understand the problems of the cluster so that a detailed action plan could be worked out. As Mr. K.K.Shaw, Technology Expert, EDI puts it "A major intervention has been the face-to-face counselling, under which 250 enterpriseswere not just visited to address enterprise specific problems but also the entrepreneurs here were educated on emerging practices, approaches and systems". The ten technological implementations, which have been carried out, resulted in improvement in quality and productivity by substantially minimising the rejection rate.

As a part of its responsibility to extend handholding support to 12 clusters, the Institute planned out a package of interventions. The Cluster Development Executives in the 12 clusters prepared their action plans under EDI guidance. These were sanctioned by the Office of the DCSSI subsequent to which, cluster development activities have been initiated in these clusters. Some of the enviable results, which speak of success may be listed as under:

- The Leather Goods Cluster in Shantiniketan has started realizing its growth potential. Around 35 new designs have been developed with the involvement of an expert BDS provider. These designs have been taken under commercial production. A group of entrepreneurs from the cluster participated in India International Trade Fair, Delhi, in November 2005 as a result of which they could procure good export orders thus making a good beginning, as export had so far been a rare phenomenon in this cluster.

- Development of product catalogues has also been a major move to make their presence felt. These have been sent for International Catalogue Show in Johannesburg, South Africa. NSIC is one of the key promoters of the International Catalogue Show and their support has been availed for the benefit of these clusters.

- The task of development of websites of various clusters, taken up under IC^{3}G, has also been accomplished. This has proved to be an effective avenue for promoting business of the enterprises in the clusters.

- As a part of market development strategy, a training programme on export procedures and documentation was carried out in some of the clusters. The cluster actors have acknowledged the benefits accruing as a result of this.

- In clusters like the Brass and Bell Metal, Khurda, to jointly procure raw material, the cluster actors got in touch with Hindustan Copper Ltd. and negotiated the price of copper, an important raw material in the cluster, for bulk purchase.

- In the Footwear Cluster, Agra, an EDP on Footwear Designing and Pattern Cutting was organized which had visible impact.

- The energy audit of the Steel Re-rolling Mill Cluster has been completed with the help of public BDS.

- Considering a proposal for developing an integrated textile park in the Readymade Garment Cluster, Indore, a meeting was organized with the members of the Textile Committee, Govt. of India and IL&F to work out the modalities of its operation.

Best practices and innovations in clusters, across the country, would be the order of the day. EDI's interventions, till now, have opened up a series of avenues for dormant yet potential-exhibiting clusters. The coming times will see the clusters experiencing a remarkable upsurge.

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Micro Finance and Micro Enterprise Development

Consolidating Growth in Rural Areas

Development, especially in India, will fail to exhibit its grandeur and force if it overlooks the vast rural landscape of the country. The changing paradigms and demanding global structure have necessitated that agriculture, as a field, be assigned the status of a front-runner. The rural areas abound in natural as also human resources. A vast pool of resource potential is available in the form of agriculture graduates who pass out every year. It is important that they come to acknowledge the significance of entrepreneurial talent and adopt a role to this effect.

In keeping with this, a 2-month long training programme on 'Agri-Clinics and Agri-Business Centres' (3rd in the series) sponsored by the Ministry of Agriculture, Government of India, in association with NABARD, National Institute of Agricultural



Participants of the programme seen with (4th from R) Mr. Manoj Mishra, Programme Director and esteemed members of the EDI faculty group.

Extension Management and Small Farmers' Agri-Consortia, was organised at EDI during October 10-December 17, 2005.

The programme aimed at imparting competencies and skills to participants so that they set up their own 'Agri-Clinics and Agri-Business Centres' and provide professional extension services to farmers.

21 agriculture graduates from 3 states viz. Gujarat, Madhya Pradesh and Rajasthan got enrolled for the training. Completion of the training programme resulted in creation of a cadre of Agri-Business Service Providers as also entrepreneurs with skills to counsel in the areas of managing agri-enterprises as also launch their own units in the agriculture sector. Towards achieving this, emphasis of the programme was on behavioural inputs so that entrepreneurial traits got reinforced, business opportunity guidance to facilitate decision making process to either set up a new venture or help improve the existing ones, and managerial inputs for successful and profitable operation of agri-enterprises. In addition, inputs on information technology to contribute towards efficiency improvement and effectiveness of agriculture extension system were also much focussed upon. As of now, the Institute has developed a cadre of 70 agripreneurs.

A remarkable outcome of the programme was in terms of preparation of project profiles pertaining to cut flower, tissue culture laboratory, agri-commodity exchange, seed processing, etc. For viable projects, EDI will seek approval from the local bank with due support of NABARD. It is heartening to state that over the last two programmes, a success rate of 48% has been accomplished.

The participants especially appreciated the inputs imparted to them in relation to the role of agri-enterprises in the national economy, potential business opportunities in the sector and agri-enterprise development & management. Mr. Manoj Mishra, Programme Director, feels that the agriculture sector can unfold relatively solid growth prospects if there is a consistent supply of entrepreneurial talent. The Programme Director called this effort of EDI, a step towards an entrepreneurial rural India.

TRAINERS' TRAINING PROGRAMME (TTP) FOR VETERINARY DOCTORS



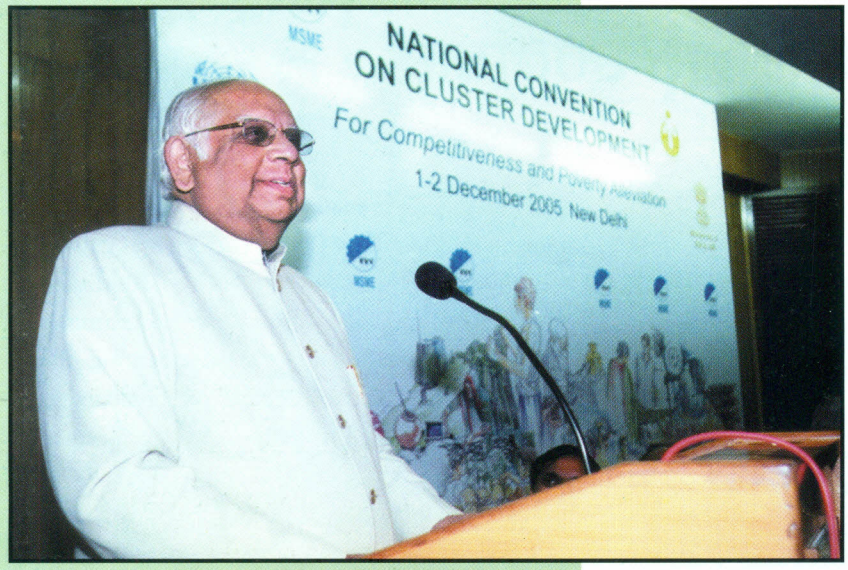
A TTP in Entrepreneurship Development was organized for Veterinary Doctors of Govt. of Orissa. The programme was sponsored by Indo-Swiss Natural Resources Management Programme, Orissa. The programme aimed at orienting the participants towards the aspects of entrepreneurship development and making them work out projects in this field.

Seen here is EDI Faculty, Mr. C.R.Patnaik (4th from R) with the participants.

Foundation for MSME Clusters Inaugurated



Director EDI, Dr. Dinesh Awasthi in an interaction with Hon'ble Speaker of Lok Sabha, Shri Somnath Chatterjee.



Hon'ble Speaker of Lok Sabha, Shri Somnath Chatterjee, Chief Guest of the Valedictory Function, addressing the audience.

Talks on business development and success are never complete without distinct emphasis on the significance of entrepreneurial resourcefulness. Presence of entrepreneurial resourcefulness translates itself into access to finance, resources, markets and information. Individual firms, on account of their restricted operations and, dependency in some cases, are unable to display a kind of resourcefulness that sets apart a successful entrepreneur. The same entrepreneurs when operating in clusters experience certain advantages and gain control over important resources.

With the growing significance of the cluster approach, a large number of institutions and NGOs, are promoting clusters by taking up Cluster Development activities.

With an objective to provide a common platform and bring all these organisations together to share and learn from their working experiences, EDI took the initiative and set up a non-political, not-

for-profit, operationally autonomous and professionally managed international **Foundation for MSME Clusters,** with strategic support of UNIDO. The function to formally announce the Launch of the Foundation and the inauguration of the first ever **National Convention on Cluster Development Initiatives in India : Status and Road Ahead** was organised on December 1-2, 2005 at India Habitat Centre, New Delhi. The focus of the National Convention was to take stock of various cluster development initiatives in India and to learn from the best practices as also chart out a detailed plan of action for the Foundation.



Mr. Anupam Dasgupta, Secretary, SSI & ARI, Ministry of Industries, Govt. of India, addressing the gathering during the inaugural function.

The event was inaugurated by Mr. Anupam Dasgupta, Secretary, SSI & ARI, Ministry of Industries, Govt. of India. Besides 115 delegates representing government/non-government organisations, industry associations, financial institutions and banks, there were entrepreneurs representing various clusters, who displayed their products. In his inaugural speech, while expressing his best wishes to the Foundation, Mr. Dasgupta suggested the Foundation to;

- organise capacity building programmes for officials of industry associations engaged in SME development,
- carry out a detailed census of industry associations,
- make available certain basic information to SSIs and
- develop case studies of successful clusters.

The delegates were categorised in two groups; one industry clusters and the other, artisan clusters, depending upon their interest during the technical sessions. The sessions were chaired by Mr. Satyanand Mishra, Development Commissioner, Small Scale Industries, Govt. of India and Mr. Brij Mohan, Former Executive Director, SIDBI, respectively where officials from various organisations and experts made detailed presentations on various cluster related issues and type of various methodologies adopted.

Hon'ble Speaker of Lok Sabha, Shri Somnath Chatterjee was the Chief Guest in the Valedictory Function of the Convention. The Hon'ble Speaker in his speech suggested that the Foundation can provide an important platform for different cluster actors to come together, at regular intervals, to share their experiences and to take stock of their developmental interventions. According to him, such interactions will

help the Foundation perform the role of a repository of information of Best Practices nationally and internationally, and help in developing a comprehensive Vision and Blue Print for development of Clusters in the country. The respected Speaker also added that the Foundation can play a pioneering role as a 'Think Tank' for micro, small and medium enterprises and offer valuable technical assistance to cluster units in India and overseas. Shri Chatterjee advocated the possibilities of public-private partnerships to create a unique synergy for the development of the clusters. He assured the Foundation of his whole-hearted support.

By the end of the 2-day National Convention the delegates had charted out a detailed action plan for the Foundation.



Entrepreneurs of the Chanderi Cluster displaying their products

Training Programme on Business Opportunity Identification & Project Report Preparation for RIP Project Coordinators

A capacity building programme for District Coordinators of SIDBI sponsored Rural Industries Programme (RIP) was conducted by EDI at Lucknow.

EDI's support to SIDBI towards changing the face of rural India by promoting industrial activities has yielded exemplary results. Activities underlining this objective continue to occupy a prime position under RIP.

Counselling prospective entrepreneurs to adopt a market driven approach to select the right opportunity and prepare a project report that opens up the viability and the feasibility potential of the business remain critical under RIP. This training programme aimed at building capacities of implementing agencies so that these activities could be carried out effectively. 22 participants from 15 states participated in the programme. The programme helped the RIP project coordinators understand the importance of a market driven approach in identification of business opportunities and equipped the participants with the skills to identify locally relevant business opportunities and prepare project profiles.

Experts from National Botanical Research Institute (NBRI) and Central Institute for Aromatic & Medicinal Plants (CIMAP) and other CSIR institutions guided the participants in business selection process.



Chief Guest of the Valedictory Function Mr. Anil Vidyarthi, General Manager (P&D), SIDBI giving away the certificates of successful completion of the course to the participants.
Also seen are (L-R) EDI Faculty Members, Mr. Raman Gujaral and Mr. Sanjeev Kumar.

NGO-Banker Interface for Promoting Small Enterprises

In order to promote better linkages between bankers and NGO and to arrive at a strategy for promoting entrepreneurship in rur areas, EDI conducted a SIDBI- sponsored three-day **NGO Banker Interface** for the Northern Region, during 06 to 0 December, 2005 at Lucknow.

The programme sensitized the bankers towards micro enterpris development approach and also made the NGOs aware about th schemes and procedures of the banking and support systen Facts relating to rural enterprise development were also delve into and a viable plan to strengthen the process of rur industrialization in the region was worked out. 24 participan comprising 12 NGO professionals and 12 bankers from the sta of Uttar Pradesh and Uttranchal participated in the workshop.



Mr. A.R. Khan, GM (Rural Credit Planning) RBI, Lucknow, addressing the participants during the inaugural function. Also seen are (L-R) EDI Faculty Members, Mr. Raman Gujaral and Mr. Sanjeev Kumar.

Concerted Efforts Targeted at Alleviating Urban Poverty and Unemployment

The urban face of India is certainly witnessing an upright movement. While their have been some noticeable peripeteias on various economic fronts, the problems of poverty and unemployment have been only partially addressed. An improvement on this would come forth as conspicuous only if a policy, underlining this need is put in place.

The Government of India floated a central programme, the Swarna Jayanti Shahri Rojgar Yojana (SJSRY) to address urban poverty and unemployment through Micro Enterprise Development Strategy. In order to deliberate on the sustainable models of urban poverty alleviation, a National Conference was organised at Thiruvananthapuram under the UNDP - Urban Poverty Programme.

The conference was organised during October 24-26, 2005 in association with the National Institute of Urban Affairs (NIUA), New Delhi and Kudumbashree, a state poverty eradication mission of the Government of Kerala. The Task Force of Employment Opportunities, Planning Commission, Government of India, lays emphasis on equipping the youth with sustainable levels of skills for self-employment, and for this purpose, it recognizes 'Kudumbashree' as a suitable training model to replicate it at other places as well.

42 senior functionaries such as, Principal Secretaries, Secretaries and Joint Secretaries of the Urban Development Department from 12 states of India participated , along with representatives from UNDP and State Nodal Agencies of the Ministry of Urban Employment & Poverty Alleviation (MUE & PA). Deliberations centred around evolving a Kudumbashree like result-oriented model for other states in order to address the pressing issues of unemployment & poverty. Presentations by EDI and Kudumbashree enlightened the participants on the approaches that have delivered success and go on to promise replicability. Field visits were organised to the units established under the Kudumbashree Programme to provide the delegates with an opportunity to see results in its tangible form. This also established the pragmatism of the entire approach.

The conference culminated into defining an action plan, to be analysed at a state level consultative meet with representatives from EDI and Kudumbashree. The action plan laid down the need for brainstorming sessions at state levels so that • awareness could be enhanced • capacity enhancement at state levels could be facilitated • flexibility of the approach could be ensured to enable it to work as state missions • EDI and other Institutions could serve as guides • one-to-one discussion between EDI and state level officials could be encouraged • EDI- Kudumbashree team could lead strategy formulation at the state level • the process could be promoted by the Ministry of Urban Employment and Poverty Alleviation.

The ills of unemployment and poverty have to be dealt with at a rapid pace. Variations in approaches need to be streamlined and tactical plans designed on the basis of successful experiences need to be put in place.

International Interactions

The South Asia Professional Exchange & Training Programme in Entrepreneurship



Prof. Raymond Smilor, Executive Director, Beyster Institute, USA addressing the gathering during the inauguration of the workshop. Also seen on the dias are (R-L) Dr. Sailendra Narain, Chairman, Centre for SME Growth and Development Finance, Mr. P.H.G. Premasiri, Secretary, Ministry of Skills Development & Public Enterprise Reforms, Sri Lanka; Dr.V.G. Patel, Former Vice President & Founder Director, EDI and Dr. Dinesh Awasthi, Director, EDI.

Beyster Institute, a leadi entrepreneurial training organizati affiliated with the Rady School Management at the University California, San Diego and the Centr for SME Growth and Developme Finance (CESMED) based in Mumba in association with EDI organized a experiential based Train-the-Trainer programme in teachin entrepreneurship for faculty fro selected business schools of Indi Bangladesh, Pakistan and Sri Lanka.

The goal of this programme was facilitate enhancement of the ability faculty members from leading busine schools from India, Bangladesh, Sri Lanka and Pakistan so th they spearhead entrepreneurial knowledge and develo entrepreneurship skills through an in-depth exposure to a applied and effective training programme on the teaching entrepreneurship in their respective countries.

The first phase was organised during 6 - 14 December 2005 i San Diego (USA), wherein 12 faculty members from business schools in India, Bangladesh, Sri Lanka and Pakistan visited San Diego (USA) for an intensive one-week workshop in the

teaching of entrepreneurship. The same curriculum was tested in India during this second phase of the programme at EDI between January 11 and 13, 2006 for the benefit of a larger group of business school faculty from participating Indian, Pakistani, Sri Lankan and Bangladeshi universities. EDI has been appointed by the Beyster Institute & Centre for SME Growth and Development Finance for ensuring successful implementation of the Phase-II programme.

Under this South Asia Professional Exchange and Training Programme, sponsored by the US Department of State Educational & Cultural Affairs Bureau, 43 delegates from 10 countries viz. Bangladesh, Belarus, Honduras, India, Iraq, Mauritius, Pakistan, Peru, Sri Lanka and USA met and brainstormed over various aspects and issues on Entrepreneurship Education, Training and Research. Endorsing the significance of entrepreneurship in acting as a catalyst to economic growth, the delegates resolved to sensitise educational / technical institutions, the government and other stakeholders as also the society at large to the need for promoting entrepreneurship. It was also decided that ...out efforts would be made to introduce entrepreneurship as a part of the education system at all desired levels.

As a part of this mechanism, it was agreed upon that a professional network in the field of entrepreneurship be established to extend support to initiatives taken in this direction.

In order to facilitate interactions on entrepreneurship education on a continuous basis, it was proposed to set up the South Asia Forum for Entrepreneurship Education & Research (SAFEER) as a platform for dissemination of entrepreneurship knowledge among academicians, trainers, students and stakeholders.

This second phase was inaugurated at EDI by Dr. V.G. Patel, Former Vice-President & Founder Director, EDI. Also present on the occasion were Dr. Dinesh Awasthi, Director, EDI; Prof. Raymond Smilor, Executive Director, Beyster Institute, USA; Shri P.H.G. Premasiri, Secretary, Ministry of Skills Development and Public Enterprise Reforms, Sri Lanka and Dr. Sailendra Narain, Chairman, Centre for SME Growth and Development Finance (CESMED), India.

Dr. Dinesh Awasthi, Director, EDI welcomed the guests and established the significance of promoting entrepreneurship both in the developed and developing nations. Towards achieving this, Dr. Awasthi hailed the dignitaries on the dais,as the pillars, who would cement this need in a big way.

Prof. Raymond Smilor, Executive Director, Beyster Institute, USA, speaking about the workshop, called it an entrepreneurial venture in itself, as he believed the



Dr.Y.K. Alagh, Vice Chairman & Professor Emeritus, Sardar Patel Institute of Economics & Social Research, addressing the audience during the valedictory function. Also seen are (R-L) Dr. Sailendra Narain, Chairman, Centre for SME Growth and Development Finance Prof. Raymond Smilor, Executive Director, Beyster Institute, U.S.A and Dr. Dinesh Awasthi, Director, EDI

prime goal of it was to promote the growth of enterprises, whi in turn would lead to economic success. He called this a sou beginning.

Dr. V.G. Patel, the Chief Guest, inaugurated the function lighting the ceremonial lamp. In his inaugural address, Dr. Pa held that entrepreneurs are the need of any society and it indigenous entrepreneurs, not multinationals or expatriates th work wonders for a nation.

"The present times of Intellectual Property Rights & Pate Regime demand efficient, innovative entrepreneurs", said D Patel, adding that therefore, "EDI institutions must consid themselves as committed to the task of developing high qua human resource".

Highlighting some common denominators of successf entrepreneurship activity, he listed these as; clarity of objectiv and goals because performance depends on it; clear target grou as this decides the entrepreneurship process; goal-orient concern that permeates at all levels of the proces comprehensive and not partial approach which demands that n step towards developing entrepreneurs must be ignored viewed in isolation; need based flexibility so that inputs cou be designed in response to the needs; counselling participants business opportunities, extending individual counsellin learning from feedback and introspecting and ensur involvement of competent trainers. Dr. Patel concluded equally emphasising on the need for a conducive, enabli environment that suits the growth of entrepreneurship.

Mr. P.H.G. Premasiri, Secretary, Ministry of Skil Development & Public Enterprise Reforms read out t following message of the Hon'ble Minister, Shri Sripat Sooriaarachchinge, Ministry of Skills Development & Publ Enterprise Reforms, Sri Lanka.

"We are planning to launch a major project in Sri Lanka to tra some 50,000 unemployed youth per year and provide necessa support and infrastructure for their rehabilitation and producti

participation in the national economy. It is an important and a critical task.

We are now actively discussing this project with ASARIM (a Sri Lanka based Centre for Excellence) and with EDI.

South Asia is one of the fastest growing regions of the world. It has produced some of the best scientists, thinkers, leaders and business people. Within the last 50 years, this region has evolved into a major economic powerhouse and is setting the pace in a number of sectors of industry.

We, in this region, however, are yet to develop a sustainable social infrastructure which will eliminate poverty from this region and every child born will be assured of a decent life.

My message is a reiteration of my own belief that time has come for us, especially in the South Asian region, to begin to share our strengths, understand our weaknesses, and constantly search meaningful solutions to regenerating our economic lives."

The 3-day Workshop as Prof. Raymond Smilor felt, brought the think tanks on a common platform, ensuring that there were some futuristic ideas. Prof. Smilor looked forward to more such deliberations so that efforts implemented could be assessed and analysed, leading the movement on an enviable track.

Prof. Y.K. Alagh, the Chief Guest of the valedictory function of the workshop felt that entrepreneurship was the answer when we spoke of converting misery and poverty into prosperity.

Pinpointing the potential of India, Prof. Alagh added that adequate resources and a sound civilization background besides the latent entrepreneurial talent would certainly make this vision, a reality.

EDI

Bharti Entrepreneur of the Year Award (National) - 2006

bharti

(A CASH AWARD OF RS. 1 LAC, TROPHY & A CITATION)

Eligibility : First generation entrepreneur having undergone an Entrepreneurship Development Programme, organised by a reputed Institution, and successfully managing his / her enterprise for the last 5 years.

Submit duly filled-in application (also available on website : www.ediindia.org) on or before 30th June-2006 to :

Mr. S.B. Sareen, Convenor, Award Committee
Entrepreneurship Development Institute of India, Ahmedabad
P.O. Bhat-382 428, Dist. Gandhinagar, Gujarat
Tel : 079-23969161, 23969163, Fax : 079-23969164
E-mail : sareen@ediindia.org

- Application form can also be obtained from the above address
- Nominations can also be made on behalf of the entrepreneurs.

Evolving A New Generation of Promoters

A major chunk of wealth creation in any economy is on account of the presence of small-scale industries. Small-scale enterprises exhibit some distinct characteristics and advantages which make them indispensable cornerstones in the growth of an economy. Setting up a small-scale enterprise, however, can be given a spur by identifying and motivating potential entrepreneurs and bringing them in the mainstream. ETMs play a very significant role towards inculcating the spirit of being an entrepreneur.



The Chief Guest of the valedictory function, Mr. Joseph Moongananiyil, Project Manager, Industrial Promotion and Technology Branch, UNIDO, Vienna addressing the participants. Also seen are EDI Faculty Members (L-R) Mr. S.B.Sareen, Dr. Sunil Shukla & Mr. Manoj Mishra

ETMs groom, motivate, counsel, guide and train potential first generation entrepreneurs. According to Arthur Lewis, "The proximate causes of economic growth are principally three. Efforts to economise, increase knowledge and its application and increase the amount of capital per head, which in turn originate from the ambition of making money". Ambition is the key to all motives. And it is the ETMs who catch the pulse of this entrepreneurial ambition in potential entrepreneurs and fuel it by imparting the right knowledge, skills & attitude.

Thus, against the backdrop that ETMs are the basic building blocks of this whole process, EDI conducted an International Trainers' Training Programme for Small Business Promoters during November 07 - December 16, 2005. The programme was supported by the Indian Technical and Economic Co-operation, Ministry of External Affairs, Government of India and was attended by 12 participants from 10 countries such as, Thailand, Peru, Tonga, Namibia, Sri Lanka, Russia, Seychelles, Belarus, Vietnam and Ghana.

The objective of the programme was to develop a cadre of hard-core professionals who could foster the spirit of entrepreneurship and also facilitate the process of setting up enterprises in their respective countries so as to boost the over all economic scenario.

The participants were made aware of the latest tools and techniques in running an enterprise. During this 6-week programme, besides lecture-cum-discussions, participants were taken on the field visits to various enterprises, government departments, financial institutions to have hands-on experience of work in progress. During the classroom sessions, topics such as; selection and analysis of competencies of potential entrepreneurs, business opportunity identification and guidance, small enterprise management, project report preparation and women and entrepreneurship were covered. Counselling was also imparted on raising the motivation level of potential entrepreneurs and ensuring that their confidence did not waver. During the field visit to industrially advanced cities and towns, interactions with entrepreneurs, government officials and bankers were organised so that the participants could get an insight into a few practical solutions. The action plan made by the participants, gave a peek into their entrepreneurial bent of mind. Their strategies came forth as futuristic and result-oriented.



A participant presenting his views during the valedictory function of the programme.

The valedictory function of the programme was held on December 16, 2006 with Mr. Joseph Moongananiyil, Project-Manager, Industrial Promotion and Technology Branch, UNIDO, Vienna, as the Chief Guest.

In his address to the participants, Mr. Joseph emphasised upon the importance of domestic investment which not only has the potential to improve over all productivity but also enhance competitiveness among already existing entrepreneurs. He stressed upon the fact that, along with wealth creation, small and medium enterprises can contribute in a big way towards employment generation. He called such programmes as 'essential' and termed the ETMs, 'the need of the hour'.

Dr. Sunil Shukla, Professor, EDI acknowledged the significance of knowledge and information in the process of New Enterprise Creation. Sharing his belief with the participants he urged them to put their learnings to maximum use as this would not just benefit their economy but also spark in them the desire to expand their exposure.

Mr. S.B. Sareen, Programme Director, recapitulated and appreciated the participants' involvement in the preparation of action plans, which he felt was very exhaustive and crystal clear. He also felt that such training would definitely boost the supply of competent entrepreneurs at the international level.

The enthused participants stated that they were equipped with new methodologies and were ready to take up the mission with a zeal that underlined a focussed approach and a high-spirited frame of mind.

CLMV Countries Envelope An Entrepreneurial Environ

Entrepreneurial resources are widespread, but and acquisition of these resources predominantly depends upon traits such as motivation to achieve, seek information and access capital and market. That development of these traits in an individual can be initiated and flared with effective training and counselling, needs no further elaboration. EDI has successfully proven the impact of such a training in building an individual's entrepreneurial abilities. Several developing countries particularly in need of such orientations have benefited from EDI's efforts.

In order to give a boost to the process of developing entrepreneurial societies, EDI as a part of the Ministry of External Affairs sponsored project, has undertaken the task of setting up EDI-like Entrepreneurship Development Centres (EDCs) in four countries; namely Cambodia, Lao PDR, Myanmar and Vietnam. While Lao PDR and Cambodia have already witnessed commissioning of ED Centres, the Centres at Vietnam, and Myanmar will witness concrete results in a short span of time. Some recent activities taken up by EDI in this area underline India's support to Initiative for ASEAN Integration (IAI).

Feasibility Study for Vietnam-India Entrepreneurship Development Centre: Entrepreneurship as a winning resource can come forth as a turn-arounder, if the factors that it rests upon are identified and given a boost. An EDI faculty team comprising Dr.Sunil Shukla and Mr. S.B. Sareen visited Hanoi and had extensive interactions with policy-makers, bureaucrats, bankers, entrepreneurs, donor agencies and ministries organisations engaged in promoting entrepreneurship in the country.

The visit was aimed at understanding the development scenario, in the southern part of the country as the interventions are likely to extend their reach to this zone as well. "This in-depth analysis will also help plan the interventions and strategise to achieve sustainable impact," felt Prof. Sunil Shukla and Mr. S.B. Sareen, who were on the mission.

Though many institutions are presently involved in conducting entrepreneurship training in Vietnam, they are not equipped to provide necessary information and the activities they carry out to motivate and train potential entrepreneurs to set up own enterprises.

In addition, the programmes being implemented are just of 1-week duration and mainly with funding support from the government or donor agencies, and hence do not succeed in achieving the desired impact.

This visit of EDI expert team also focussed on collecting a lot of secondary data in order to arrive at a road-map for the proposed Institute.

Business Opportunities Identification Exercise in Vietnam : In order to understand the existing industrial scenario, local resources available and the scope for specific industrial projects, an extensive field work was carried out in various provinces of Vietnam. For this purpose, interactions were held with policy-makers, bureaucrats, bankers, existing entrepreneurs and senior officials of various developmental institutions and industry associations in Hanoi. Identification of Business Opportunities would facilitate extension of counselling services to potential entrepreneurs, thus inculcating the 'I will do' spirit and a unique confidence in them.

Following important provinces were visited in addition to Hanoi, to delve into the issues, bring out the potential, lacunae, and to design appropriate interventions .

- Ha Tay Province : This province is known for pottery, silk, ceramic, fine arts and furniture related activities.
- Vinh Phuc : This province has a lot of potential for setting up automobile spare parts manufacturing units as two automobile giants viz., Toyota and Honda have their manufacturing plants of automobiles here.
- Ho Chi Min City : This is the commercial hub of Vietnam with potential for all kinds of small business activities. Vietnam is one of the largest exporters of apparels and 80% of its textile units are located in this province.
- Quang Ninh : This province offers lot of potential for tourism related business opportunities as the world famous Ha Long Bay is a part of this province. In addition, there is also a good scope for setting up units related to ship building as two big ship building units are located in this province.
- Long An : It possesses good scope for setting up food processing units, paddy processing units and cashew nut processing units on account of its richness in agricultural resources. Besides, many coir manufacturing / processing units can also come up here as this province is very rich in coconut production.

As a part of the visit, a 1-day Appreciation Workshop on Entrepreneurship was organised in Hanoi. It was

inaugurated by Vice Minister of Planning, Dr. Nguyen Bich Dat and was presided over by His Excellency, the Ambassador of India, Mr. Neelkantan Ravi.The EDI team team made a presentation on issues pertaining to entrepreneurship development in the country in general and the likely interventions and road-map for the Vietnam Entrepreneurship Development Centre, in particular. The preliminary findings of the field work were also shared with the delegates. Mr. S.B.Sareen, the Country Director felt that this task has not just established the need of an ED Institution but has also laid out the options for a planned intervention.

Business Opportunity Identification in Cambodia : As a precursor to the launch of the Entrepreneurship Development Centre in Cambodia, a number of activities have been completed which mainly focus on carrying out a feasibility study, sensitising the environment and the like.



(2nd from L) Mr. Bipin Shah, Senior Faculty, EDI with the CIEDC, Combodia team (L to R) Mr. Met Sopheanaroth, CIEDC Trainer, Mr. Pann Nora, CIEDC Director and Mr. Teang Sak, CIEDC Trainer.

A 14-day mission was undertaken by Mr. Bipin Shah, Senior Faculty, EDI with a view to identifying viable business opportunities, particularly for SME sector, involving an indepth assessment of industrial potential, studying resources, skills and market availability and holding interactions on a wide ranging subjects with existing entrepreneurs, members of industry associations, chambers, technical institutions, banks, ministries and allied institutions. An extensive study was also carried out in different provinces of Cambodia, viz. Phnom Penh, Siem Reap and Sinhnoukville. The team led by Mr. Pann Nora, Director, CIEDC, also participated in the

opportunity identification exercise along with EDI faculty. "As a result of this exercise, about 80 opportunities could be identified, and project profiles on 50 products would be prepared as a useful input for the first NEC programme," opined Mr. Bipin Shah.

Result-oriented approaches and systems towards rendering entrepreneurship inevitable would be the hallmark of CLMV countries, that are presently engaged in brainstorming from various perspectives to put in place a holistic, long term, sustainable strategy.

Launch of Entrepreneurship Development Centre at Cambodia



Seen during the inaugural function are (L to R) Mr. Pich Sophoan, Secretary of State, Ministry of Labour & Vocational Training and Mr. Aloke Sen, Ambassador of India.



Students in the Computer Lab at CIEDC seen with (in the center) Mr. Ajay Dixit, Advisor, CIEDC.

Cambodia - India Entrepreneurship Development Centre (CIEDC) at Phnom Penh commenced its operations on February 27, 2006. The Centre is one-of-its-kind, created exclusively for training and developing potential as well as existing entrepreneurs. Director of the Centre, Mr. Pann Nor said, "I wish to thank our Indian colleagues for their activ support, both in starting the Centre and in advising on th operations and its future growth. Their expertise will prov invaluable to the CIEDC".

A group of five Cambodian facilitators were trained at EDI fo two months during July-August 2004.All of them are now part of the CIEDC and as trainer-motivators, their main role i to train, develop and motivate potential entrepreneurs throug conducting Entrepreneurship Development Programmes an providing counselling; imparting skills to prepare a busines plan; and helping the potential entrepreneurs of Cambodi start their own business. "This basic knowledge an information about business initiation and managemer aspects would sure see Cambodia abuzz with entrepreneuri activities, says Mr. Ajay Dixit, EDI Faculty and Adviso CIEDC.

"An EDC can play a significant role in a country in the nation-building mode, meeting urgent economic and social needs of the formative years. This experiment helped India strengthen its small and medium enterprise base in the early years. It is my fervent hope that the Centre in Phnom Penh would likewise benefit Cambodia."

- Mr. Aloke Sen
Ambassador of India

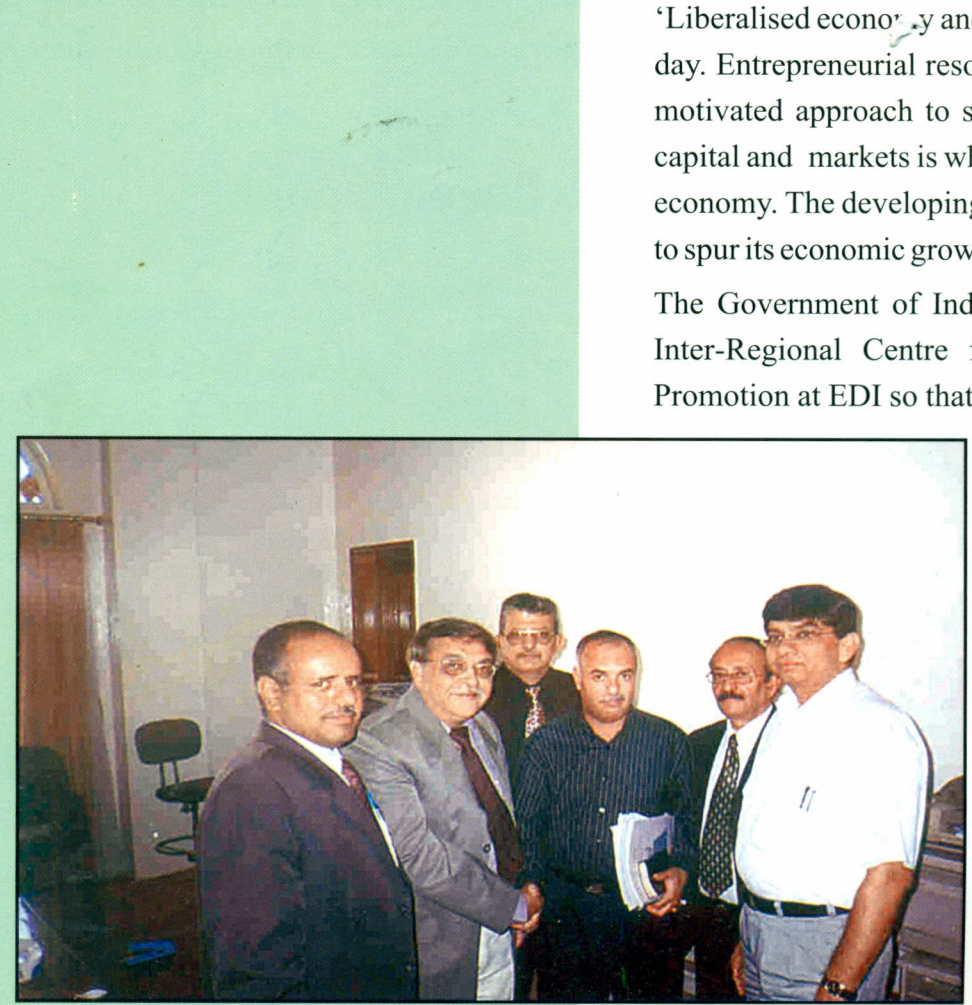
"This new and unique Centre will train and develop the next generation of Cambodian entrepreneurs. They will increase the number of SMEs, create more jobs and opportunities, as new enterprises create a network of employment and training opportunities in both urban and rural areas."

- Mr. Pich Sophoan
Secretary of State
Ministry of Labour & Vocational Training

Spurring Growth : The Entrepreneurial Way

'Liberalised econo.y and globalised society' is the order of the day. Entrepreneurial resourcefulness which places accent on a motivated approach to seeking information on opportunities, capital and markets is what creates a competitive action-driven economy. The developing world needs to particularly harp on it to spur its economic growth.

The Government of India and UNIDO have established the Inter-Regional Centre for Entrepreneurship & Investment Promotion at EDI so that emergence of entrepreneurship could be given a spurt in developing countries, thus creating a socio-economic environment favouring entrepreneurial careers and tendencies.



(3rd from R) Mr. Abdul Elah Shiban, Asst. Dy. Minister, Ministry of Industry and Trade seen with (2nd from L) Mr. Bipin Shah, Country Director, IRC, Yemen and (L to R) Dr. Abdul Ghani, Chief Project Coordinator,Mr. Abdo Senan, General Director of Industry; Dr. Abdul Ghylan, General Director, Planning, Ministry of Industry and Shri Kirit Patel, EDI Technical Expert.

This two-year project covering four countries, viz. Mozambique, Sudan, Yemen and Lao PDR would focus on both New Enterprise Creation & Enterprise Upgradation of existing units and in the process bring about partnerships along with Indian enterprises. Some importa activities were initiated and as a result of noteworthy moves, the Centre is pacing fast to achieve the futuristic growth plan that it has set before itself.

Hastening the pace of economic growth and alleviating poverty in selected developing countries through promotion of employment and income generating activities in the SME sector are the prime motives which guide implementation of the very focussed Enterprise Development Programmes. The result-orientedness of EDPs is further ensured by capacity building programmes to develop a cadre of Resource Persons who could

undertake New Enterprise Creation and Enterprise Upgradation Programmes.

Two Trainers' Training Programmes were thus organised concurrently at EDI campus during September 19 – 30, 2005 to equip a group of professionals (staff of focal point institutions and enterprise development professionals from Mozambique, Lao PDR, Sudan and Yemen) with skills to design, plan and implement Enterprise Development Programmes in their respective countries.

In all, 16 professionals (7 in the area of New Enterprise Creation and 9 in Enterprise Upgradation) attended the said Training Programmes and they were updated with adequate knowledge and skills on the fronts of:

- facilitating new enterprise creation in selected sub-sectors;
- enhancing competitiveness of existing enterprises through enterprise upgrading;
- promoting South-South partnerships between India and the target countries through technology tie-ups, joint ventures and other forms of business alliances / networking;
- inducing dynamism in SMEs of selected industrial clusters in the target countries and strengthening their competitiveness.

New Enterprise Creation and Upgradation Programme in Mozambique: Against the much proven fact that private sector development is the key to growth, a 2-member EDI faculty team comprising Mr. Manoj Mishra and Mr. Umesh Menon visited Maputo and Inhambane (Mozambique) to explore the inhibiting factors in the pursuit of entrepreneurship. Lack of financial support to private sector; high degree of competition from cheap imports making products manufactured in Mozambique less competitive; lack of supply chain across the country; lack of mechanisation of agriculture; lack of enterprising tendencies in the rural areas were some of the factors that they highlighted as the ones primarily responsible for limited entrepreneurial inclinations.

As Inhambane abounds in agriculture resources the agro sector was selected for promoting small business enterprises, EDI, on its part, will ensure capacity building of Agro Business Counsellors for creation of agro industries so that financial models of viable project profiles can be prepared by CADI. Hence, the focus will be on imparting technical inputs to trained CADI counsellors so that capacity building programmes for creation of Agro Industries become result-oriented, culminating into preparation of action-oriented plans together with DED (Deutscher Entwicklungsdienst a German Business Development Agency).

Sudan Yields Results

A 2-member EDI team comprising Mr. S.B. Sareen, Country Director and Mr. V.Padmanand, Distinguished Faculty, EDI visited Khartoum, Sudan and conducted a 6-day training course on 'Enterprise Upgrading' for 20 Project Counterpart Staff viz. Ministry of Industry, Management Development Centre, Sudan Chamber of Industries Association and Representatives of Enterprises (edible oil sector).

Besides, the team identified major problems encountered by enterprises in the edible oil sector by soliciting views from around 50 to 55 persons including bureaucrats, experienced professionals, resource persons, existing entrepreneurs, bankers, policy-makers, representatives of non-government organizations and academicians. This involved an extensive field work. As an outcome of this exercise, a detailed diagnostic report on edible oil sub-sector was prepared and submitted to UNIDO.

With a view to validating and sharing the findings of the diagnostic report with top bureaucrats, policy-makers, support institutions, development organisations and entrepreneurs, a Stakeholders' Workshop was organised in the Office of the Ministry of Industry under the Chairmanship of Hon'ble Minister of State for Industries, Mr. Ali Asmad Osman. About 30 senior delegates participated in the workshop. What Mr. S.B. Sareen particularly highlighted as the significant result of this workshop, was that the Hon'ble Minister formed a 'National Edible Oil Committee', which would look into all growth related aspects of this sector.

Yemen Explored

Mr. Bipin Shah, Country Director, made a visit to Yemen during which wide ranging interactions were held with stakeholders viz. Ministry of Industry, Industry Associations, Chambers, Entrepreneurs, Bankers, Academicians, etc. so as to arrive at the future course of action. Some of the existing plants and targeted value chain industries such as those of grapes were also visited during this mission.

Subsequent to the capacity building programme held at EDI during September 19 to 30, 2005, two 3-member teams were put in place-one each for New Enterprise Creation and Upgradation of Existing Enterprises. Interactions were held with existing enterprises and enrolment for Enterprise Upgradation Programme has already commenced.

Presently, sensitisation and identification of potential entrepreneurs for NEC is underway. It is heartening that significant progress has been made towards re-starting the existing coffee processing plant with considerable efforts towards identifying a technical expert. Negotiations with Indian plant suppliers and creation of a conducive environment for solving the technical problem of the plant have proved fruitful. It is expected that this plant, which has not been functioning for the last four years, would be shortly recommissioned.

Mr. Bipin Shah, Country Director, feels that much curiosity has already been generated about entrepreneurship, per se in Yemen, and that if the process of setting up enterprises could be streamlined as also strengthened, Yemen would sure have development as its buzzword.

Three Cheers RBI, But There Are Riders. *

- RBI's move allowing banks to appoint business correspondents can grow outreach



By Mr.Manoj Mishra, Faculty-EDI

* The article appeared in
The Financial Express; Dt. 3rd February, 2006

Microfinance is considered one of the important financial resources for poor people to conduct household economic and income generating activities. Microfinance has also served as a means of helping micro entrepreneurs to expand their businesses to the point of becoming viable business and eligible for credit from commercial banks.

Informal mechanisms/services have always played an integral role in the Indian economy. A vast network of commercial banks, cooperative banks and regional rural banks as well as other financial institutions also provide such services. The other set of institutions include Non-Bank Finance Companies (NBFCs), Insurance companies, provident funds and mutual funds.

There are more than 160,000 retail credit outlets in the cooperative and banking sectors, coupled with some 95,000 cooperative societies or their branches, approximately 6,60,000 branches of public sector commercial banks and 196 RRBs. But the availability is a mirage.

Not surprisingly, the two decades of IRDP experience affected the credibility of micro-borrowers in the view of bankers and, ultimately, hindered access of the, usually less literate, poor to banking services. Similarly, the entire network of primary cooperatives in the country and the Regional Rural Banks-both sets of institutions established to meet the needs of the rural sector in general and the poor, in particular has proved a colossal failure.

Saddled with the burden of directed credit and a restrictive interest rate regime the financial position of the RRBs deteriorated quickly while the cooperatives suffered from the malaise of mismanagement, privileged leadership and corruption born of excessive state patronage and protection.

There are some interesting issues, in the light of the recent RBI's decision on extension of banking services to appoint NGOs/ SHGs/ CSOs and MFIs as business facilitators and correspondents.

Microfinance emerged as a lesson learnt from the mistaken policies in the past. The initial development of microfinance was highlighted by supply-leading paradigm which emphasized on subsidized credit support for farmers, and massive donor-funding for alleviating chronic poverty. The approach gradually shifted to market-driven one with more focus on providing financial services including voluntary saving products to economically active poor and micro- entrepreneurs.

The poverty lending approach focuses on reducing poverty, through micro credit and other complementary services to the poorest of the poor, particularly women, at highly subsidized cost.

A demand driven and financial system approach from NGOs took root in 1992-93 with the launch of NABARD's Self-Help Group (SHG)-Bank linkage programme. Up to March 2005 over 16.18 lakh such

groups had been linked to banks, and cumulative disbursals amounted to Rs 6,898.46 crore. An estimated 24.25 million poor families were brought within the fold or formal banking services. The demand for micro finance is enormous. The financial needs of this vast population, even at a conservative estimate of Rs 6000 and Rs 4500 per urban and rural family, respectively, per annum, adds to about Rs 40,000 crore. The need is to balance between credits & savings.

From the perspective of a microfinance institution (MFI), Non-Government Organizations & Self Help Groups (NGOs/SHGs) savings means source of funds that can be lent. In this context, a higher saving rate will increase the flexibility of s organizations to expand their loan portfolio, which can lead to higher involvement as intermediaries.

In reverse, lower savings capacity will diminish the ability of the organizations to increase the business as well as profitability. Savings constitute cheaper funds if deposit services are priced properly.

Introducing savings facilities may improve the outreach and expand new services and products. This will help liberate organizations from donor and government aid in order to achieve self-reliant financing for the long-term, as well as lower liquidity risk. This can also maintain balanced governance. The presence of net savers will create a pressure on management for prudent operations.

However, the prerequisites would be to hone the legal, regulatory and supervision framework, institutional structures and advanced financial management capabilities among the institutions. As well as a redesigning of product base that is market-oriented and that fits the preferences of poor clients. The caveat would be sound human resource empowerment through capacity building programmes as well as incentive systems on staff performance.

It would also be prudent to balance a number of objectives and the

interest of different parties by preventing unsound practices, protecting and providing legal support to small depositors and protecting public funds in case the liabilities of MFI/ NGOs/ SHGs are covered as blanket guarantee from the government or by public deposit insurance.

Strengthening institutional capacity will be one of key issues. Strong institutions, together with good governance that can provide good quality financial services to the poor will be the order of the day. There are some critical issues that should be taken into account. These relate to ensuring efficiency in operations and lowering of transaction costs. The path ahead spells the need to grow microfinance as an industry.

Source : The Economic Times, as appeared on Friday, January 13, 2006 On Page No.4

EDI to cross Great Wall for training biz leaders

• Institute Plans To Enter Pakistan Too

Our Ahmedabad Bureau
12 JANUARY

WHEN the IIMs are being disallowed to set up overseas branches, the Ahmedabad-based Entrepreneurship Development Institute of India (EDI), which trains entrepreneurs instead of managers like the IIMs, is further spreading its wings overseas. The institute is all set to scale the wall of China. The institute, that has a presence in South Asia, is planning to set up an entrepreneurship institute in China.

"We are in talks with the government of India for their assistance to set up an institute in China," said Dinesh Awasthi, director, EDI. The institute is believed to be eyeing Shanghai and Beijing, the preferred destinations for education. The markets in developing countries are potential grounds for the development of small and big businesses and entrepreneurship training may give a boost to the organised sectors.

At present, the institute is holding a three-day program to train the faculties in entrepreneurship. The programme has participants from Sri Lanka, Bangladesh, Pakistan and India, and is jointly organised by Beyster Institute, an organisation affiliated with the Rady School of Management at the University of California, San Diego and the Centre for SME Growth and Development Finance, Mumbai.

The institute will enter into a joint venture with a Chinese university for imparting education in entrepreneurship. The institute aims to promote entrepreneurship all over, mostly in the developing economies. EDI will replicate the Ahmedabad model in many other developing countries to promote small businesses.

"We are also considering a tie-up with institute in Pakistan," says Mr Awasthi. The institute may enter into a joint venture with Mohammad Ali Jinnah University in Pakistan for imparting entrepreneurship training. It may also conduct special exchange programs to enable students understand other markets.



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Application form can also be downloaded from www.ediindia.org

Entrepreneurship Development Institute of India
(Via Ahmedabad Airport & Indira Bridge),
P.O. Bhat-382 428, Dist. : Gandhinagar, Gujarat, India
• Tel. : (91) (79) 23969161/23969163
• Fax : (91) (79) 23969164 • E-mail : ediindiaad1@sancharnet.in
• Website : www.ediindia.org

EDI Regional Offices :

Lucknow Office : 432/36, Kala Kankar Colony, Old Hyderabad, Lucknow - 226 007
• Tel. : (91) (522) 2780820 • Telefax : (91) (522) 2780856
E-mail : edinro@sancharnet.in

Bangalore Office : 419/4 (Upstairs) 12th Main Road, Dr. Rajkumar Road, 6th Block, Rajajinagar, Bangalore - 560 010
• Tel. : (91) (80) 23119360 • Telefax : (91) (80) 23119361
• E-mail : ediro@giasbg01.vsnl.net.in

Guwahati Office : H. No. 36, Nr. D.G.P. Office, B. K. Kakoti Road, Ulubari, Guwahati-781 007
• Tel. : (91) (361) 2461063 • E-mail : edinero@india.com