CHAPTER IV

STATEMENT OF THE PROBLEM

1. JUSTIFICATION OF SELECTING THIS SUBJECT:

The word Entrepreneurship Development has become a key word for the economic development of any country. Gone are the days in which securing a top level management education was supposed to be a must to become a successful person in business and industry. It is now accepted that only managerial expertise is not sufficient in the changing environment. The word 'entrepreneurial spirit' has become a new coin in a changing situation. Whether one is serving in an organisation or wants to start his own economic activity, if one has 'entrepreneurial spirit' then only one can make impact on organisation.

With the presentation of the theory of economic development by Joseph A Schumpeter, it has been now accepted that, the human factor plays a fundamental role in the economic development of any country. In the words of Joseph Schumpeter, "the entrepreneur in an advanced economy is an individual who introduces something new in the economy - a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are yet not familiar, a new source of raw material or of new markets and the like".\(^1\)
Even the developed nations like U.S.A., UK and Japan could transform their small agro-based industries into big industrial giants only with the support of entrepreneurial abilities. These countries have felt the need to promote entrepreneurship in their people. Now a days industrial enterprises are operating in a competitive environment. High rate of technological growth combined with change in market conditions usually require any industry to be vigilant for its existence. In this situation, not only the number of entrepreneurs should increase for economic development but also they must have high level of competency. Therefore, efforts are being made for entrepreneurship development systematically.

In the developing country like India, there are many problems like scarcity of capital, low availability of power, low return on investment, limited market outlets, labour problems etc. which adversely affects the industrial development. The problems of this type would cause increasing risks and uncertainties in trade and industry particularly when socio-cultural system is not extensively favourable for the entrepreneurship development.

Though the Government of India through Five Year Plans stressed the need to accelerate the development of small and cottage industries and promote the avenues of entrepreneurial growth, there is still an 'Entrepreneurial Gap'. It seems that need for entrepreneurship is rapidly
growing in the country, especially in the rapid changing business environment, while there are ample opportunities for innovations to exploit the available resources and initiate entrepreneurial ventures.

After post-independence era, various strategies are being adopted to create favourable environment for entrepreneurship development. The Entrepreneurship Development Programme (EDP) is an important innovative strategy for developing human resources. A large number of institutes and organisations are now actively engaged in conducting 'Entrepreneurship Development Programmes'. With the objective of developing entrepreneurs particularly to set up small business and to promote opportunities for self-employment, all India institutes like Entrepreneurship Development Institute of India, National Institute of Entrepreneurship and Small Business Development and Small Industry Extension Training Institute are serving as national resource organisations to facilitate and guide the state level agencies such as State Technical Consultancy Organisations, Small Industry Services Institutes, Nationalised Banks and State Level Entrepreneurship Development Institutes etc.

At present, there are nearly 700 organisations and institutions engaged in a variety of training and research programmes pertaining to the development of entrepreneurship in India. Of course 700 organisations, as many as 620 have
been set up or sponsored or financially supported by the Central and State Governments, financial institutions and public sector banks and the remaining are being run by non-government and voluntary organisations.\(^2\)

In short, after post-independence era, the EDP has become an important policy instrument for human resources development and it has recorded a rapid multi-dimensional expansion in terms of the number of entrepreneurs trained and the number of EDPs conducted.

There are certain limiting factors which hinder the creation of a nationwide industrial entrepreneurial culture. The entrepreneurial field is still dominated by a few individuals and organisations. This has resulted in the increased concentration of economic power in few hands. Though compared to pre-independence era there has been quantitative and qualitative change in entrepreneurship development, it seems that all geographical regions and every section of the society has not got the fruits of development in the same proportion. Another problem is the number of sick units and the bank funds locked up in small scale sector has grown rapidly. This is certainly due to the lack of suitable entrepreneurial skills along with other internal and external reasons. Further, there is considerable gap between the type of entrepreneurship required for starting and running a business enterprise successfully and the methodology of entrepreneurship.
development that is being adopted by the institutions. After 1980, there has been mushroom growth of entrepreneurial development programmes conducted by various government agencies and institutions in an haphazard and unplanned manner. This has resulted in quantitative increase in the number of EDPs conducted during a stipulated period. Lack of proper planning and coordination would impair the objective of utilising EDPs for identification and development of entrepreneurs in the progress of small and medium business enterprises.

The EDPs should be able to motivate trainees and create self-confidence among them so that they can become economically independent with no inhibitions and social prejudices. In a country like India there are socio-cultural and economic differences in various regions. Some states like Maharashtra, Gujarat, Punjab, Tamilnadu are economically more developed than the other states in the country. Not only that, but the situation within a particular state is also not identical in all parts and at all the times. For example, in a state like Maharashtra, there are some regions which are far better than the other ones. Western Maharashtra is far developed than Kokan, Vidharb and Marathwada regions, and even within a particular region, a variation in conditions exists.

Keeping in mind the above differences, the contents of the training programme need to be changed. A stero type
model of EDP for every centre and every kind of trainee is appeared to be unsuitable to achieve the goals for which EDPs are conducted. The training agencies must maintain close rapport with the centre and the trainees to include such inputs in the programmes which are called ‘need-based’. For this purpose, a comprehensive model for EDP has to be designed by institutes which are associated with EDPs to impart latest entrepreneurial skills and knowledge of fast changing business environment. It should take care that proper promotional work is done before starting actual programme. Success of the EDP can be raised if proper follow-up action is taken. So proper procedure should be followed in a new model of EDP. The present study aims at identifying such a model.

Healthy growth of entrepreneurship is an invaluable asset in the economic development of our country. New generation of entrepreneurs will have to be emerged to meet the increased challenges of industry and trade. Maharashtra is a developed state in nation. Naturally it becomes automatic responsibility to put an ideal example in every activity of development. The same logic is used for the EDP activity. Therefore, there is a need to evaluate the training programmes of MCED for its efficiency and effectivity.

Recently, ‘Business Entrepreneurship’ has been introduced as a special subject in a new Commerce structure
of some Universities. Naturally as a lecturer in Commerce, the researcher got attracted to this subject and various aspects of it. As a teacher, researcher was mainly attracted to the ED programme to get practical knowledge of the subject and to become a part of the movement called 'Enterprising Society'. He has become an accredited trainer of MCED. The researcher has been guiding young students to become entrepreneurs. During this process the limitations of using standardised programmes were felt. A need was therefore, felt to evaluate whether existing EDPs are fulfilling the objectives for which they are designed. If yes, then what efforts should be taken to spread this activity and if not, then what are the causes of it.

2) OBJECTIVES:

The objective inherent in any Entrepreneurship Development Programme is obviously to develop potential entrepreneurs from all sections of the society, enabling and equipping them to finally establish and successfully manage their own ventures. Conceptually, the evolution of the EDP is influenced by a desire to promote, develop and train the first time/first generation indigenous entrepreneurs, largely from non-traditional sources.

Today, Maharashtra is recognised as the leading industrial state in the country. Though this position is achieved because of various economic and non-economic
reasons; credit must also be given to the deliberate policies of encouragement, implemented by the State and Central government towards this purpose. One of the most important policies of the State government is to give support, directly or indirectly, to establish and to run institutions which are required for the industrial development. Because of this policy, a separate Institute/ Centre to conduct Entrepreneurship Development Programme - i.e. Maharashtra Centre for Entrepreneurship Development was established in October, 1988.

One of the most important tools to increase efficiency and effectiveness of any institute is to evaluate its activities after a reasonable period. Five years can be regarded to be a proper time to evaluate the EDPs conducted by MCED.

There are two main objectives of evaluating the EDPs - To judge how the programme is proceeding. Second is performance appraisal - To find out whether the programme has fulfilled the goals, targets and expectations.

Following are the objectives for which the research work has been done:

1. To measure quantitatively and qualitatively effectiveness of EDP.

2. To study the factors that have proved helpful to the EDP trained entrepreneurs in starting their ventures.
3. To know what types of efforts are taken for the promotional work of any EDP.

4. To assess whether any change has been made in training inputs given, as per the environmental situation, trainees profiles or trainees demand.

5. To evaluate the contribution of the trainers in providing help to the EDP trainees.

6. To examine the follow-up package available to the EDP trained entrepreneurs.

3 SCOPE:

Now a days, various training institutions are conducting EDPs to create entrepreneurs from the various sections of the society. It includes government organisations, such as, Small Industries Services Institutes and non-government organisations for e.g. National Institute for Motivational and Institutional Development. Nationalised bank, like State Bank of India was also conducting EDPs up to the year 1989. ‘Maharashtra Centre for Entrepreneurship Development’ is the only institute in the Maharashtra which has started conducting EDPs in Maharashtra and in other parts of the country, if necessary. Therefore, the researcher has selected to evaluate EDPs which were recently conducted by the MCED.

a) To calculate the success rate of the EDP trainees who have started their activity within 2 years after EDP are
taken into consideration. This period is accepted by the experts as a reasonable period to start any activity\(^3\). So naturally, to evaluate the EDPs the researcher has selected those EDPs which are conducted during the period 1988-89 to 1992-93.

b) For administrative purpose the MCED has divided the State in six regions namely, Aurangabad, Amravati, Kokan (Bombay), Nagpur, Pune and Nasik. Though for Vidarbh region MCED has two administrations, for this research work, the researcher has treated them as one region i.e. Vidarbh. Care has been taken that, from this area, one EDP is selected from the Nagpur region and one EDP from the Amravati region. From the other regions of the State, two EDPs from every region have been selected.

c) MCED has conducted EDPs for the various target groups. Mainly it has identified three target groups i.e. General, Women, Science and Technology. In addition to that few EDPs are conducted to give to specific training inputs as per the requirement of the industry like, e.g. Horticulture. Some EDPs are also conducted for the Ex-Servicemen. Since the number of this type of EDPs is very small, they have not been considered in the research project. In short, the researcher has selected those EDPs on sample basis which are called as General, Women, Science and Technology EDPs.
d) All the EDPs conducted by MCED are also classified in two categories - i) Sponsored EDP ii) Non-sponsored EDP. Sponsored EDPs are those EDPs which are financed by IDBI, ICICI, IFCI, DST, SIDBI etc jointly or severally. Of these, only sponsored EDPs are covered under the study.

Keeping in mind the above criteria for selecting EDPs on sample basis for the research work, the researcher has selected 10 EDPs from the whole State. Care has been taken that they are representing every region, all of them are sponsored. Amongst the three types of EDPs - General, Women, Science and Technology - number of General EDPs are more. Therefore, the researcher has selected four EDPs from that category and three from Women and three from Science and Technology category. Here also care has been taken that, only one type of EDP is selected from the particular region. Because of these limitations, EDPs over a period of four years have been selected.

Mainly there are two types of trainees - one who have started their activity within stipulated time (i.e. two years after EDP) and another who have failed to start any activity within this stipulated time. Care has been taken that both types of trainees are covered on the sample basis. Questionnaire has been filled up from this selected sample.

Two types of questionnaire were prepared of which, one was canvassed for all the selected trainees who had attended the programme. The second questionnaire was
required to fill by those who have started their activity after EDP.

A separate questionnaire has been prepared for the Trainer who had conducted the selected EDPs. In addition to that, Interview Method was also followed.

4) SOURCES:

1) Primary Data:

To have the necessary data from the selected respondent trainees, a schedule of questions was personally canvassed by the researcher. Moreover, the questionnaire had following schedule -

Schedule I:

This questionnaire was canvassed to the all selected trainee respondents who had attended EDP of MCED; irrespective of the fact that whether they have got into establishment and production of their unit. For any EDP three stages i.e. Promotional, Actual Programme and Follow-up are very important. Success of any EDP depends upon how effectively these three stages are performed and completed. Therefore, questionnaire was designed in such a way to get information about these three stages. From the trainees point of view, second and third stage is very important. Therefore, some questions was related with the actual inputs given in the programme and some questions were related on the follow-up.
a) Actual programme includes three types of inputs. This is a core factor of any EDP.

1. Achievement Motivation Training (AMT)

2. Business Opportunity Guidance (BOG)

3. Managerial Inputs – Information about launching any business activity and knowledge of primary managerial techniques required to run any business venture.

Therefore, question on the method and content of these inputs were included in this questionnaire.

Schedule I was structured in four parts –

a) Trainee's personal background

b) Promotional work

c) Opinion about inputs given and any suggestion

b) Opinion about follow-up meetings

Schedule B:

This questionnaire was prepared only for those respondents, who had attended EDP and have started their business activity within stipulated period; with an objective to assess the usefulness of the EDP inputs for selecting business activity, for launching and running the business activity smoothly.

A separate questionnaire was prepared to know the trainer's opinion about a particular EDP. In addition to that, Interview Method was followed to get comments of the trainers about the said EDP and their overall opinion about the EDP activities.
ii) Secondary Data:

To get further information on the selected EDPs the researcher has observed the files that are prepared by the concerned trainer and submitted to the Head Office of MCED. The researcher got the information about efforts taken by the trainer to promote the EDP, time-table of the actual programme and follow-up action.

The researcher has done extensive library work to collect the information about the theoretical part of the research work. Fortunately, he got 'Research Fellowship' of the Entrepreneurship Development Institute of India (EDI - India) - Ahmedabad. It has helped him to read various books, periodicals and papers of this subject and to get guidance from the eminent faculty members of that institute.

iii) The researcher thought it necessary to get first hand feel of the entrepreneurship development activity and conduct of EDPs. For this purpose he became an accredited trainer of MCED and part of the various activities of MCED including EDP.
REFERENCES

