Chapter-III

*Entrepreneurship Development in Assam: An Analysis of Approaches*
3.1 Introduction

Entrepreneurship development was started in India to achieve the twin objectives of promoting entrepreneurship among the educated unemployed youth and also for rapid industrialization of the backward regions in the country. While industrial campaigns were started during 1960s, planned efforts were adopted during 1970s. In Assam, initially the integrated approach was adopted. Besides this approach, there are location approach and area approach. In this chapter, integrated approach, location approach and area approaches are analyzed. In addition, multipronged approach adopted by IIE has also been evaluated.

3.2 The Integrated Approach

The Government of Assam under the leadership of the then Chief Minister of Assam Sarat Ch. Sinha, adopted in 1973 the Integrated Approach to entrepreneurship development evolved by Small Industry Extension and Training (SIET) Institute, Hyderabad to promote entrepreneurship with focus on educated unemployed youth in Assam (Nagaya, 2000). This was a novel experiment for entrepreneurship development in Assam. This experiment was known as the Assam Experiment for entrepreneurship development.

Assam experiment was based on integrated model of entrepreneurship development. According to this model entrepreneurship development is a cyclical process. It involves three major phases, viz. Stimulatory, Support and Sustaining activities (Akhouri, 1977). Stimulatory activities are those activities which stimulates entrepreneurship in any society.
Stimulatory activities mainly include – entrepreneurial education, planned publicity for entrepreneurial opportunities, identification of potential entrepreneurs through scientific method, motivational training for new entrepreneurs, help and guidance in selecting products and preparing project reports, making available techno-economic information and product profiles, evolving locally suitable new products and processes, availability of local agencies with trained personal for entrepreneurial counseling and promotion, creating entrepreneurial forum and recognition of entrepreneurs. Support activities are those activities which help entrepreneurs in setting up and running their enterprises. The main components of the support activities are registration of unit, arranging finance, providing land, shed, power, water etc., guidance for selecting and obtaining machinery, supply of scarce raw materials, getting licenses, providing common facilities, granting tax relief or other subsidy, offering management consultancy, help in making products and providing information. Again, sustaining activities help and ensure continued efficient and successful functioning of enterprises. Sustaining activities include assistance in the modernization, diversification and expansion programmes of the enterprises. Additional financing for full capacity utilization, deferring repayment of loan and payment of interest, product reservation, creating new avenues for marketing, quality testing and improving services, creating need based common facilities, etc. are some of the components which help entrepreneurs to sustain their activities. All the three activities are highly interrelated. Neglect of one set of activities affect the functioning of the other two sets of activities and thereby hampers the process of entrepreneurship development.
The model combined training, research, consultancy and guidance in entrepreneurship development. It included setting up of local level agencies to identify, select, train and guide entrepreneurs and to provide coordinated and integrated series under one roof. The main elements of the model were:

1. Local agency to initiate and support potential entrepreneurs till the break-even stage;
2. A well balanced interdisciplinary approach;
3. A strong and prompt information support;
4. Training as an important input for entrepreneurship development, monitoring and evaluation;
5. Institutional financing, counseling and other support infrastructure.

The local level agency in this model was Entrepreneurial Motivation Training Centres (EMTC). Their functions were to identify and select potential entrepreneurs, organize motivational training and guiding the entrepreneurs till the break-even stage.

3.2.1 Objective of Assam Experiment

In order to implement the experiment, 28 officers drawn from different departments including nationalized banks were trained for three weeks by the faculty members of SIET Institute. These officers were trained in the areas of identification and selection of new entrepreneurs from educated unemployed, development of entrepreneurship, economic aspects of self
employment, managerial skill needed for setting up enterprises and organizing official support services. After the training, the trained officers drew a 19-point action plan. This action plan was later accepted by the government of Assam. The action plan prepared by the trainee officers envisaged the setting up of one Entrepreneurial Motivation Training Centre (EMTC) in each district of the state. The main objective of setting up of EMTC was to provide self employment opportunities and develop entrepreneurship among the educated unemployed youth. EMTCs objective was to identify, select and train prospective entrepreneurs and provide them support services for starting and running an enterprise. Development of entrepreneurship among the educated unemployed youth helped them to earn their livelihood, also created employment potentials leading to self generating economies.

On the basis of the action plan prepared by the trainee officers in May 1973, the Government of Assam set up six EMTCs in the following places:

1. **Kokrajhar**: For Goalpara district. (Extended later to Goalpara, Dhubri, Bongaigaon and Kokrajhar districts).

2. **Mangaldoi**: For Nagaon and Darrang districts. (Extended later to Nagaon and Sonitpur districts).

3. **Jorhat**: for Sivasagar and Dibrugarh districts. (Extended later to Sivasagar Dhemaji and Lakhimpur districts).

4. **Dhemaji**: For Lakhimpur district. (Extended later to Dhemaji and Lakhimpur districts).

5. **Diphu**: For Karbi Anglong and N.C. Hills districts.
6. **Silchar**: For Cachar district. (Extended later to Cachar, Karimganj and Hailakandi districts).

In 1979 three more EMTCs was set up by the Assam Government in three different places.

1. **Nalbari**: For Kamrup district (Extended later to Kamrup, Barpeta and Nalbari districts).

2. **Nagaon**: For Nagaon district. (Extended later to Nagaon and Morigaon districts).

3. **Tinsukia**: For Dibrugarh district. (Extended later to Tinsukia and Dibrugarh districts).

### 3.2.2 Structure of EMTCs

Initially in 1973, the EMTCs were under direct control of the Director, Manpower Development, Department of Planning and Development, Assam. There was no intermediary at the district and the sub-divisional level. This two tier system was introduced to reduce procedural complicacies and to save time. Besides, the trainee officers who were appointed in these EMTCs were restricted from any other activities such as flood relief, loan disbursement and revenue collection, etc. However in July 1979, the administrative control of EMTCs was transferred to the Directorate of Industries (DI) of Assam. In the earlier phase of EMTCS, 3 to 4 officers drawn from different departments like Agriculture, Animal husbandry, Industry were appointed (Akhouri, 1982). This was done to have a multidimensional character of the team and to operate through all agencies in the areas which provides avenues for self
employment. But in the second phase of EMTC, as its administrative control was shifted to DI, Assam, therefore, people only from Industries department were appointed in the EMTCs and officers from the other departments were reverted to their original departments.

3.2.3 Functions of EMTCs

The main aim of the EMTCs was to provide self employment opportunities and entrepreneurship development among the educated unemployed youth in the state. To achieve this objective the EMTCs performed a number of activities.

First an area was selected by the EMTC and efforts were made to develop entrepreneurship in that area through intensive efforts to publicize the programme and invite applications from educated unemployed youths. After scrutinizing the application thoroughly, selected candidates were called for interview and personality test. The potential candidates were selected on the basis of personality and psychological test. After the selection of potential candidates, one 15 day long motivational training was held for them. During the training the candidates were exposed to various aspect of entrepreneurship development like managerial, psychological, economic etc. and the potential entrepreneurs were also assisted to select viable project on the basis of market survey. After the selection of the project, candidates were helped in the preparation of the feasibility report. If the selected candidates needed any implant training, that would be arranged by the EMTC. The EMTCs also helped the potential entrepreneurs in obtaining credit, margin money, sheds, licenses, machinery and equipment.
for manufacturing. The potential entrepreneurs were also given 10 percent seed money subject to a maximum of Rs. 10,000. EMTCs also offered marketing facilities to the potential entrepreneurs in the state.

3.2.4 Schemes sponsored by EMTC

The EMTCs identified viable schemes on the basis of local resources, demands and skills. They also sponsored different schemes to the potential entrepreneurs which led to self employment.

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1 Seed money: Initial capital needed for an enterprise provided by the government or other agency.

Schemes sponsored by EMTCs were related to trade, industry, repairing and maintenance service, dairy farm; fishery, agriculture, road transport operators, auto rickshaw, weaving knitting and tailoring etc. In addition to the schemes sponsored by EMTC, the Government of Assam also provided 48 major schemes in different sectors of the economy like agriculture, industry, sericulture etc., under its self employment programme.

3.2.5 Training provided by EMTC

The EMTC was engaged in training cum execution of schemes. After identification and selection of potential entrepreneurs, 15 day motivational training was provided to them.
Training covered the areas like self employment, practical managerial training, project report preparation and market survey. They were also helped in getting resources and guidance. Selected potential entrepreneurs were also given technical guidance whenever required during the post training period.

Topics considered during the training programme related to

1. Self employment programme
2. Economic development
3. Entrepreneurship development
4. Achievement motivation
5. Characteristics of an entrepreneur
6. Analysis of personal blocks
7. Goal setting and achievement
8. Risk taking vs. security orientation
9. Interaction with successful entrepreneurs
10. Assistance from bank and procedure for obtaining bank loan
11. Group discussion
12. Self employment through agriculture, sericulture, weaving fishery, veterinary and
13. Industry and market survey

Potential entrepreneurs were also taken to study tour to promotional and development organizations during the training period.
3.2.6 Performance of EMTC

EMTC was a novel experiment of entrepreneurship development in Assam. Different types of programmes were tried in states like Jammu & Kashmir, Gujarat, Maharashtra and Andhra Pradesh; but these programmes were different from EMTC, which was started in Assam. However, experience of all such programmes, was used to evolve the model used in the EMTCs (Akhouri, 1982). Initially each EMTC organized three to four programmes annually. Though difficulties were encountered in motivating entrepreneurship, yet the centres could achieve commendable result (Mali, 1999). During November 1973 to September, 1976 around 1762 educated unemployed were motivated for self employment. Of them 534 (33%), started their enterprises. The number of dropouts never exceeded 8 percent. Almost 94 percent of these self employed persons were from rural areas. Another revealing fact was that most of the schemes pursued by these entrepreneurs fall under small business such as grocery shop, stationery shop, general store, cycle repairing, tailoring, bakery, candle and chalk making and small transport, etc. (Akhouri, 1982). During November 1974 to March 1975, EMTC trained 1550 prospective entrepreneurs of which, 278 units were established (Sharma, 1975).

Performances of all the nine EMTCs were not uniform. Number of prospective entrepreneurs trained by different EMTCs and release of seed money to these entrepreneurs varied widely. Performance of each EMTCs in respect of training to the prospective entrepreneurs and seed money assistance given to them is shown in the Table-3.1.
Table 3.1: Performance of EMTCs (1973-1997)

<table>
<thead>
<tr>
<th>Centre</th>
<th>Number of prospective entrepreneurs trained</th>
<th>Number of prospective entrepreneurs received seed money</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Dhemaji</td>
<td>2234 (7.3)</td>
<td>623 (27.9)</td>
</tr>
<tr>
<td>Diphu</td>
<td>1840 (6)</td>
<td>105 (5.7)</td>
</tr>
<tr>
<td>Jorhat</td>
<td>5464 (17.9)</td>
<td>1036 (19)</td>
</tr>
<tr>
<td>Kokrajhar</td>
<td>1059 (3.5)</td>
<td>114 (19)</td>
</tr>
<tr>
<td>Mangaldoi</td>
<td>5288 (17.3)</td>
<td>511 (9.7)</td>
</tr>
<tr>
<td>Silchar</td>
<td>2367 (7.8)</td>
<td>510 (21.5)</td>
</tr>
<tr>
<td>Tinsukia</td>
<td>3709 (12.2)</td>
<td>356 (9.6)</td>
</tr>
<tr>
<td>Nagaon</td>
<td>3577 (11.7)</td>
<td>933 (26.1)</td>
</tr>
<tr>
<td>Nalbari</td>
<td>4947 (16.3)</td>
<td>579 (11.7)</td>
</tr>
<tr>
<td>Total</td>
<td>30485 (100)</td>
<td>4767 (15.6)</td>
</tr>
</tbody>
</table>

Note 1: Figures in the parentheses in the second column represents percentage of potential entrepreneurs trained by each EMTC.

Note 2: Figures in the parentheses in the third column represent percentage of potential trained entrepreneurs receiving seed money.

Source: Adapted and modified from Hazarika and Yein (2000) Study on EMTCs in Assam.

It is observed from the data given in the table that, 30485 potential entrepreneurs were trained by different EMTCs in between 1973 to 1997. But number of prospective entrepreneurs trained by different EMTCs varied widely. EMTC Jorhat trained 5464 (17.9%) prospective entrepreneurs, followed by Mangaldoi (5288) and Nalbari (4947). However, Jorhat and Mangaldoi EMTCs were set up in the first phase, whereas Nalbari EMTC was set up in the second phase. From this point of view, Nalbari’s performance was better than the other
EMTCs. Out of 30485 prospective trained entrepreneurs, 4767 (15.6%) entrepreneurs got
seed money. In respect of release of seed money, Dhemaji tops the list with 27.9 percent,
followed by Nagaon 26.1 percent and Silchar 21.5 percent respectively.

3.2.7 Growth of Entrepreneurship due to EMTCs effort

During a period of 24 years starting from 1973 to 1997, 30485 prospective entrepreneurs were
trained. Growth of entrepreneurs due to EMTCs effort is given in the Table-3.2

<table>
<thead>
<tr>
<th>Year</th>
<th>Entrepreneurs trained</th>
<th>5 yearly cumulative total</th>
<th>5 yearly average growth</th>
<th>Entrepreneurs who have received seed money</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-77</td>
<td>2742</td>
<td>2742</td>
<td>---</td>
<td>459 (16.7)</td>
</tr>
<tr>
<td>1978-82</td>
<td>4351</td>
<td>7093</td>
<td>1.6</td>
<td>545 (12.5)</td>
</tr>
<tr>
<td>1983-87</td>
<td>7508</td>
<td>14601</td>
<td>1.1</td>
<td>1015 (13.5)</td>
</tr>
<tr>
<td>1988-92</td>
<td>9172</td>
<td>23773</td>
<td>0.6</td>
<td>1743 (19.0)</td>
</tr>
<tr>
<td>1993-97</td>
<td>6712</td>
<td>30485</td>
<td>0.3</td>
<td>1005 (15.0)</td>
</tr>
<tr>
<td>Total</td>
<td>30485</td>
<td></td>
<td></td>
<td>4767 (15.6)</td>
</tr>
</tbody>
</table>

Note 1: Figures in the parentheses in the fifth column represents percentage of potential trained entrepreneurs receiving seed money.

Source: Adapted and modified from Hazarika and Yein (2000) Study on EMTCs in Assam.

It is observed that number of prospective entrepreneurs trained by EMTCs showed an
increasing trend during the period 1973 to 1997. But, when 5 yearly average growths is
considered, except during the period 1978-82, all other years show a declining trend. Above table also contains number of entrepreneurs receiving seed money. It is clear from the table that during the period 1973-77, 2742 entrepreneurs were trained and out of them 459 (16.7%) entrepreneurs received seed money. During 1988-92, 1743 (19%) entrepreneurs received seed money out of 9172 prospective entrepreneurs. During twenty-four years of its operation from 1973 to 1997, 30485 prospective entrepreneurs were trained by 9 EMTCs. Out of them, 4767 (15.6%) received seed money to start their enterprises. Though figures were very small, it does not mean that EMTCs did not help in the growth of entrepreneurship. In fact, EMTCs helped in the growth of entrepreneurship in an indirect way because, there were many entrepreneurs who got training under EMTC but opted for other sources of finance than that of EMTC.

3.2.8 Strengths of the EMTC

The EMTC could achieve the objective for which it was setup to a great extent. This was because it was a local level agency operating in the district. It was easy for the EMTCs to mobilize unemployed youth within the district and train them in the district itself. The prospective entrepreneurs trained by the EMTCs could also be guided during their post training period. Thus, EMTC was in an advantageous position than the other agencies operating from the state capital.

EMTC could use the medium of instructions as per the need of the district. For example, EMTC Kokrajhar used Bodo, and EMTC Silchar used Bengali language. A better linkage
with banks and financial institutions could be developed by EMTCs. Thus, it helped in reducing communication gap between prospective entrepreneurs and support agencies.

EMTC was an interdisciplinary approach. So it could operate in all the departments, which offered potential for self employment. More importantly, EMTCs could help in the development of market linkage of the trained prospective entrepreneurs.

### 3.2.9 Weaknesses of EMTC

Though EMTC was successful in certain respect, but it had weaknesses too. The major weaknesses of EMTCs were unavailability of infrastructure to meet the growing demand and changing attitude of the youth. Non-utilization of fund and delay in the sanctioning of loans by banks or financial institutions also created problems for the EMTCs. Original concept of associating personnel from different departments was modified and withdrawn with the change in the administrative control of EMTCs from Planning Department to the Industry Department. Though this did not affect the very functioning of EMTCs, it affected the implementation of the scheme taken by the entrepreneurs as the earlier guidance was no longer readily available.

Effectiveness of EMTC had declined partly because of the increasing emphasis on rural development and partly due to reduction in the number of officers in the EMTCs. In view of the increasing emphasis on rural development, officers who manned the EMTCs on
deputation reverted to their parent departments. Youth’s attitude towards work culture is one of the major factors for the decline of EMTC. They were averse to entrepreneurship as it involves risk in starting and running an enterprise. They want easy money (Sinha, 2000). The sponsoring agencies were not properly motivated. Officers were reluctant to extend helping hand for their self interest and apathy of authority. Along with the changes of government, the policy of motivating youth changed. Each government has its own political agenda different from the others. Sometimes new agenda of the incoming government neutralized the good idea or initiative of the former government (Hazarika, 2000). Lack of ideas, initiative, imagination and commitment of those who take responsibility of management of the scheme also created problems.

In addition to the above weaknesses, the communication bottleneck and low density of population in hill areas, particularly in the Karbi Anglong district, caused a lot of problems in the functioning of the EMTCs.

The EMTC also lacked administrative leadership which adversely affected the growth of these institutions. Apathy of senior officers and inadequate training and motivation of field personnel constituted a major cause of poor functioning of these EMTCs. In 1999, EMTCs were merged with the District Industries Centres (DIC).
3.3 Dispersed Approach or Location Approach

In the location approach, EDP is organized in particular locations. Locations may be state capitals, district head quarters, sub divisional towns and even remote areas. Locations are selected by considering potential for entrepreneurship development. The training organization selects the location in consultation with the Director of Industries and Commerce (DI&C) or the District Industries and Commerce Centre (DI&CC). Once a programme is organized in a particular location, next programme at that particular location is conducted after a gap of three to six months.

Locational approach is generally adopted for target group oriented programmes. These target groups are mainly women entrepreneurs, rural entrepreneurs, SC & ST entrepreneurs, Science and technology entrepreneurs etc. Again product-cum-process specific programmes, e.g. food processing, jute products, sports goods etc. are also conducted through locational approach. Here, prospective entrepreneurs are selected through a systematic selection process and offer them training in motivational development and other aspects of setting up and running an enterprise. This approach has its merits in creating awareness about entrepreneurial opportunities among the youth in different locations. Besides, it also develops motivation among the youth for self employment and entrepreneurial activities. Results of the locational approach adopted in the North Eastern Region including Assam during 1990 and 1996 are shown in the Table: 3.3.
Table-3.3: Results of Locational Approach
(1990-96)

<table>
<thead>
<tr>
<th></th>
<th>NE Region</th>
<th>Assam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of Respondents</td>
<td>3713</td>
<td>1239</td>
</tr>
<tr>
<td>Total number of Achievers</td>
<td>935</td>
<td>378</td>
</tr>
<tr>
<td>Percentage of Achievers</td>
<td>25.2</td>
<td>30.5</td>
</tr>
</tbody>
</table>

Source: Adapted from Table: 10 of Promoting New Entrepreneurs, Mali & Dutta, 2000, page: 22

It is observed that out of 3713 respondents, 935 respondents could set up their enterprises, which accounts for 25.2 percent of the respondents. Again, in case of Assam out of 1239 respondents, 378 respondents could setup their enterprises, accounting for the success rate at 30.5 percent.

Success of this approach generally depends on the effective follow up and monitoring of the trained entrepreneurs. Greater the level of efforts in the follow up and monitoring of the programme, higher is the rate of success. However, follow up and monitoring of the programme is possible only with active support from the DI&CC. But this does not generally happen partly due to lack of manpower and partly because of cost involve. Besides, training organizations mostly operate from the state headquarters and organize several programmes simultaneously in different locations. Thus it is difficult for them to follow up the trained entrepreneurs once a programme is concluded (Mali, 2000). This approach does not give visibility in terms of number of enterprises set up in each location.
3.4 Area Approach

In area approach, one area, usually a district having potential for entrepreneurship development is selected. Efforts are made to develop entrepreneurship in that particular area by identifying prospective entrepreneurs, offering training and effectively following up and monitoring the trained entrepreneurs. Apart from training and monitoring, entrepreneurs are supported by providing support services needed for setting up of an enterprise.

Following approaches fall under Area Approach:

- Rural Industries Programme (RIP) of SIDBI
- Science and Technology Entrepreneurship Development (STED) Project of DST
- District Rural Industries Programme (DRIP) of NABARD
- Cluster Development Programme of Ministry of MSME, etc.

3.4.1 Origin of Different Area Approaches

Rural Industries Programme (RIP)

As an alternative to solve the rural unemployment problem, the Small Industries Development Bank of India (SIDBI) launched a pilot project called “Rural Industries Programme” (RIP) in November 1993. RIP was initially implemented in three industrially backward districts in Andhra Pradesh, namely Anantapur, Karimnagar and Prakasham. Andhra Pradesh Industrial and Technical Consultancy Organization (APITCO) implemented the programme in the state.
This was the beginning. Results of the approach encouraged SIDBI to expand this approach to other places. Now, RIP is being implemented across 62 districts of 24 states through 32 implementing agencies. They have promoted around 10,800 enterprises (IIE online: Accessed on 22nd May, 2011)

In Assam, five districts are covered under RIP. These districts are namely, Nagaon, Barpeta Cachar, Jorhat and Dibrugarh.

Science and Technology Entrepreneurship Development (STED) Project

Science and Technology Entrepreneurship Development (STED) Project is under the Science and Technology Entrepreneurship Development Scheme. This Scheme was launched in 1985 by the National Science and Technology Entrepreneurship Development Board (NSTEDB) under the Ministry of Science and Technology, Government of India. This scheme attempts to map the available resources in the industrially backward regions and prepare technically feasible and economically viable project profile of enterprises that could be promoted by local science and technology entrepreneurs.

District Rural Industries Project (DRIP)

Like RIP, District Rural Industries Project (DRIP) is another area based credit intensification programme introduced by National Bank for Agriculture and Rural Development (NABARD). NABARD launched DRIP in collaboration with Government, banks and other
development agencies with specific focus on district. On a pilot basis the DRIP was launched during 1993-94 in 5 select districts in the country viz. Ganjam, in Orissa, Gwalior in Madhya Pradesh, Kurnool in Andhra Pradesh, Sabarkantha in Gujarat and Sawai Madhopur in Rajasthan. Based on the result of this approach, NABARD has extended the project to many other districts. Now, DRIP is implemented in 106 districts in the country (NABARD, online: Accessed on 23rd June 2011).

Cluster Development Programme

Cluster is a geographical proximate group of enterprises linked by commonalities and complementarities. It indicates a sectoral and geographical concentration of enterprises producing and selling a range of related products and, thus, faced with common threats and opportunities. (NABARD, online: Accessed on 23rd June, 2011) According to UNIDO, a “Cluster” is a sectoral and geographical concentration of enterprises, in particular small scale enterprises, faced with common opportunities and threats which give rise to external economies in the form of specialized suppliers of raw materials, components and machinery, sector specific skills etc (NISIET, online: accessed on 23rd June, 2011). Cluster favours emergence of specialized technical, administrative and financial services and creates a conductive ground for inter firm cooperation and specialization.

As per estimates, at present, there are over 6,400 clusters in India (Baruah, 2010). These clusters can be broadly classified into three categories, namely, High-tech Clusters, Traditional Manufacturing Clusters, and Low-Tech micro enterprise clusters dealing with poverty alleviation as well as employment generation.
3.4.2 Objectives of Different Approaches

Though all these are area approaches, they differ in their objectives and respective approaches. While the objective of RIP is to develop viable and self-sustaining tiny and small enterprises (now micro and small enterprises) in rural and semi-urban areas across the country, the objectives of STED are to develop entrepreneurship in all possible sectors, with focus on small and micro enterprises involving science and technology inputs to create sustainable employment through science and technology inputs and solve the problem of unemployment by equipping these youth with appropriate skill development programme. Main objective of DRIP is to create significant number of sustainable employment opportunities in rural areas through enhanced credit flow to rural nonfarm sector (RNFS) with complementary financial and non-financial promotional support. Objective of cluster is to provide support to micro, small and medium enterprises in terms of infrastructure, information, credit and support services at lower costs. Thus, it encourages entrepreneurial spirit and promotes their capacity for effective management of their enterprise.

3.4.3 Selection of Area in Area Approach

In the RIP, a district is selected on the basis of secondary information regarding the potential of the district in terms of resources, skills, infrastructure etc. for entrepreneurship development. In the STED project, implementing agency submit proposal about the district. The agency is also to make a presentation of their proposal before the national expert advisory committee of the department of science and technology (DST), Government of India before
they are given a project. In the DRIP approach, a comprehensive study is carried out in the
district before it is selected for project implementation. In the cluster approach existing cluster
is selected which may not be a district.

3.4.4 Implementation of different Area Approach

Implementation approach of each of the area approaches is slightly different. Implementation
approach of each of the area approach discussed below:

Implementation Approach of RIP

Indian Institute of Entrepreneurship had adopted following approach for implementation of
RIP. In the first phase, it opened a field office, formed Project Implementing Committee for
smooth implementation of the programme; prepared a list of viable industrial units in the
concerned district; identified and selected prospective entrepreneurs within the district;
organized workshops, seminars, and motivational campaigns to create awareness and garner
support from the banks/financial institutions/experts and professionals from different support
institutions and organized motivational and skill up gradation trainings. The institute
identified and motivated potential entrepreneurs across districts; identified potential
investment opportunities and tried to match them with identified entrepreneurs; facilitated
skill up gradation through need based training; assisted in securing finance from banks and
other lending institutions; helped entrepreneurs in selection, sourcing, installation and
operation of machinery; arranged market supports wherever necessary; guided entrepreneurs till their units commence commercial production and monitored and followed-up of RIP beneficiaries. In the second phase, the Institute prepared project profiles for the identified group of activities for the benefit of entrepreneurs; guided the prospective entrepreneurs in establishing linkage with banks, local agencies, state government agencies and other promotional organizations in government and non-government sector; helped the trained entrepreneurs in upgrading their skill and managerial capabilities, wherever required; provided guidance for technology backup to entrepreneurs wherever necessary; assisted the entrepreneurs in implementing projects through handholding and continuous counseling; assisted the entrepreneurs in establishing marketing links, wherever necessary; monitored and followed up of RIP projects financed by bankers/own (Mali, 2000).

RIP approach was initially started by IIE in Nagaon district and later on in Barpeta districts. There are, however, other agencies that have implemented RIP. In Cachar, Jorhat and Dibrugarh districts the RIP was implemented by two NGOs, namely Deshbandhu Club, Professional Management Network.

Implementation Approach of STED

IIE implemented the first STED project sponsored by NSTEDB in Bongaigaon district during 2006-07, followed by Goalpara and Kamrup districts. STED project in Kamrup district is an on-going project. IIE followed a similar approach for STED project as in case of the RIP, except the fact that it has given importance to since and technology inputs. In order to
implement the STED project IIE opened a STED office in the district headquarters and organized publicity campaign. For implementation of the Project, a project implementation committee is formed. This committee is headed by the deputy commissioner of the district. A brief potential study of the project is done. Different departments like the handloom, handicraft, and agriculture and fishery are involved in the process of implementation of the project. In addition, District Industries and Commerce Centre (DI&CC), District Rural Development Agency (DRDA), Banks, Khadi and Village Industries Board (KVIB), Cane and Bamboo Technology Centre (CBTC) etc. are coordinated.

In the STED project, potential entrepreneurs are registered at the STED field office. This is followed by entrepreneurial awareness camp, enterprise creation and technology infusion programmes are conducted for the potential entrepreneurs. Loan proposals on behalf of the entrepreneurs are prepared by the officers involved in the STED project. Credit linkage with Government schemes like PMEGP, Chief Minister's Jeevan Jyoti Swa-Niyojan Yojana, Swarnajayanti Gram Swa-Rojgar Yojana (SGSY), Swarna Jayanti Sahari Rojgar Yojana (SJSRY) and Schemes of financial institutions like NEDFi and AFC are developed. Proposals Prepared by the STED officers for the potential entrepreneurs as per their choice are submitted to the bank. Banker’s meet is conducted. Follow up action is carried out and projects are sanctioned. Technology linkages with the Research and Development Organizations are also developed in the STED project. Information regarding material and machinery etc. are supplied and market linkages for specific product of the entrepreneurs are also developed. For sustaining the project time to time follow up is carried out (STED, 2011). Thus, in this project along with training to the prospective entrepreneurs, handholding
services are provided to the entrepreneurs for setting up the enterprise and for the success of
the enterprise effective follow up and monitoring is carried out

This approach is followed by IIE. There is, however, another agency that has also
implemented the STED project, namely NB Institute of Rural Technology. This is a Tripura
based organization. This organization also adopts similar approach in implementation of
STED project.

Implementation Approach of DRIP

In respect to DRIP, a comprehensive potential survey of the district is carried out to assess
entrepreneurial potential, credit requirement, and other aspects of project implementation.
This is followed by sensitization of the functionaries of project partners, namely, government,
banks, NGOs, Voluntary Agencies (VAs) and development agencies (DAs) etc.

The implementing agency (IA) conducts goal oriented project planning workshop at the
District Level. It prepares a action plan for the implementation of DRIP and integrates it with
Service Area Plans (SAPs) of banks. In addition, IA adopts cluster approach for
implementation of DRIP.

IA imparts training to personnel of other agencies involved in the process of implementation
of DRIP. It organizes awareness creation, skill up-gradation and technology up-gradation/
transfer programme for entrepreneurs. The focus of IA is on implementation of Credit-linked
Promotional Programmes through NGOs/VAs/ DAs and encouraging credit delivery innovations. It also monitors the progress through Project Coordination & Guidance Committees (PCGCs) at the district and state level (NABARD, online: Accessed on 23rd June, 2011).

**Implementation Approach of Cluster**

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. In the North Eastern Region, IIE has set up a Regional Resource Centre (RRC) on cluster development at the instance of Ministry of MSME, Government of India primarily to propagate cluster development approach in the region. The Regional Resource Centre (RRC) on Cluster Development at IIE was set up in 2008. The RRC has three cells:

- Project,
- Training
- Research.

The training cell of RRC imparts training to individuals of various government bodies and agencies on cluster development. These include creation of awareness on cluster development among policy and decision makers and training is also conducted for cluster development research executives. These executives were trained on cluster selection, pre diagnostic study,
diagnostic study, development of action plans; identify stake holders and identifying and implementing suitable methodologies for implementation of MSE cluster.

3.4.5 Performance of different Area Approach

Performance of RIP

In the North Eastern Region, SIDBI sponsored 22 RIP. These are implemented by IIE, NEITCO, NECON and three NGOs. Till 31st March 2010, these RIP could promote 1809 units (SIDBI office: Guwahati, 2010).

In Assam IIE implemented the first RIP in the Nagaon District during 1996 to 1999 with support from SIDBI and with the objective to promote 100 units. IIE trained and enrolled 254 potential beneficiaries. Till March 1999, 89 enterprises were setup. Among these enterprises, 48(55.2%) enterprises were setup with bank finance and 39 enterprises were self financed. Average size of investment of these enterprises varies from Rs. 0.36 lakh to Rs. 0.99 lakh (Mali, 2000). Type of enterprises setup by RIP entrepreneurs’ ranges from manufacturing to agro and allied activities. There were fruit processing, supari processing, automobile servicing and repairing and even small transport operators.

Based on the result of RIP in Nagaon district, RIP activity was extended to Barpeta district. During 2000 to 2005, a total of 420 prospective entrepreneurs were trained. Up to June 2004, 167 enterprises were set up with bank finance. Average amount of loan provided by bank in
the first and second phase (2000-03 & 2003-05) was Rs. 1.45 lakh and Rs. 1.62 lakh respectively. Similarly average amount of investment in the RIP enterprises were Rs. 1.69 lakh and Rs. 1.85 lakh respectively during the first and second phase. Employment generated in these RIPs was 567 (IIE, 2005).

Major problems perceived by banks in the implementation of RIP were lack of manpower, inadequate security from the entrepreneurs against loan they ask for, inadequate sanctioning power for clearing loan proposals received by them within a short period. On the other hand, entrepreneurs think that bankers take unduly long time in appraising a loan proposal and taking a decision.

Performance of STED

Performance of the STED project implemented by IIE in three districts namely, Bongaigaon, Goalpara and Kamrup is given in the Table-3.4.

<table>
<thead>
<tr>
<th>District</th>
<th>Target Units Set up</th>
<th>Employment Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bongaigaon</td>
<td>200 Micro enterprises</td>
<td>204</td>
</tr>
<tr>
<td>Goalpara</td>
<td>200 Micro enterprises</td>
<td>76</td>
</tr>
<tr>
<td>Kamrup</td>
<td>200 Micro enterprises</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>298</td>
<td>1234</td>
</tr>
</tbody>
</table>

Source: Report on STED Projects, IIE, 2011
There are 298 units set up under the STED project implemented by IIE up to 31st March, 2011. Among these units, 218 (73.2%) units are financed by banks and 80 (26.4%) units are self financed. These units have generated employment for 1234. In the Bongaigaon district STED project could promote 204 units as against the target of 200 units. STED Goalpara is an on-going project. This STED project is to achieve a target of 200 enterprises. Till March 2011, 76 micro enterprises could be promoted in the district. In Kamrup district, 18 micro enterprises have been promoted during first year of the project. Units promoted under STED project includes sital pati, pottery, tailoring, fish farming, cane and bamboo furniture, bi-cycle repairing, rubber processing, steel fabrication, weaving, jute products, DTP etc. (IIE, 2011).

**Performance of DRIP**

In Assam, DRIP is being implemented in 4 districts viz. Kamrup (2000-01), Sivsagar (2001-02), Cachar (2002-03) and Jorhat (2003-04). Under the project, a common action plan was prepared and implemented in coordination with all Governmental and Non Governmental agencies involved in promotion of rural industrialization. Under DRIP project 39,565 industrial units with bank credit of Rs. 88.26 crore in Kamrup and 4,214 industrial units with bank credit of Rs. 26.23 crore in Sivsagar have been established, generating 87,043 and 9,270 employment opportunities, respectively, in these districts (Assam agro Business, online: accessed on 23rd June 2011).
Performance of Cluster Development Programme

RRC has implemented cluster development project at, Payranga, Boko in Kamrup district. This is an Eri Spinning Cluster. Besides, there is the handloom cluster, Dhamdhama, Nalbari, Rontholi Jewellery Cluster, Nagaon and Asharikandhi Terracotta Cluster, Dhubri. As per RRC, IIE more than 2100 artisans are benefited by the Cluster Development Programme under its guidance (Baruah, 2010).

Cluster Development Programme of SIDBI

SIDBI is also pursuing cluster development initiative since 1990. Earlier SIDBI’s approach was technology centric intervention, but now it has given importance to comprehensive package of business development service. In this approach the Bank tries to meet the diverse developmental needs of a cluster, such as technology updation, capacity building, environment, marketing, credit, quality, WTO, information dissemination, etc. Under CDP, clusters with homogeneous production activities are adopted so as to have maximum impact and economies of scale.

SIDBI has intervened in 34 clusters in the North East, benefitting around 2786 beneficiaries. Clusters intervened by SIDBI in NER are handloom weaving, cane and bamboo mat weaving, carpet weaving, agarbatti making, muga silk, black smith, shoe making, terracotta pottery, brass and bell metal etc. (SIDBI office; Guwahati, 2010). Till 31st March 2010, SIDBI has launched 10 Cluster Development Programme in Assam.
Table-3.5 represents Cluster Development Programme initiated in SIDBI’s intervention in Assam along with their implementing agencies.

### Table-3.5: Cluster Development Programme of SIDBI and their Implementing Agencies

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Types of clusters</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brass and Bell Metal Cluster at Hajo,</td>
<td>North Eastern Technical Consultancy</td>
</tr>
<tr>
<td>2</td>
<td>Terracotta Pottery Cluster in Dhubri</td>
<td>Bharatiya Rural Integrated Growth</td>
</tr>
<tr>
<td>3</td>
<td>Handloom Weaving Cluster at Salakati,</td>
<td>North Eastern Technical Consultancy</td>
</tr>
<tr>
<td>4</td>
<td>Silk Weaving cluster at Machkhowa,</td>
<td>-do-</td>
</tr>
<tr>
<td>5</td>
<td>Handloom Weaving Cluster at Jogeshpur,</td>
<td>-do-</td>
</tr>
<tr>
<td>6</td>
<td>CFC work shed, Barpeta</td>
<td>Anchalik Gram Unnayan Parishad</td>
</tr>
<tr>
<td>7</td>
<td>Terracotta Pottery Cluster, Nagaon</td>
<td>Agro Horticulture Society</td>
</tr>
<tr>
<td>8</td>
<td>Cane, Bamboo &amp; Jute Cluster, Lakhimpur</td>
<td>D-VERDS</td>
</tr>
<tr>
<td>9</td>
<td>Eri Silk Cluster at Chaygaon, Kamrup</td>
<td>Grameen Sahara</td>
</tr>
<tr>
<td>10</td>
<td>Eri &amp; Muga Silk Cluster at Majuli, Jorhat</td>
<td>Society for Professional Management</td>
</tr>
</tbody>
</table>


From the table it appears that at different periods of time, different implementing agencies are involved in the cluster development efforts.

### 3.5 Multi-Pronged Approach

In addition to the locational approach and area approach for entrepreneurship development, there is another approach which includes almost all the group of individuals who may
contribute to the growth of entrepreneurship in the society. This approach was initiated by IIE and the approach is termed as multi-Pronged Approach (Mali & Kalita, 2010). As per this approach, prospective and existing entrepreneurs, educated children of entrepreneurs and artisans, personnel from support organizations, students may be the potential source of entrepreneurs. They may be from both the genders. Retired persons may be also potential source of entrepreneurs. There are programmes for almost all groups of individuals, except for retired personnel.

Potential entrepreneurs are motivated when they see successful entrepreneurs. Hence, the existing entrepreneurs can be the role model for new entrepreneurs. Educated children of entrepreneurs and artisans are encouraged to continue their family business, expand and grow.

Orientation of the personnel from the support organizations may help in creating an entrepreneurial friendly environment. Positive entrepreneurial environment can help in emergence of more entrepreneurs.

Entrepreneurship awareness camps for college students help in creating awareness about need and importance of Entrepreneurship as career option among the students. Creating awareness of career options may itself be an important step to encourage students to consider taking up entrepreneurial career when they complete their education.
Faculty Development Programme in Entrepreneurship Development conducted for the college and university teachers may help in creating awareness of entrepreneurial opportunities and supporting and sustaining entrepreneurial behaviour among the students.

### 3.6 Other Approach

Further, organizations like State Institute of Rural Development (SIRD), have adopted an approach of developing group entrepreneurship through promotion of Joint Liability Group (JLG). The Government of Assam has entered into a Memorandum of Understanding (MoU) initially with State Bank of India to promote group entrepreneurship and the bank would provide finance to JLG trained by SIRD. Now almost all the public sector banks have entered into MoU with the Government for financing JLG. For providing financial support, initially SIRD has MoU with State Bank of India (SBI), United Bank of India (UBI) and Punjab National Bank (PNB). Now, the Institute has MoU with every nationalized bank operating in the state. JLGs can get financial support from these banks. Since burden of liability falls not only on the individual alone but also with the group as a whole so bank does not face much problem on recovery. So, banks are also willing to support these JLGs. This approach has definitely helps in the emergence of entrepreneurs. During 2006-07 to 2009-10, 20614 youth has been assisted in 5227 JLGs for undertaking productive income generating activities and Rs. 154.55 crores institutional loan have been provided to the youth by SIRD (SIRD, 2010).

Rastriya Gramin Vikash Nidhi’s (RGVN) approach for developing entrepreneurship is quite unique. They not only provide training to the prospective entrepreneurs but also give financial
support to them. For providing financial support entrepreneurs are selected on the basis of their performance. Since, training and financial support come from the same organization success rate is found to be higher in this approach.

Earlier, organizations provide training to the entrepreneurs on their own. But a very recent development that has taken place is that instead of organizing training for the prospective entrepreneurs on their own, these organizations have gone for networking with the NGOs. For example, National Institute of Micro Small and Medium Enterprise (NIMSME), Hyderabad is organizing training in Assam with NGOs. Similarly, IIE has also gone for networking with NGOs for conducting training for prospective entrepreneurs. Success of this approach depends on the effective follow up and Monitoring.

3.7 Strengths and Weaknesses of Different Approaches

Strengths and weaknesses of different approaches for entrepreneurship development is shown in the Table: 3.6.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Approach</td>
<td>Local agency to initiate &amp; support entrepreneurs till break-even stage.</td>
<td>Absence of one component can create problem.</td>
</tr>
<tr>
<td></td>
<td>Interdisciplinary approach.</td>
<td>Greater emphasis on one group of activities at the cost of others can</td>
</tr>
<tr>
<td></td>
<td>Strong information support.</td>
<td>de-motivate entrepreneurs.</td>
</tr>
<tr>
<td></td>
<td>Training monitoring &amp; evaluation part of the approach</td>
<td>Outside entrepreneurs may get encouragement at cost of</td>
</tr>
<tr>
<td></td>
<td>Institutional financing.</td>
<td></td>
</tr>
</tbody>
</table>
| Locational Approach | Emphasis on specific potential location for ED.  
|                    | Best suited for specific target groups, product & process EDP.  
|                    | Can create awareness of entrepreneurial opportunities.  
|                    | Develop entrepreneurial motivation among youth.  
|                    | Success depends on effective follow-up & monitoring. Difficult to carry on effective follow-up etc.  
|                    | DI & CC cannot help & training agencies cannot follow-up.  
|                    | Failure to take up constant follow up and monitoring leads to lesser success.  
|                    | Results less visible.  

| Area Approach      | Concentrated work in an area for about 2-4 years.  
|                   | Field office set up.  
|                   | Effective follow-up and monitoring is possible  
|                   | Success is visible.  
|                   | Many districts cannot be covered.  
|                   | Shortage of qualified manpower.  
|                   | Sponsors may not like to expand to many areas.  

| Multipronged Approach | Successful entrepreneurs can be role model for new entrepreneurs.  
|                       | Educated children of businessmen /entrepreneurs encouraged to continue family business.  
|                       | Can create entrepreneur-friendly environment in support organization.  
|                       | School and college students come to know about career options.  
|                       | Teachers participating in FDP know about entrepreneurial opportunities to guide students for alternative career option.  
|                       | Failure to take up programmes for all target groups in a balanced manner may adversely affect the success rate.  

Note: In Table-3.6, ED = Entrepreneurship Development, EDP= Entrepreneurship Development, FDP = Faculty Development Programme
3.8 Conclusion

Assam adopted the integrated approach to promote entrepreneurship to make a dent on the large scale unemployment, particularly among the educated that existed at that point of time. The strategy to set up EMTCs in that backdrop could be well appreciated. During the 1970s, EMTCs were the only organizations to identify, select and train entrepreneurs. They did commendable work in promoting entrepreneurship. In 1980s the Government of India introduced TRYSEM programme accepting EMTC as the model. The EMTC programme was potentially very effective in promoting entrepreneurship. It was able to provide training and motivation to the unemployed youths. Although in many cases actual outcomes of the EMTCs were very different from expectations, however, training provided by these centres always had a positive influence on the initiative and employability of the beneficiaries. The merger of EMTC with DIC appears to be a false step taken by the government when the need for promoting entrepreneurship has been increasing.

Besides, the integrated approach, the area approach is an important approach to develop entrepreneurship. The area approach seems to be more effective and has greater visibility in terms of enterprises set up. More agencies are now involved in area approach and in different places in the state. Linkage with bank is important to make an approach more successful. While banks are supporting entrepreneurs in respect to RIP, DRIP, STED and Cluster approaches in promoting group entrepreneurship through JLG, they have gone a step ahead to enter into MoU with the training organization to provide finance to group entrepreneurs. RGVN’s approach is, however, unique in the sense that the organization has been able to create micro entrepreneur through training and financial support.