CHAPTER 1

INTRODUCTION
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1.1 Introduction

The Economy of India is the eleventh largest in the world by nominal GDP and the third largest by the purchasing power parity, following strong economic reforms from the post independence socialist economy, the country’s economic growth progressed at a rapid pace, despite fast economic growth India continues to face massive social and economic inequality and high Unemployment, it also characterised by chronic unemployment in India. During the past five decades, population of India has grown at an alarming rate whereas employment opportunities have not been increased. However the removal of unemployment has been a proclaimed objective of Indian Economic Plans. Employment Generation programmes are in operation for more than four decades now in the country with a shifting focus on various aspects and specific target Groups. In these Programmes issue of employment generation is dealt in a variety of ways. It begins from a temporary income assurance by providing minimum wage employment to a permanent asset creation and skill formation. Entrepreneurship plays a very important role in the economic development. Entrepreneurs act as catalytic agents in the process of industrialization and economic growth. Joseph Schumpeter states that the rate of economic progress of a nation depends upon its rate of innovation which in turn depends upon the distribution of entrepreneurial talent in the population. Technological progress alone cannot lead to economic development unless technological breakthroughs are put to economic use by entrepreneurs. It is the entrepreneur who organizes and puts to use capital, labour and technology in the best possible manner for the setting up of his enterprise. Few until recently believed that entrepreneurs could be created through educational endeavors, or that Entrepreneurship could be a matter of teaching or training. Initially educational interventions in Entrepreneurship were given less importance but after a series of successful demonstration by scholars like Prof. David McClelland and Others, it was proved that entrepreneurs could be created through teaching, training and counseling interventions as well. Progress since then has been swift and now Entrepreneurship has become almost a movement.
The self- Employment scheme for Educated Unemployed Youth (SEEUY) was introduced by the Government of India in 1983 with the main objective of Encouraging the educated unemployed youth to undertake self-employment ventures in Industry, Services and Business sectors through the provision of packaged assistance. Having Introduced New Economic Policies in 1991 , The Prime minister’s Rojgar Yojna (PMRY ) scheme formulated by the Government of India for the educated unemployed youth which was launched on October 2 -1993. The objective pre supposes the standard of living of the beneficiaries. The action taken will be successful only if the benefits of development reach the lowest strata of the community. The government has recognized the fact that much emphasis is given on grass root level planning or micro level planning where the focus is a rural development. Under the PMRY Scheme target set was to provide opportunities to 10 Lakh persons by setting up 7 Lakh micro enterprises to accelerate employment opportunities for educated unemployed youth and after looking into the initial success, this is now incorporated as a permanent scheme of the Government of India with framed modalities and guidelines for its successful implementation and to fulfill the purpose for which it is designed.

Under the scheme a composite loan will be provided to the beneficiaries without collateral security for setting up self employed micro units. The loan amount is Rs one Lac for business activates and 2 Lacks for service and industrial activates. The commercial banks functioning in the country are required to finance the scheme. All educated unemployed youth within the age group of 18 and 45 are eligible to apply for financial assistance under the Scheme for setting up micro enterprises. The minimum educational qualification prescribed for getting assistance under the Scheme is only a pass in VIII Standard. The annual family income of the beneficiaries should not exceed Rs 40,000. The scheme has given due importance for the protection of women and under privileged communities. There is no restriction on the nature of activities to be started under the scheme. All economically viable activities are eligible for financial assistance under the scheme. Group activities are also eligible for financial assistance but the loan amount for group activities should not exceed Rs 10 Lakh.
The loan amount has to be repaid within 7 years depending on the nature and profitability of the venture. The beneficiaries are eligible for a subsidy of 15 per cent of the project cost subject to a ceiling of Rs 7500 from the Government. The selected applicants will be provided compulsory training. The implementation and co-ordination of their scheme is done by High Power committee at Central level. State PMRY Committee at State level and District PMRY Committee at District level.

1.2 Importance of the study

The Nationwide survey on employment and unemployment, conducted by the National Sample Survey Organization (NSSO) in its 64th round, reveals that, All India Level unemployment rate was nearly 8%. The experts monitoring the employment and unemployment scenario say that this figures accounts for job seekers registered with employment exchanges only and the actual figures would be higher. The unemployment rate is much higher among the educated up to the high school level and above, also this rate is much higher among the educated females compared to the educated males and this difference is even more in rural areas among those with qualification of graduation and above.

Moreover, the Government Policies are causing a devastating effect on unemployment, as the Government ownership in many public sector enterprises is expected to decline to a minority shareholding in near future by the disinvestment process. On the other hand youth population in this country accounts more than 60%, so needs to create employment for them is major challenges in future. So to create employment opportunities through self employment programmes hold significance to tackle challenge of unemployment. While some studies find a positive link between unemployment and self employment rates, there is both “recession-push” and “prosperity pull” aspect of the relation between unemployment and self employment. Unemployment reduces the opportunity of enjoying a paid job and stimulates searching for one. This pushes people into self employment. High unemployment is likely to coincide with a limited market demand for self employed output pulling them out of self employment.
In India self employment may be chosen as the only available alternative to unemployment. Indeed in many developing economies self employment may be viewed as a form of informal sector employment opportunity. So to gain understanding the reasons of opportunity self employment and necessity self employment with correlation with Government scheme is very vital, especially self employment scheme, which will drastically improve employment potential. The rural India badly lacks entrepreneurs. The liberalization policy has thrown open a vast area of the country for private entrepreneurship. Under such circumstances the need for development of entrepreneurship is keenly felt. To achieve this effort on the part of governments, banks, financial institutions and other institution much needed.

India is a country of villages and 72 percent of our country’s population lives in villages. Hence, through process of self employment, the process of rural development can be speeded up. Dealing with unemployment problem in our country is a daunting task. However in the present circumstances encouraging self-employment can work like panacea. It is widely realized that creation of employment opportunity in the country depends mainly upon self employment, small business and development of unorganized sector

1.3 Identification of the problem

Extension of credit to weaker section has became a social responsibility of banks after Nationalization many schemes have been formulated and implemented in the country for improving the standard of living of the people especially for the weaker section. Empirical studies have shown that small scale enterprises are the important vehicle for growth, equity with social justice, and to fulfill the objectives of developing economies. For a nation like ours, which aims to achieve rapid and regionally balanced economic growth through rural industrialization, emergence of a large number of small entrepreneurs is of vital necessity. PMRY scheme was evolved to generate employment opportunities in the country through the establishment of micro enterprises. Banks operating in the country are asked to finance the PMRY scheme. Hence viable project should not be denied bank credit
on the ground of poor financial position of the borrower. The bank credit should flow into the socio-economic status of the people. The assistance will be of no use unless the borrower utilizes the amount for productive purpose and generates adequate income to repay the loan and a surplus to support his family.

Since, the scheme is in operation for more than two decades and ongoing a thorough evaluation of its performance is essential to identify the problems and difficulties and steps to improve the performance. It is also essential to examine the role of banks in the implementation of the scheme. It is of paramount important to analyze the impact of the PMRY scheme on the self employment programmes. Hence the relevance of the study lies to know more about Employment development programmes and self-employment

1.4 Self Employment

Self employment can be defined as “Working in one’s own income and employment generating activity in any sector”. This can be further expanded as all those who have their own means of income and using own labour to generate income are self employed. Central as well as state Government has developed many programmes for self employment; the strategy of self employment adopted so far has been focused on helping the households to earn a minimum income that enable them to cross poverty line

Some of the Main Self Employment Focused Programmes

- Rural based –self employment Programmes
- Integrated Rural development Programme (IRDP)

- Crash scheme for Rural Employment Programme (CSRE) – Pilot Intensive Rural Employment Programme (PIREP)

- Training for Rural Youth for self employment (TRYSEM)

- Development of Women and Children in Rural areas (DWCRA)

- Supply of Improved tool kits to Rural Artisans (SITRA)

- Swarnjayanti Gram swarojgar Yojana (SGSY)

- Wage Employment Schemes

- National Rural Employment Programme (NREP)

- Rural Landless Employment Guarantee Programme (RLEGP)

- Jawahar Rojgar Yojana (JRY)

- Employment Assurance Scheme (EAS)

- Jawahar Gram SamridhiYojana (JGSY)
- Sampoorna Grameen Rojgar Yojana (SGRY)

- Self Employment for Educated Unemployed Youth (SEEUY) popularly known as Gramodaya scheme and later merged with PMRY

- Swarna Jayanti Shahari Rojgar Yojana (SJSY)

- Prime Minister Employment Generation Programme (PMEGP), after merging REGP and PMRY.

1.4.1 Role and Importance of self-employment

France, has given a model of Auto entrepreneurship for providing opportunity to the unemployed as well as government employee to promote self employment in their country, which geared up the France economy, also Japans economic progress is attributed to ‘self employed’ entrepreneurship, and its entire economy is based on self employment. Small industries and business units are spread all over the country. In any country self-employment is not only the main route for creation of wealth and economic development but is also the dignified way of earning ones living and human development. By encouraging self employment a developing country like India can speed up the process of economic development and make a place among well to do countries. India is agriculture dominated developing country and shortage of self employed rural entrepreneurs is a very big impediment in its economic development. Self employment is an effective source for fast and speedy development of a nation. This is an important measure for developing countries to make them free from poverty, unemployment and hunger. It can contribute significantly in achieving the socio economic objectives of a country. Self employment is a dignified way of fulfilling ones ambition. Through this Personality of people could be developed, which forms basis of human resource development.
This road map has been developed on the following ground as well:

- Majority of the National income is generated by the self-employed engaged in agriculture, subsidiary occupations to agriculture, small and tiny industries, retail and small businesses and the service sectors. So fact should not be ignored that India is a country of Self-employed and not of Employees.

- The number of employable youth’s increases at rapid rate of every year and employment generated is very minimal, inclusive of the service sector. Hence people will have to come forward to harness avenues of self Employment i.e. to come up to engage themselves in productive activities by starting their own enterprises for employment and livelihood.

- The major challenge before the country is, to convert unemployed and underemployed youths to entrepreneurs for taking up self employment by providing them sufficient Training, infrastructure support, linkage with banks and provision of handholding for a minimum period. Unemployment is to be removed through the creation of productive self-employment opportunities as it generates growth, creates assets and thus improves the economic conditions of the poor, who get engaged in such pursuits. It will also have a multiplier effect for bringing about a change in the economic scenario of the country.

- Review of the various self employment schemes launched by the Government so far evince that the policy focus has largely been on poverty alleviation rather than on creation of income and wealth on sustainable basis through investment and productive employment generating activities.

- Though state and central government working towards promoting self employment programmes, the concept of large scale entrepreneurship as a possible solution to
poverty alleviation and diffusion of social stress created out of economic disparity in the country.

➢ Banks as well as financial institution have a business interest in self employment development, hence they should link with government schemes in effective manner, and this can result in sustainable win-win scenario for both i.e. unemployed youths as well as the banks. The poor and resilient entrepreneurs can become value conscious customers for banks.

➢ For forming strategies for self employment development, it is absolutely essential to understand the basic characteristics of people, their perception and attitude towards looking system at large, so that proper methods brings large change for uplifting self employment in our country.

➢ One of the major criteria to improve the results of self employment development programmes is intensive, systematic and effective post training follow-up as a handholding exercise. For the Training system, developing post training contents and supplementary service is a part of its primary task.

In order to understand scheme implementation, the objectives are always clearly devised to reach ultimate destination, but there is a gap of effective implementation of it. Now time has come to think out of box while implementing self employment programmes, New and modern concepts should be developed in societies to increase self employment beyond traditional approach.
1.4.2 Rationale behind Self-employment in India:

Providing Job Opportunities

Self-employment directly or indirectly increases the employment opportunities. For a hugely populated country like India Self-employment is the only practical means by which the grave problem of unemployment could be dealt with. In a country like ours, problem of unemployment cannot be solved through government and privet sector jobs alone. In the near future, Indian youth may have to depend more on Self-employment for their livelihood, whether in rural or urban areas.

Basis of Economic Development

Self-employment helps to create new vocations and business activities. These Self-employment units bring forth more job opportunities for public resulting in their increases income. This improves their standard of living and social status. On the other hand, increased saving encourages capital formation. Entrepreneurs income, saving and profit again help in establishing new enterprises. Growth in production and national income is instrumental in the country’s economic development. Factually, Self-employment is the main basis for economic development.

Optimum Utilization of Human and Physical Resources

Our country is rich human resources with more than a thousand million populations. Human resources with its capabilities cannot be stored. If it is not utilized, it is wasted. The key to this treasure is Self-employment which opens the door for prosperity. Only through Self-employment India’s huge human resource base can be used in the interest of country and mankind. Despite the scientific and technological progress, any natural resource can best be utilized by human beings only. If manpower planning and entrepreneuriship is not encouraged, available natural resources cannot b converted into products. Through Self-employment, country’s natural resources can be put to best use for achieving desired results and the country will grow richer.
Development of Entrepreneurship and Managerial Skills

Self-employment encourages spirit of adventure in a nation’s younger generation. It develops entrepreneurship and also the ability to plan, prepare project report, make decisions and manage an enterprise. It enables younger generation in the society to showcase their creativity. It can also put a check on feelings of frustration, despair and negativity. Self-employment motivates people to work independently for their living, explore their creativity and to become achievers. Qualities and strengths like leadership, self-confidence, patience, tolerance and risk bearing abilities take a boost in Self-employment people thus enhancing their personal attributes. Self-development and self-help are unparalleled paths of personality development. Self-employment reinforces the principle of self help which is the best help. Through this, young people can learn about dignity of labour which is the need of the hour.

Development of Infrastructure Facilities

Government of India and State governments develop infrastructural facilities like electricity, water, transport, roads, bank, warehouse etc., for successful implementation of Self-employment schemes. Besides this the government on the basic of local resources and by exploring the possibilities for setting up of the enterprise prepares project report. Aspiring entrepreneurs are provided with cheap power and finance on easy terms at low rate of interest which makes a ground for rural industrialization and rural development.

Economic Decentralization

Through Self-employment, entrepreneurs get motivated to establish their own industry or business in different parts of the country which helps the process of decentralization and even economic development. There is equitable distribution of wealth and a socialistic pattern of society can be established.
Achieving Plan Targets and Implementation of State Policies

In our five year plans, government has always been trying to achieve the plan goals by increasing the opportunities of entrepreneurship and employment. The basis of achievements of socio-economic objectives of the plan is Self-employment. Through Self-employment, government can effectively implement its various policies and programmes meant for rural development.

Increase in Revenue

Commercial and industrial units established under Self-employment are important sources if income as Government gets excise duty, sales tax, octroi and income tax from these units which boosts national income.

Check on Social and Economic Evils

Social and economic problems emanating from big industries may effectively be countered by encouraging Self-employment. Some of these problems are centralization and localization of industries, formation of industrial slums, strikes, lock outs, gheraos, and gambling, drinking, moral degradation etc. Self-employment also checks poverty, illiteracy and social unrest, thereby helping to build a Self-employment, educated and cultured society.

Nurturing Craftsmanship

Under Self-employment schemes, unemployed craftsmen and workers may be helped financially, breathing a new life in handcraftsmanship and skill and securing country’s cultural richness, glory and traditions.
Hence, Self-employment is the way to economic progress, social transformation and personality development with which developing countries may tread the path of progress and earn a respectful position in the society.

1.4.3 Challenges in Self-employment

Lack of Enterprise

Most of the people in India lack risk bearing ability. Only few communities like Marwari’s, Guajarati, Parsis and Punjabi’s traditionally take the risk and take up Self-employment. While most communities prefer agriculture and government service. Reluctance to involve oneself in business, inclination towards wage employment, lack of creative thinking are few reasons which have restricted the growth of Self-employment in the country.

Lack of Infrastructure

Establishment of Self-employment units requires infrastructural facilities viz., transport, water, electricity, market, storage and communication etc. in absence of these infrastructural facilities Self-employment enterprises may not flourish. On account of lack of such facilities, entrepreneurs are shying away from establishing industries in towns and villages. Industries which are already established are facing problems of high cost, power shortage, transport and communication problems etc.

Cut-Throat Competition

Self-employed ventures normally begin at a small level, but they have to compete with big industries. After opening up of the economy and liberalization, there is cut-throat competition. Big industries are modernized; use latest methods and techniques in production and marketing. Hence, good quality products are manufactured at lower cost and these industries are able to derive benefits of economies of scale. Demand for such
products increases in the market. Self-employment units have to face this competition in order to survive.

**Lack of coordination Among Implementing Agencies**

Many institutions have been established to facilitate growth in Self-employment ventures but there is lack of coordination among them, such institutions overlap in developing schemes and services and hence much of government funds and efforts are wasted.

**Lack of Professionals, Managerial and Technical Knowledge and Experience**

On account of faulty education system youth lack professional, managerial and technical knowledge which is an impediment in developing the spirit of enterprise, consequently not many people come forward to establish Self-employment units. The low growth rate of Self-employment in our country is also because the government and industrial organizations do not spend much on research and development. In our country, no proper system is in place to train and motivate people for entrepreneurship development and hence the environment has not become conducive for the promotion of Self-employment.

**Problems of Small Units**

Most Self-employment units established under Self-employment schemes are very small in size, hence they have to face the problems like shortage of raw material, non-availability of credit facilities, lack of funds for modernization, computerization, marketing of produces etc. because of these, Self-employment units are not established, even if established they do not flourish and ultimately turn into sick units or units with diminishing returns.
Adverse Social, Cultural and Industrial Environment

Caste systems, social evils, fatalism, religious superstitions particularly in the countryside, do not allow development of adventurous spirit. The moment new entrepreneurs start to earn enough, they make their lifestyle extravagant and start spending their saving on big houses, costly jewelry items and luxury goods which hampers the growth possibilities of their venture and ultimately leads to sickness of the unit or the unit becoming unproductive. Also, the business environment in the countryside is not much positive. Lack of skill and expertise in laborers, their tendency to migrate to cities and consumer’s habits to buy goods produced by big companies create many problems for new entrepreneurs. In Industrial sector problems like faulty outdated labour laws, infective implementation of government policies and schemes, bitter industrial relations, conflict between labour and capital are also retarding the growth of Self-employment.

1.4.4 Future of Self-employment

Self-employment can play a key role in solving problems of unemployment, poverty, economic disparity, social tension and dependence on others. In a country like India, Self-employment is not only a need but also is becoming a compulsive necessity.

- Future of Self-employment is very bright in India because:

- India has a massive population in which unemployment is a grave problem.

- Due to privatization and fall in government expenditure, numbers of government jobs are on the decline.

- In government and semi government organizations, downsizing is being done through voluntary and compulsory retirement.
Though, liberalization and globalization have opened gates for multinational companies and corporations not many jobs are generated in private sectors, since such companies recruit less manpower. They depend more and more on modern office practices with computers, other devices, and technological upgradations.

Many Government and private organizations are getting their work done with contract labour, than by employing regular work force and are resorting to outsourcing.

India is a country of villages where poverty and illiteracy are rampant. Lack of required professional education has made rural youth unfit to the work culture of multinational companies. Hence they can make their living only through self employment.

Through self employment, Indian Heritage can be conserved and promoted.

It will help in the utilization of natural resources available in villages.

The benefit of self employment schemes introduced by government can be harnessed by encouraging self employment.

1.5 Entrepreneurship development programme (EDP)

Economic development plays an important role in the development and growth of any society. The importance of promoting entrepreneurship to engage in economic activities is being increasingly realized in all developing countries. The successful experience gained from encouraging people to undertake economic activities through Entrepreneurship Development Programmes (EDP) have led to Entrepreneurship to unemployed becoming the most effective way of fulfilling these needs. Experience demonstrates that there are a large number of people in most developing countries, capable of and willing to be involved in economic activities. However, in many situations there is a lack of integrated
and need based training programmes, which inhibits the efforts at promoting entrepreneurs.

1.5.1 The evolution of EDP Movement

With this background, the government and financial organizations started thinking in terms of fostering entrepreneurship through training interventions. Towards this, a pioneering initiatives was jointly taken by Gujarat, in the late sixties. A 3 month training programme known as Entrepreneurship Development Programme (EDP) was evolved. The programme was meant for new and selected entrepreneurs who had latent entrepreneurial potential. It laid emphasis on (i) setting up a small venture (ii) Managing it; and (iii) making profits out of it. The initial programmes were oriented towards business knowledge and skills. Later, behavioural inputs (especially, Achievement Motivation Training – AMT) were also made a regular feature of the training package.

Entrepreneurship Development programmes (EDPs) which began as an experiment by Gujarat State Industrial Corporation started gaining momentum at the national level in the early seventies. About the same time, SIET initiated EDPs in the state of Jammu and Kashmir; and small Industries Development Organisation (SIDO) started conducting EDPs for unemployed engineers through its small Industries service Institutes (SISIs). Industrial Development Bank of India (IDBI) also evinced interest in the approach and circulated paper on the achievements and potential of Gujarat experience among various state Governments. Subsequently IDBI encourages Technical consultancy (TCOs) – a creation of all India Financial Institution – to launch EDPs in their respective states, by providing funding support Encouraging results as well as need to spread the programme to all the districts of Gujarat, led to creation of the Centers for Entrepreneurship Development (CED) in Ahmadabad in 1979. It was the first specialized institute of its kind in the country, exclusively devoted to the task of entrepreneurship development.

Encouraged and impressed by the success of CED, all India financial Institutions, viz., Industrial Development Bank of India (IDBI), Industrial Financial
Corporation of India (IFCI), Industrial Credit and Investment corporation of India (IFCI), Industrial credit and Investment corporation of India (ICICI) and state Bank of India (SBI) with active support of the Government of Gujarat, sponsored a National resource organization, viz., Entrepreneurship Development Institute of India (EDII) in 1983. It was entrusted with the task of spreading and institutionalizing ED activities in the country. Government of India later also set up the National Institute of Entrepreneurship and small Business Development (NIESBUD) to coordinate ED efforts at the National Level. Subsequently, some of the state governments, with the support of all India Financial Institutions, also took initiative in establishing state level Institutes of Entrepreneurship Development (IEDs) in order to take ED activities down to grass roots level.

At present large number of institutions and organizations are engaged in conducting a variety of training and research activities directed towards developing entrepreneurship. According to a study conducted by NIESBUD about 686 organizations which include District Industries control are engaged in conducting entrepreneurship development programme in the country. Most of the organizations are established, sponsored by central or state governments, financial institutions and public sector banks. All India financial institutions, viz., IDBI, IFCI, ICICI, besides SBI and Government at the centre as well as state level, and some commercial banks have been funding, supporting and organizing entrepreneurship development programmes especially since 1978 in a big way.

An Entrepreneurship Development Programme has been defined as “a programme designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively”. An EDP is a device through which people with latent entrepreneurial traits are identified, motivated to take up an industrial venture, trained in managing the unit viz., locating a suitable project, testing its economic viability and technical feasibility, complying with government rules and regulations and obtaining finance.

1.5.2 Objectives of Entrepreneurship development programme (EDP): -
➢ To foster entrepreneurial growth in the country, particularly in the small sector and to secure wider dispersal of entrepreneurship.

➢ Optimum use of available resources.

➢ To let the trainee set or reset the objectives of his business and work individually and along with his group for their realization.

➢ To develop a broad vision to see the business as a whole and to integrate his function with it.

➢ To enable the trainee to cope with and coordinate the different types of paper work, most of which are statutorily obligatory.

➢ To strengthen the trainee’s passion for integrity, honesty and compliance with law, this is the key to success in the long run.

➢ Generation of employment opportunities.

➢ Development of backward regions and expansion of non training activities in rural areas and improving the economic status of socially disadvantage groups like rural poor, tribal and women.

➢ Widening the industrial base through setting up of small and medium scale industries.

1.5.3 Importance of entrepreneurship development programme (EDP)
EDP is to enable entrepreneurs initiating and sustaining the process of economic development in the following ways-

1. **Creation of Employment Opportunities:** Unemployment is one of the most important problems confronting developing and underdevelopment countries, EDP’s enable prospective entrepreneurs in the setting up of their own units, thus enabling them to get self employment. With the setting up of more and more units by entrepreneurs, both on small and large scale, numerous job opportunities are created for the others. Entrepreneur in this way get an opportunity to lead an independent and honorable life and at the same time they enable others in getting gainful employment. Several schemes like Nehru Rojgar Yojna, National Rural Employment Programme (NREP), Integrated Rural Development Programme (IRDP), Prime Minister Rojgar Yojna (PMRY), Rural Employment Generation Programme (REGP) etc. have been initiated by the government of India in this direction. The thrust of all these schemes is to eliminate poverty and generate gainful employment opportunities for the unemployed. Thus entrepreneur can play an effective role in reducing the problem of unemployment.

2. **Capital Formation:** It is not possible to set up an enterprise without adequate funds. Entrepreneur as an organizer of factors of production employs his own as well as borrowed resources for the setting up of his enterprise. Entrepreneur mobilizes idle savings of the public and put them to productive use. In this way he helps in capital formation which is so essential for the industrial and economic development of a country. Various development banks like ICICI, IFCI, IDBI; SIDBI’s take initiative in promoting entrepreneurship through assistance to various agencies involved in EDP and by providing financial assistance to new entrepreneurs.

3. **Balanced Regional Development:** Small scale units can be set up in industrially backward and remote areas with limited financial resources. Successful EDP’s assist in accelerating the pace of industrialization in the backward areas and reduce the concentration of economic power in the hands of a few, Entrepreneurs feel like taking advantage of the various concessions and subsidies offered by the state and central government. Success story of entrepreneurs set right example for others to follow and this
accelerates the pace of industrialization in the backward areas. Setting up of more units leads to more development of backward areas and balanced regional Development.

4. Use of Local Resources: In the absence of any initiative local resources are likely to remain unutilized. Proper use of these resources can result in the progress or development of the area and that too at lower cost. Alert entrepreneurs seize the opportunity and exploit it in the best interests of the area and industry. Effective EDPs can help in the proper use of local resources by providing guidance, assistance, education and training to the prospective entrepreneurs.

5. Improvement in per Capital Income: Entrepreneurs are always on the lookout for opportunities. They explore and exploit the opportunities. Entrepreneurs take lead in organizing various factors of production by putting them into productive use through the setting up of enterprises. More enterprises will lead to more production, employment and generation of wealth in the form of goods and services. It will result in the increase in the overall productivity and per capita income in the country. EDPs play a positive role in the setting of more units and thus help in generation of more employment and income.

6. Improvement in the Standard of Living: Entrepreneurs by adopting latest innovations help in the production of wide variety of goods & services. By making efficient use of the resources, they start producing more of better quality and that too at lower costs. This enables those who ensure easy availability of better quality products at lower prices to the consumers which result in the improvement in the standard of living of the people. EDPs provide the necessary support to entrepreneurs by educating them about the latest innovations and market trends.

7. Economic Independence: Entrepreneurs enable a country to produce wide variety of better quality goods & services and that too at competitive prices. They develop substitutes of the goods being imported and thus prevent over-dependence on foreign countries and at the same time help in the saving of precious foreign exchange. Through sale of their surplus products in foreign market entrepreneurs enable a country to earn foreign exchange, which is so essential for meeting developmental needs of the economy. Export promotion and import substitution thus help in promoting economic independence of the economy.
8. Preventing Industrial Slums: Industrially developed areas are faced with problem of industrial slums, which result in over burdening of civic amenities and adverse impact on the health of people. Dispersal of industries can help in the overcoming of this grave problem. EDPs can help in preventing spread of industrial slums by providing various incentives, subsidies and infrastructural support to entrepreneurs for setting up their enterprises in industrially backward areas. This will also help in reducing pollution and overtaxing of civic amenities.

9. Reducing Social Tension: Unemployment amongst the young and educated people is emerging as the major cause of social unrest. People are bound to feel frustrated if they fail to get gainful employment after completion of their education. EDPs can help in channelizing the talent of this section of society in the right direction by providing proper guidance, training and assistance for setting up their enterprises. This results in generation of self employment and prevention of social tension, unrest etc.

10. Facilitating Overall Development: An entrepreneur acts as a catalytic agent for change which results in chain reaction. With the setting up of an enterprise the process of industrialization is set in motion. This unit will generate demand for various types of inputs required by it and there will be so many other units which will require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units there. Moreover success of one entrepreneur sets the right type of example for others to follow. Entrepreneurs, thus, create an environment of enthusiasm and convey a sense of purpose. This gives future impetus to the overall development of that area.

1.5.4 Issues of Entrepreneurship development programmes (EDPs) are:

No Policy at the National Level: - Though Government of India is fully aware about the importance of entrepreneurial development, yet we do not have a national policy on entrepreneurship. It is expected that the government will formulate and enforce a policy aimed at promoting balanced regional development of various areas through promotion of entrepreneurship.
Problems at the Pre training Phase: - Various problems faced in this phase are — identification of business opportunities, finding & locating target group, selection of trainee & trainers etc.

Over Estimation of Trainees.- Under EDPs it is assumed that the trainees have aptitude for self employment and training will motivate and enable the trainees in the successful setting up and managing of their enterprises. These agencies thus overestimate the aptitude and capabilities of the educated youth. Thus on one hand the EDPs do not impart sufficient training and on the other financial institutions are not prepared to finance these risky enterprises set up by the not so competent entrepreneurs.

Duration of EDPs: - An attempt is made during the conduct of EDPs to prepare prospective entrepreneurs thoroughly for the various problems they will be encountering during the setting up and running of their enterprises. Duration of most of these EDPs varies between 4 to 6 weeks, which is too short a period to instill basic managerial skills in the entrepreneurs. Thus the very objective to develop and strengthen entrepreneurial qualities and motivation is defeated.

Non Availability of Infrastructural Facilities: - No prior planning is done for the conduct of EDPs. EDPs conducted in rural and backward areas lack infrastructural facilities like proper class room suitable guest speakers, boarding and lodging etc.

Improper Methodology: - The course contents are not standardized and most of the agencies engaged in EDPs are themselves not fully clear about what they are supposed to do for the attainment of pre-determined goals. This puts a question mark on the utility of these programmes.

Mode of Selection: - There is no uniform procedure adopted by various agencies for the identification of prospective entrepreneurs. Organisations conducting EDPs prefer those persons who have some project ideas of their own and thus this opportunity is not provided to all the interested candidates.

Non Availability of Competent Faculty: - Firstly there is problem of non availability of competent teachers and even when they are available, they are not prepared to take classes
in small towns and backward areas. This naturally creates problems for the agencies conducting EDP.

Poor Response of Financial Institutions: - Entrepreneurs are not able to offer collateral security for the grant of loans. Banks are not prepared to play with the public money and hence they impose various conditions for the grant of loans. Those entrepreneurs who fail to comply with the conditions are not able to get loan and hence their dream of setting up their own enterprises is shattered. Helpful attitude of lending institutions will go a long way in stimulating entrepreneurial climate.