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Summary

**Evaluation Study of Entrepreneurship and Skill Development  
Training Schemes of the office of DC (MSME) under the M/o  
MSME, Govt. of India**



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# Executive Summary

## Objectives

The objectives of the study are to evaluate:

1. Three Entrepreneurial and Skill Development Training Schemes of the office of the DC (MSME) namely (i) Entrepreneurial Development Programme (EDP/ESDP/MDP) Scheme (ii) Business Skill Development Programme (BSDP) Scheme and (iii) Entrepreneurial Skill Development Programme (ESDP) in Biotechnology (ESDP-BT) for-
  - a. Coverage, Course Content, Quality, Methodology, Duration, Expertise of trainers-motivators;
  - b. Effectiveness of monitoring & follow up system, success & efficacy in achieving the objectives; and
  - c. Suggesting improvements/modifications for achieving better success rate of three HR/Skill Development schemes/programmes.
2. Role of Support Systems such as DICs/State Government Agencies, Banks, Financial Institutions etc. in facilitating self-employment of the trainees.
3. Role of any other important external factors operating at macro level in enhancing success rate of Skill Development Trainings.
4. Need for continuation of these Training Schemes in the Twelfth Five Year Plan (2012-2017) in existing or modified structure.

## Methodology

The study is based mainly on primary data. It has been supplemented by the secondary data available from various reports or publications of the Government, and other institutions. The primary data has been collected from different Stakeholders viz. MSME-DI Trainees, Programme Coordinators in the DIs, District Industries Centers, Lead Bank Managers, KVIC/KVIB and other Resource Centers where the training programmes were organized by the office of DC (MSME). Most of the primary data has been collected through the structured questionnaires.

Out of 30 DIs, the Sample is selected from 12 DIs situated in different locations of the country in such a way that three DIs each are selected from the North and West regions separately and two DIs each are selected from the remaining three regions namely East, South, and North-East.

There are around 3,89,000 people who have taken training under the various programmes of three schemes during the Eleventh Five Year Plan (2007-08 to 2011-12). Out of 3,89,000 trainees 3,71,500 got the training under the programmes of scheme I (EDP, ESDP and MDP) and the remaining 17,500 trainees got the training under the programmes of Schemes II (BSDP) and III (ESDP in Biotechnology). As per the terms of reference, two sets of sample trainees were selected to achieve the three different Aspects of trainees.

**Aspect 1: Estimate the Success rate of Trainees Turning into Entrepreneurs/ employees of Micro, Small and Medium Enterprises.**

A total Sample of 20,000 trainees was selected out of which 18,250 was for the trainees who have done training under the programmes of scheme I and 1750 was for trainees who have done training under the programmes of schemes II & III. Thus, about 5 percent of 3,71,500 trainees who got training under the scheme I and 10 percent of 17,500 trainees who got training under the schemes II & III during the Eleventh Five Year Plan were selected for analysis.

The sample of participants selected above is the combined sample for all DIs selected, for all the five years of Eleventh Plan and for all the five training programmes (EDP, ESDP, MDP, BSDP and ESDP Biotechnology) under three schemes. This sample was broken down according to years of Eleventh Plan and programmes on the basis of the number of trainees who got the training from those DIs in respective years and programmes.

**Aspect 2: Delineation of Problems faced in setting up the Enterprises after getting the Training and identification of Strengths & Weaknesses of the Training Programmes, and**

**Aspect 3: Assessment of Helpfulness of Training in marketability of Skills.**

For this purpose (Aspects 2 and 3), a proportion of those sampled for Aspect 1 were interviewed. 5 per cent of the sampled trainees under the programmes of scheme I and 10 per cent of the sampled trainees under the programmes of scheme II & III under Aspect 1 were selected for interview. Thus, 910 trainees for scheme I and 175 trainees for scheme II & III were interviewed.

## **Recommendations**

There are 18 recommendations. They are grouped in four categories (A), (B), (C) and (D) which respectively relate to Role of Development Institutes, Role of Other Agencies, Role of External Factors and Need for Continuation of the Three Training Schemes.

## ➤ (A) Role of Development Institutes

### • Complexion of Courses

1. In order to attract good candidates from among the SC/ST candidates DIs should generate more awareness among such candidates by sending the details of the programmes well in advance to different offices (i.e. DIC, Lead Banks, Local Bodies (Block Panchayats and District Panchayats) and other institutes which are conducting similar types of programmes), and Industrial Associations in the district. Secondly, more SC/ST programmes in the DIs may be conducted in the districts having higher concentration of SC/ST population.

2. In MDP programme, trainees having a minimum qualification of 10<sup>th</sup> pass and a working experience of 2 to 3 years of supervisory level or eighth pass with a working **experience** of minimum five years should be admitted. The basic objective of MDP is to teach management subjects to improve the MSMEs in decision making and in enhancing productivity of the enterprises.

3. Programme Coordinators should follow the guidelines issued to DIs from the office of DC (MSME) regarding course contents of various courses. While preparing the schedule or sessions for various courses some of them are not following some good guidelines with the result that some important topics viz.(i) Communication, (ii) Dealing with customer attitudes like skepticism, indifference, stalling etc, (iii) Market strategy and management, (iv) Market survey regarding customers, sellers, dealers and retailers etc, are not emphasized.

4. In case of MDP programmes there are two types of programmes. One is full time programme of one week duration and another is part-time programme of two weeks' duration. Similar arrangement may be made in case of EDP and ESDP programmes also. Some of the employees of micro, small and medium enterprises may be interested to do the EDP and ESDP programmes but they may not be in a position to forgo their wages. Therefore, part-time courses for EDP and ESDP may be considered.

### • Effectiveness of Training

5. Regarding the selection procedure of the topics of ESDP courses Programme Coordinators have to choose the topics out of the 41 suggested by the office of DC (MSME). But if they feel that there are some courses which have local demand, they can start those courses also after taking due permission from the office of DC (MSME). This is a good practice and may be continued.

6. An advance of 70 per cent of the total sanctioned amount, instead of present 35 per cent, for conducting the programmes may be released to the Programme Coordinators. As per the existing practice all payments above Rs. 500/- are to be made through cheques by the coordinating officers to avoid any kind of malpractice or misuse of government money. Parties which supply the material or provide the services and the faculty, who deliver the lecture, demand their payment immediately. Normally guest faculty and other parties receive the money after 40 to 45 days. Delay in payment particularly to faculty members creates difficulty in getting good teachers. Keeping these facts in view the existing guidelines may be modified so as to optimize the outcomes.

7. Under the "Scheme for Assistance to Training Institutions (SATI)" of Ministry of MSME, follow-up work of all pass out trainees is being carried out at a centralized place through Call Center. It is a good practice and similar attempt may be expedited for the skill development training programmes under the EDP scheme of the office of DC (MSME) also. A separate budget for this work may be allotted. Database of passed out trainees maintained by the DIs at present is very weak. Follow-up work of trainees is also not done in the DIs. Moreover there is no sanctioned budget for the follow-up activities by the DIs. This is likely to give a lot of insight for improvement in conduction of training.

#### • **Suggestions for Improving the Training**

8. DIs should outsource the EDP, ESDP and MDP programmes to other Pvt. or Govt. institutes as done by NIESBUD, Noida, NI-MSME, Hyderabad and IIED, Guwahati. Study Team is of the opinion that other important activities assigned to Programme Coordinators particularly reviving the sick units, assisting the entrepreneurs in launching their units, developing ancillary activities and coordination with other departments are being affected. They may select some partner institutes from their jurisdiction and prepare guidelines for the allotment of different programmes. Guidelines for outsourcing may be liberally borrowed (and adapted) from the outsourcing guidelines of three national institutes under the Ministry of MSME mentioned above.

9. In the programmes which are conducted in urban areas, candidates commuting from rural areas may be encouraged by a travelling allowance of Rs. 125 per week.

10. Development Institutes may be promoted as the model training centers for workshop based programmes, not only for the trainees but also for the trainers. Each DI should have the workshops with sufficient number of machines and a computer lab. Sufficient funds should be allotted to DIs for the purchase of machines. Most of the DIs

have a poor infrastructure facilities due to which limited number of workshop based programmes can be conducted.

11. There is a handholding scheme of Rajiv Gandhi Udyami Mitra (RGUMY) under the ministry of MSME. At the midcourse of training itself the programme co-ordinators should find out about the intention of the trainees, whether they are interested to set up units or not. The trainees having entrepreneurial aptitude may be identified and given extra guidance and support in launching the enterprise under the scheme of RGUMY.

12. DIs should invite either their own trainees or otherwise successful entrepreneurs for interaction with the trainees about the ways they went ahead in setting-up their units. However, they should be paid like other faculty members. This will inspire the trainees and create stakeholders in the society to promote the interest of DIs.

13. Maximum Expenditure to be incurred by the Programme Coordinators for conducting the EDP, ESDP and MDP programmes are Rs.20,000/-, Rs. 60,000/- and Rs. 20,000/- respectively. These rates were fixed up 5 years earlier by the office of DC (MSME). After that no revision has taken place. Keeping in view the price rise during the last five years these rates may be at least raised by 50 percent. In other words the rates of EDP, ESDP and MDP be raised to a minimum of Rs 30,000/-, Rs 90,000/- and Rs 30,000/- respectively. Besides this these rates may be reviewed every year regularly.

#### ➤ (B) Role of Other Agencies

14. In the beginning, we may encourage the trainees to launch the enterprises which require less amount of investment. Once, they have got some experience in running the enterprise and established the reputation in returning their loans they may apply afresh for higher amount of loans from the financial institutions. In our economy informal sector has a large size of employment. This sector is dominated by the workers who are working in micro enterprises, unpaid family workers, casual labourers, home based workers, farmers and artisans in rural areas. They have low skills, poor productivity and low income. It may be difficult for them to spare the resources required for launching the enterprises which require higher investment. Financial institutions have their own reservations like limited funds and apprehension like low recovery rate. But encouragement from financial institution is necessary and apprehensions are not well founded.

15. Entrepreneurship Memorandum Part I should include the name of Institute from where the candidate has got the training so that we can identify the institute of the candidate seeking the EM number. It would reflect the institutes which are encouraging their trainees more in launching the enterprises as compared to others.

➤ **(C) Role of External Factors**

16. New courses should be aligned to encourage manufacturing sector. Share of manufacturing enterprises to total enterprises set up by trainees is very few. It is most desirable sector for India. The Approach to the Twelfth Five Year Plan has identified some priority sectors for employment generation and skill development. Some of those priority sectors which can be encouraged for micro, small and medium enterprises are:

- a. Sectors that create large scale employment viz textile and garments, leather and footwear, gems and jewellery, food processing industries, handlooms and handicrafts
- b. Sectors that will deepen technology capabilities in manufacturing viz. Machine tools, IT Hardware, and Electronics
- c. Sector which can provide strategic security, viz. Telecommunications.

17. In each district some government department (i.e. DIC or Employment Exchange) may be designated as Guidance Bureau for self-employment. The bureau should coordinate the training programmes at the district level. Every institution/department which imparts training may give to the Guidance Bureau the details of the programmes in advance so that they can circulate the information among different institutes/departments including local panchayats. There are many institutes/departments at the district level which give training but there exists no co-ordination mechanism.

➤ **(D) Need for Continuation of Three Training Programmes (MDP,ESDP & EDP)**

18. BSDP and ESDP on Bio-technology under schemes II and III of the office of DC (MSME) may be discontinued while MDP, ESDP and EDP may be retained. BSDP courses are tailor made courses for prospective entrepreneurs conducted through select Business Schools/Technical Institutions in the area. Similarly, ESDP on Bio-technology are being conducted through select Technical Institutions. But the Business Schools/Technical Institutions have their own prescribed syllabus for their students. It becomes difficult for those institutions to adjust these programmes of 4 to 6 weeks duration and therefore they seem to be lacking enthusiasm in taking up these programmes.