



# ***MICRO-ENTERPRISE DEVELOPMENT - A DEMAND SIDE PERSPECTIVE***



**Foundation for MSME Clusters (FMC)**

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***Disclaimer:** The views expressed are those of the authors based on inputs received from the demand side of the initiatives, which could not be confirmed with the supply side on many occasions because of sample design. Also these are not necessarily the views of FMC or UNDP.*

## Acronyms and Abbreviations

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AHVY - Ambedkar Hastshilp Vikas Yojana

AICMA - All India Carpet Manufacturers Association

AOI – Area of Intervention

AP – Andhra Pradesh

AP – Agricultural Produce

APITCO - Andhra Pradesh Industrial & Technical Consultancy Organization

ASA - Action for Social Advancement

ATDC - Academy of Tribal Dialects &. Culture

BHPICDS - Bee-Keeping & Honey Processing Industrial Cluster Development Society

BPL – Below Poverty Line

CAD/CAM - Computer Aided Design / Computer Aided Machining

CAPART - Council for Advancement of People's Action and Rural Technology

CARD - Centre for Advanced Research & Development

CBO – Community Based Organisation

CEO – Chief Executive Officer

CFC – Common Facility Centre

CHCDS - Comprehensive Handicrafts Cluster Development Scheme

CRP - Community Resource Personnel

CVS – Craft Village Scheme

DFID - Department for International Development

DIC – District Industries Centre

D.S.M.S – District Supply and Marketing Society

EAS - Employment Assurance Scheme

EDP - Entrepreneurship Development Program

ETG - Electric Tufting Gun

FA – Factor Analysis

FGD – Focused Group Discussion

Fig. - Figure

FL – Factor Loading

FMC – Foundation for MSME Clusters

Govt. - Government

GDP – Gross Domestic Product

GE – Great Eastern

GO – Government Organisation

GoI – Government of India

GP – Gram Panchayat

GS – Gram Sabha

HAL - Hindustan Aeronautics Ltd

Hec. - Hectare

HP – Himachal Pradesh

HCR – Head Count Ratio

HRD Mission for Leather -

IARI - Indian Agricultural Research Institute

IDBI - Industrial Development Bank of India

IICT – Indian Institute of Carpet Technology

IID - Integrated Infrastructure Development

IRDP - Integrated Rural Development Programme

ISO - International Standards Organization

ITI - Industrial Training Institute

JLKP - Jan Lok Kalyan Parishad

JLG – Joint Liability Group

JSS - Jana Shikshyan Santhan

k.m - Kilometer

KRDP - Khadi Reform Development Programme

KVI – Khadi & Village Industries

KVIB - Khadi & Village Industries Board

KVIP - Khadi & Village Industries Programme

MAF – Manufacturing Export Firms

MEs – Micro Enterprises

MEF – Merchant Export Firms

MEPA – Micro Enterprise Promotion Agency

MES - Modular Employable Skills

MESP – Micro Enterprises Sustainable Projects

MFI – Micro Finance Institutions

MFP - Minor Forest Produce

Min. - Ministry

MoMSME – Ministry of Micro Small and Medium Enterprise

MPDPIP-II - Second Madhya Pradesh District Poverty Initiatives Project

MPRLP – Madhya Pradesh Rural Livelihood Project

MSE – Micro and Small Enterprises

MSE-CDP - Cluster Development Programme for Micro and Small Enterprises

MSME - Micro Small and Medium Enterprise

MSMED - Micro Small and Medium Enterprise Development

MUN – Mahila Udyam Nidhi Scheme

NABARD – National Bank for Agriculture and Rural Development

NALCO - National Aluminium Company Ltd.

NBC - Net Bank Credit

NGOs – Non-government Organisations

NREGA - National Rural Employment Guarantee Act

NSAP - National Social Assistance Programme

NSSO - National Sample Survey Organisation

NTFP - Non Timber Forest Produce

OAEs - Own Account Enterprises

OBC – Other Backward Caste

ORLP - Oddisa Rural Livelihood Programme

ORMAS – Orissa Rural Development and Marketing Society

PCA – Principal Component Analysis

PDS – Public Distribution System

PHC - Public Health Center

PMEGP - Pradhan Mantri Employment Generation Programme

PMGSY - Pradhan Mantri Gram Sadak Yojana

PMRY - Prime Minister's Rozgar Yozna

PNB – Punjab National Bank

PPP – Public Private Partnership

PRA – Participatory Rural Appraisal

PURA - Provision of Urban Amenities in Rural Areas

RCDC - Regional Centre for Development Cooperation

REGP – Rural Employment Generation Programme

RGUMY - Rajiv Gandhi Udyami Mitra Yojana

RGVY - Rajiv Gandhi Vidyutikaran Yojana

RIC - Regional Industries Centre

RIP - Rural Industries Programme

RISC – Rural Industry Service Centre

RRLP - Rajasthan Rural Livelihood Programme

SAP - Surplus Agricultural Produce

SBI – State Bank of India

SC – Schedule Caste

SDIS - Skill Development Initiative Scheme

SDP – Self Development Training Programme

SEDF - Small Enterprise Development Fund

SFURTI - Scheme of Fund for Regeneration of Traditional Industries

SGSY - Swarnjayanti Gram Swarozgar Yojana

SHG – Self Help Groups

SIDBI – Small Industries Development Bank of India

SJSRY - Swarna Jayanti Shahari Rozgar Yojana

SME – Small & Medium Enterprises

SPSS – Statistical Package for the Social Sciences

SRI - System for Rice Intensification

SSI – Small Scale Industries

SSI-MDA - Market Development Assistance Scheme for Small Scale Industries Exporters

ST – Schedule Tribe

SWOT Analysis – Strength, Weakness, Opportunity and Threat Analysis

TEQUP - Technology and Quality Upgradation Support to MSMEs

TN – Tamil Nadu

TQM - Total Quality Management

TRIFED - Tribal Co-operative Marketing Development Federation of India

TSRD – Tagore Society for Rural Health Development

TWRFS - Textile Workers' Rehabilitation Fund Scheme

UBI – United Bank of India

UK – United Kingdom

UNDP – United Nations Development Programme

UP – Uttar Pradesh

UPTECH - Integrated Technology Upgradation and Management Programme

U.S – United States

USP - Unique selling proposition

WB – West Bengal

WORD – Women's Organisation & Rural Development

## Executive Summary

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Objective of this study was to bring out a demand side view points on how to create a suitable enterprise led approach for poverty alleviation and also suggest changes in the thought process of schematic support. It was felt that the most suitable sample for this purpose are own account enterprises (OAEs) and also prospective villages having some minimum endowment (land/special skill/raw material/investible surplus).

Based on literature review various macro and micro factors thereof were identified. Thereafter a structured questionnaire was prepared for OAEs and a check list was prepared for interviewing the villagers. The literature review also identified various schemes, especially the current schemes where memories are fresh and a check list prepared to interview the prospective scheme implementing government and non-government organizations.

Given the scope of the study, 3 clusters of OAEs were identified from states with higher concentration of artisanal clusters and 3 more were identified based on places where some schemes have been implemented in recent times. The villages for prospective OAEs were selected from the poorest districts. Besides, 10 expert personnel from different implementing organizations were interviewed for schematic inputs.

To identify the micro factors affecting the growth of existing MEs, 60 micro-entrepreneurs from 6 clusters were asked to rate 29 variables based on the severity/problems faced by them in a “likert” scale. Factor analysis was employed to analyze the data and the micro factors which were statistically found to be important grouped into marketing, finance, technology, raw material and skills. The survey revealed that lack of market information, market access and marketing skill are most critical issues inhibiting success of existing MEs under marketing followed by procedural complications to get bank loans, lack of access to working capital loan, high rate of interest under finance, obsolete technology, high cost of machinery under technology, high cost and non-availability of adequate and timely supply of raw materials under raw materials and lack of availability of appropriate skill set under skills.

To identify the issues inhibiting development of new MEs, 200 villagers from poverty intensive districts were interviewed following the PRA approach. It was observed that most of the villagers possess small land holding ranging from 1-1.5 hectares and the agricultural productivity being suffered mainly due to lack of adequate irrigation facilities. Most importantly the survey revealed that villagers preferred wage based regular earning as most preferred livelihoods option as it involves less risk. However, it is also evident from some case studies that wage earning is a priority and not the means of livelihoods. Some other critical factors are poor quality of education, affinity of local people to follow irrational customs, poor developmental planning, lack of proper assessment of local need and market

support that led to disintegration of villagers, particularly those who are financially most backward, from the mainstream society.

It has also been realized that most of the entrepreneurs are not aware about the govt programmes and very few interviewed have been benefited through govt supported programmes. Huge lead time in scheme sanction, lack of technical competency of implementing organizations to deal with various challenges to support MEs at different stages of their growth, lack of good rapport of micro-entrepreneurs with the government officials are some of the major bottlenecks.

It was observed that most current OAEs and would be OAEs are risk averters. External private sector (other than poverty groups) did play a critical role in providing not only market, but also finance and risk minimization role of the current OAEs. They were also welcome as natural business partners on many occasions, but their limited numbers being a case for concern, albeit with some qualifications. The factors of comparative advantage are changing as OAEs are maturing. A relook at the birth condition of current OAEs suggests that in all cases presence of local raw material and/or skill is the primary reason for creation. In fact this is the criterion based on which likely OAEs are seeking to start the path of entrepreneurship too. However over time it is becoming apparent that labour based competitiveness is wearing out as OAEs are looking for desperate introduction of appropriate technology to take care of rising cost of factors of production, especially labour and raw material. In fact availability of power is becoming a critical bottleneck to handle the emerging needs of mechanization

Based on the above findings, a four staged growth model has been suggested as below.

**Stage 1: Developing OAEs:** The critical steps here are (1) identifying the appropriate area of business, which not only has local advantage (raw material/skill), but also has scope for scaling up in the future in the region and has either a direct (local sales) or indirect local market immediately (2) provide linkage to local market, (3) provide schematic support for basic needs to promote the enterprise in that region as per the local deficiencies, for such local MEs to flourish. Schematic support may also be provided for (a) either creation or (b) provide linkage to local market. Such enterprises can be for manufacturing, or even better if in trading, which is a less risky venture. The coverage of “local” can be ideally a “block” or at the most a “district”.

**Stage 2: Creation of OAEs in Sufficient Numbers:** The most important step here is (a) propagation of schematic support for the most potent wage earners to take notice and provide a prominent role of Gram Panchayats and SHGs, the two most popular and well known local organizations (b) providing enabling conditions of say relevant education, insurance, basic infrastructure, etc. in a professional manner and enhanced role of Gram Panchayat and SHGs. Here linkage needs to be provided to the existing national schemes for health, education and other social security coverage, (c) identification of private sector partners who can lead the

process of connectivity to a globally competitive market. Such private sector partners can be preferably local NGOs who come forward as business partners and provide finance plus and market plus flexible services, otherwise not possible by GOs/Schemes/Development Organizations.

**Stage 3: Consolidation of OAEs:** Producing locally for the local market may be a first step, but this soon needs to be scaled up to global competitiveness for survival, as even the remotest of local market is easily susceptible to global competitiveness. This is an area much beyond the scope of development organizations or schemes. The consolidation phase thus requires promotion and active linkage creation of the OAEs with at least one value chain partner with national/global linkage, but preferably having a local origin.

**Stage 4: Take off by OAEs:** As this process of handholding continues, some OAEs will mature as true risk taking enterprises and disengage themselves from the mother value chain partner and create their own family of OAEs. They thus become a sustainable model for promotion of OAEs. The more such enterprises are created, the more will be reduction in the monopolistic situation of stronger value chain partners and will simultaneously lower the role of schemes and development agents.

Overall qualification of schemes should include the following-a) Flexibility to support area specific promotional measures; b) Flexibility to promote area specific enabling conditions – like required skill, infrastructure, etc.; c) Propagate in local language in simpler forms and also through dedicated TV Channels/News Portal/Radio Channel repetitively; d) Identification of value chain partners; e) Investment in capacity building of value chain partners, especially when such chain partners are from local origin; f) Create and/or identify more such chain partners and link them; g) Support “re-skilling” as per need.

Creation/strengthening of appropriate local organizations of the stakeholders was also a much needed step. These help in the following areas: a) Appropriate propagation of scheme; b) Providing equi-opportunity to access schemes; c) Creation of appropriate infrastructure; d) Providing business linkages; e) Provision of loan through intermediary.

India's achievement, in recent years, is not only marked by high performance in aggregate economic growth but also in many other parameters. For example, after Ninth Plan period (1997–98 to 2001–02), when gross domestic product (GDP) grew at only 5.5% per annum, the economy accelerated in the Tenth Plan period (2002–03 to 2006–07) to an average growth of 7.7%. However, such buoyancy in the economy failed to make substantial benefits to the poor who are socially excluded to take advantage of opportunities that economic growth offers (Sengupta Committee Report, 2009). Incidences of poverty and rising inequality are still major concerns among the policy makers, academics and activists. For instance, states such as Bihar, Madhya Pradesh, Orissa and Uttar Pradesh continue to have high rates of poverty with more than 30% head count ratio (HCR) among their populations (Bhattacharya and Shaktivel, 2004; Ray and Sarkar, 2008). In West Bengal, rural poverty remains high at more than 30%. Among these states, Orissa and Bihar are most affected, while Madhya Pradesh and Uttar Pradesh are somehow better. The situation in Rajasthan has improved of late quite considerably with only about 15% poor; though urban poverty remains high at 20%.

In India, certain social groups such as the SCs, STs, OBCs, religious, linguistic minorities and especially women have been historically disadvantaged and lack the equal rights and opportunities as are afforded to others in their society (World Bank, 2011). Several decades of affirmative efforts have altered this situation marginally. It has been estimated that around 36.80 and 47.30% of SC and ST population were BPL as compared to 28.30% of total population in rural areas while around 39.20 and 33.30% of SC and ST population were BPL compared to 25.70% of total population in urban areas in 2004-2005 (Planning Commission, India). The STs are even more marginalized and are landless, with no productive assets and with no access to sustainable employment and minimum wages. The women belonging to these groups suffer even more. In terms of occupational groups, it has been found that agricultural labour constitute the main pool of the poor in rural areas and in urban areas it is casual labour as a group who constitute the greatest proportions. Apart from these above groups, small and marginal farmers and the artisan classes are also poor. It has been estimated that 47% of agricultural labour and 28% of the self-employed constitute the poverty pool in rural India (Ray and Sarkar, 2008). There is also a strong correlation of poverty with women and socially backward class and a general trend in poverty is that among the poor, the women are more into poverty as against men.

In this context, importance of micro and small enterprises (MSEs) in contributing to job creation and inclusive growth is widely acknowledged (Eversole, 2003). Government of India has been pursuing a proactive policy through several measures and interventions since the beginning of the planning period to support the growth of micro and small enterprises for generating larger self employment and reducing poverty. The XI<sup>th</sup> Five Year Plan (2007-08 to 2011-12) has been designed to generate more income and employment opportunities aimed at

reducing poverty and enabling inclusiveness. The major advantages of the MSME sector are its employment potential at low capital cost, labour flexibility, use of local raw material and skills and wider geographical dispersal etc. It is the nursery for entrepreneurship, often driven by the individual creativity and innovation, with a significant contribution in the country's GDP, manufacturing output, exports and employment generation. MSMEs contribute 8% of the country's GDP, 45% of the manufactured output and 40% of exports (Prime Minister's Task Force on MSME, 2010). The labour and capital ratio in MSMEs and the overall growth in the MSMEs are much higher than in the larger industries.

The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services produced and the levels of technology employed. While one end of the MSME spectrum contains highly innovative and high growth enterprises, more than 94% of MSMEs are unregistered, with a large number established in the unorganized sector. As per the estimates of 4<sup>th</sup> All-India Census of MSMEs (2006-07), the number of enterprises is estimated to be about 26 million and provide employment to an estimated 60 million persons. Of the 26 million MSMEs, only 1.5 million are in the registered segment while the remaining 24.5 million (94%) are in the unregistered segment. The sector is dominated by micro units<sup>1</sup>, of the total working enterprises, the proportion of micro, small and medium enterprises were 95.05%, 4.74% and 0.21% respectively. Further, it has been found that two-third of Indian manufacturing MSMEs are present in cluster, with 95% of them being micro with dominant share (84%) of own account manufacturing enterprises (OAE)<sup>2</sup> at all India level (67<sup>th</sup> NSSO Round, 2010-11). Generally these type of micro-enterprises use very simple and traditional technology, serve a limited local market and mostly unregistered. Vast numbers of men and women are engaged in different forms of employment which include home-based work, self-employment, employment in household enterprises, small units, on land as agricultural workers, labour on construction sites, domestic work and a myriad other forms of casual or temporary employment (NSS 66<sup>th</sup> Round, 2009-10).

Though, the sector has consistently registered higher growth rate compared to the overall industrial sector, workers engaged in the sector could not enjoy the benefit of country's economic growth and largely remains poor (Sengupta Committee Report, 2009). The schematic and programmatic interventions during the last few decades has created many opportunities, however, also raised few questions. There is a lot still to be done in the areas of value chain up-gradation and linkage, financing, empowerment, highly competitive business environment, etc. Little efforts have been made to understand the problems that the micro enterprises face taking their own perception. Incorporation of felt need of the common people in the developmental strategy is very much required at this juncture of developmental

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<sup>1</sup> As per MSME Act, micro-enterprise is defined as an enterprise, where the investment in plant and machinery does not exceed 25 lakh rupees.

<sup>2</sup> An enterprise, which is run usually without the help of any hired worker employed on a fairly regular basis, is defined as an Own Account Enterprise (OAE).

process. Realizing the above facts, Foundation for MSME Clusters with the help of United Nations Development Programme envisages undertaking a project to capture the felt need perception of the beneficiaries in the development micro enterprises in India.

### **Objective**

Objective of this study is to identify factors through a demand side analysis that can

- a) promote existing micro-enterprises,
- b) develop new micro-enterprises in poverty intensive areas/groups and
- c) from the findings of above (a) and (b) formulation of effective recommendations to help the policy makers in designing suitable programmes/schemes for promotion of micro-enterprises in India.

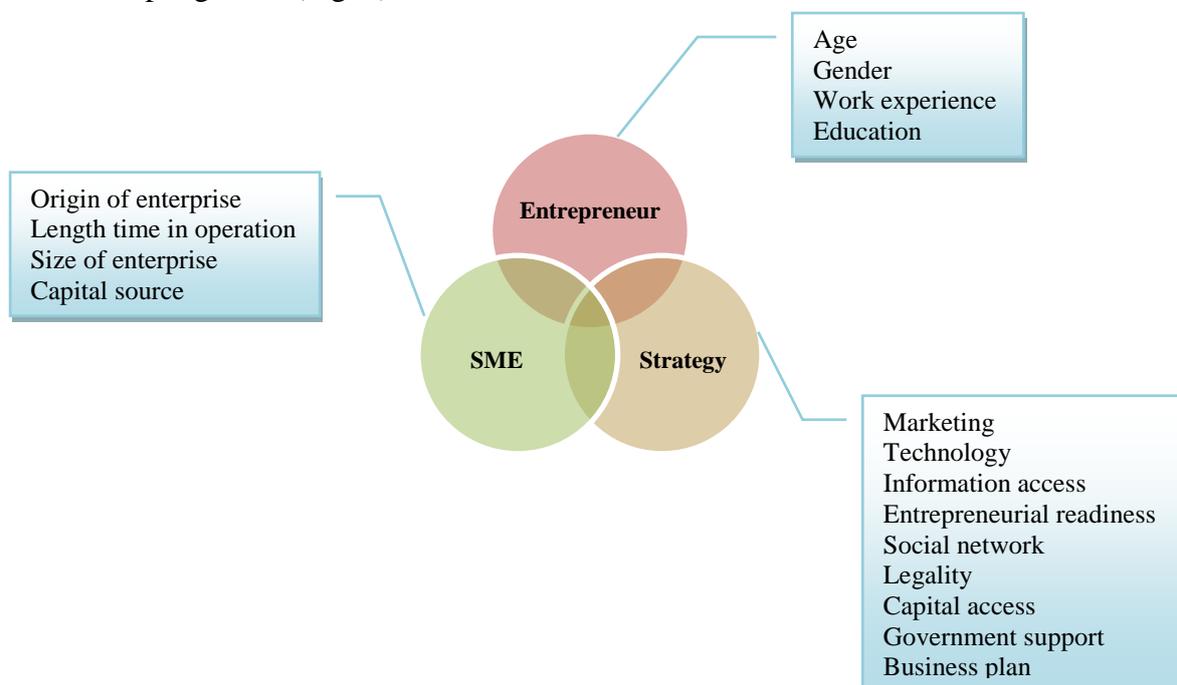
### **Scope and Limitation of the study**

Firstly this study deals only in manufacturing and no service enterprises. Secondly, among the manufacturing, those situated in clusters have been considered. Thirdly, among the poverty intensive areas those which having higher probability of creation of MEs have been considered. Fourthly, the sampling is partly random and purposive. For selection of cluster and non-cluster category, familiarity criterion has been used. Most importantly, the sample size is too miniscule to conclude on views expressed. The suggestions are therefore, at the best indicative. Again so far as likely MEs are concerned only village based wage earners have been met. in order to have maximum impact on poverty, relatively pro-poor candidates who can be linked to become micro-enterprises are the wage earners and the own account enterprises (OAE). Such OAEs are the household enterprises working with own labour.

A literature review is written to give an overview of the factors affecting development of microenterprises referring to contemporary debates, issues and questions in the field with supporting evidences, thereby underlining its significance.

### FACTORS AFFECTING DEVELOPMENT OF MICROENTERPRISE

Storey (1994) reported significance of three key components viz., the characteristics of entrepreneurs, characteristics of SMEs and type business operation strategy for the overall growth of a small firm. He illustrated that all three components (which further disaggregated into a variety of factors) are interlinked with each other and degree of appropriate linkage determine rapid growth (Fig. 1).



**Fig. 1.** Theoretical framework of growth in small firms (adapted from D.J. Storey 1994)

#### 1. Characteristics of Entrepreneurs

**1.1. Age:** Sinha (1996) noticed successful entrepreneurs were relatively younger in age while Reynolds *et al.* (2000) found that individuals aged between 25-44 years of age were most entrepreneurially active. In another study, relatively older entrepreneurs (more than 25 years of age) were found significantly correlated with higher amount of revenue generated (Kristiansen *et al.*, 2003).

- 1.2. **Gender:** Mazzarol *et al.* (1999) found that female were generally less likely to be founders of new business than male. Similarly, Kolvereid (1996) found that males had significantly higher entrepreneurial intentions than females.
- 1.3. **Work experience:** Kolvereid (1996) found that individuals with prior entrepreneurial experience had significantly higher entrepreneurial intentions than those without such experience. Mazzarol *et al.* (1999) observed that individuals with previous experience in government sector were less likely to be successful founders of small businesses. However, the study is not substantiated taking into account the relationship between employment experience in private companies and entrepreneurial intentions.
- 1.4. **Education:** Charney and Libecap (2000) found that entrepreneurship education develops capacities of self-sufficiency in dealing day to day challenges. Furthermore, they found that entrepreneurship education increases chances of self employment through formation of new ventures and products. The study also revealed that entrepreneurship education imparted to the employees increases sales growth rates of emerging firms. Similarly, Sinha (1996) reported that entrepreneurs with business and technical educational background are in a better position to appreciate and analyse hard reality and deal with it intuitively which seems to play a critical role in entrepreneurial effectiveness and business success.

## 2. Characteristics of the SMEs

- 2.1. **Origin of enterprise:** According to Smallbone *et al.* (1995), in small firms, where ownership and management were typically combined in one or more individuals, future goals for the business might be determined as much by personal lifestyle and family factors as by commercial considerations. Further, they concluded that one characteristic which did distinguish the best performing firms from other firms in the study was their commitment to growth.
- 2.2. **Length of time in operation:** Length time in operation may be associated learning curve. Old players most probably have learned much from their experiences than have done by new comers. Kristiansen *et al.* (2003) found that length time in operation was significantly linked to business success.
- 2.3. **Size of enterprise:** Size of enterprise reflects how large an enterprise in employment terms. McMahon (2001) found that enterprise size significantly linked to better business performance. Larger enterprises were found to have a higher level of success.
- 2.4. **Capital source:** McMahon (2001) discovered that greater dependence upon external finance associated with better business growth. Kristiansen *et al.* (2003) found that

financial flexibility was significantly correlated to business success in Indonesia. The SMEs that took advantage of family and third-party investment experienced higher level of success.

### **3. Business Operation Strategy**

**3.1. Marketing:** Access to market was one of the major problems faced by SMEs (Mead & Liedholm, 1998; Swierczek & Ha, 2003). Market development is, therefore, crucial for preserving high growth in the business. Smallbone et al. (1995) in their study in UK found that majority of the high growth SMEs had identified and responded to new market opportunities. New market opportunities included findings new products or services to offer existing customers and obtaining new customers for existing product or services. In a slightly different term, market stability (i.e. high proportion of regular customers) was found to be significant in determining business success (Kristiansen et al., 2003).

**3.2. Technology:** Rapid changes in technology should be responded by the SMEs to find alternative ways to sustain their competitive advantage by deploying new process and new growth methods. Technology may play an important role in this respect. In this context, technology has a close relationship with improvement of production process. Several studies have revealed that lack of equipment and outdated technology are among hindrances of SME development (Swierczek and Ha, 2003). In another study, Gundry et al. (2003) disclosed that technological change had significant relationship with market growth. Technological posture, automation and process innovation were significantly linked to satisfaction on return on investment (Gibbons & O'Connor, 2003).

**3.3. Information access:** Availability of business information is similarly important for the intention to initiate a new enterprise. Singh and Krishna (1994) in their studies of entrepreneurship in India, pointed out that eagerness in information seeking is one of the major entrepreneurial characteristics. Information seeking refers to the frequency of contact that an individual makes with various sources of information. The result of this activity is most often dependent on information accessibility, either through individual efforts and human capital or as a part of a social capital and networking. Access to new information is indispensable for the initiation, survival and growth of firms (Duh, 2003; Kristiansen, 2002; Mead & Liedholm, 1998; Swierczek & Ha, 2003).

**3.4. Entrepreneurial readiness:** Entrepreneurial readiness in this study refers to self efficacy. The term self-efficacy, derived from Bandura's (1977) social learning theory, refers to a person's belief in his or her capability to perform a given task. According to Ryan (1970) self-perception plays an important role in the

development of intention. Cromie (2000) stated that self-efficacy affects a person's beliefs regarding whether or not certain goals may be attained. The attitude provides the foundation for human motivation and personal accomplishment (Pajares, 2002) Bandura (1977) pointed out that people's motivation, affective status and actions are based more on what they believe than on what is objectively true. An individual's perception of self-efficacy has a strong influence on how he or she will act and how the available knowledge and skills will be utilized. Kriatinsen and Indarti (2004) found a significant correlation between self-efficacy and entrepreneurial intention.

**3.5. Social network:** Social networks have an impact on the likelihood of successful entrepreneurial endeavour. The study of entrepreneurship has increasingly reflected the general agreement that entrepreneurs and new companies must engage in networks to survive (Huggins, 2000). Networks represent a means for entrepreneurs to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital (Aldrich & Zimmer, 1986). Kristiansen (2003) found that social network has significant relationship with business adaptability.

**3.6. Legality:** In many cases, dealing with legal aspects has forced the SMEs to allocate significant amount of financial resources due to bribery practices. Legal aspect is often also used in selection operating decision in order to ensure future business success (Mazzarol & Choo, 2003). Unsuitable legislation is also found of obstacles faced by Slovenian SMEs (Duh, 2003).

**3.7. Capital access:** Access to capital is obviously one of the typical obstacles to the start-up of new businesses. Several empirical studies have concluded that the lack of access to capital and credit schemes and the constraints of financial systems are regarded by potential entrepreneurs as main hindrances to business innovation and success in developing economies (Marsden, 1992; Meier & Pilgrim, 1994; Steel, 1994). Robinson (1993) found that informal sources of credit, though with high interest rates, constitute very substantial contributions to business start-ups in developing countries, where the capital to labour ratio is normally low and small amounts of capital may be sufficient for a business start-up.

**3.8. Government support:** Many governments in the world have been paying a more attention to SME development in order to strengthen national economy.

**3.9. Business plan:** Insufficient awareness of the need for a business plan was identified as one of the major problems at the start-up phase among SMEs (Chaston, 1992). In this context, business plan can also be regarded as development orientation. McMahan (2001) revealed that greater development orientation significantly linked to better business growth.

As the study was intended to get inputs on schemes implemented in clusters from the implementing organizations, a brief review of various programmes/schemes directly related to MSME was done to understand government driven development process. Several policy documents and schemes guidelines were studied to document major objectives and types of benefits rendered through various schematic interventions (*See Appendix-I*).

It was observed that during last five decades of policy experience in India concerning MSME development, there is hardly an aspect of intervention that has not touched upon. In fact, MSME policy has included numerous schemes and programmes addressing vital issues such as credit, technology up-gradation, skill formation, marketing support, tax rebates, export promotion and infrastructure creation. As in any policy context, these various instruments quintessentially have been either regulatory or promotional in nature. In terms of promotional measures, again, while priority sector lending, variety of fiscal concessions and rebates on inputs were some of the common incentives provided to the MSME sector as a whole, sector specific and issue specific support schemes also formed part of the policy strategy. As a result of such regulatory and promotional measures through programmatic and schematic initiatives, the sector witnessed an encouraging growth with a gross output of Rs 2.8 trillion and an export of Rs 142 billion (4<sup>th</sup> All India MSME Census, 2006-07).

However, on a closer look, it is easy to comprehend that government remained grossly committed to play the role of protector/support provider only (Das *et al.*, 2007). Understanding, assessing and addressing the emerging issues of the small and micro enterprises from systematic perspective probably ignored. For a long time, these policy instruments paid little attention towards a comprehensive package integrating finance, infrastructure, marketing and institutional development services to address multi-dimensional issues of micro-entrepreneurs (Mahajan, 2005). Little efforts were made to create enabling environment incorporating felt-need perception of the poor entrepreneurs, their choice and voice in the programmes designed (Naqvi, 2007).

**A. Overall Organization of the Study:** The study has been organized through the following steps-

- 1) Creation of concept through brainstorming with UNDP.
- 2) Literature review and identification of relevant schemes/programmes.
- 3) Creation of questionnaires.
- 4) Feedback workshop from experts on strategy, project design, sampling and questionnaires.
- 5) Finalization of questionnaires, selection of sample and visit schedule.
- 6) Administration of questionnaires and focussed group meetings (FGDs).
- 7) Data analysis- identification of micro factors, their importance, sequencing, simultaneity requirements, handholding for inclusivity etc.
- 8) Presentation of findings to experts and beneficiaries.
- 9) Incorporation of views and finalization of paper
- 10) Power point presentation to UNDP by FMC and discussion of further steps.
- 11) Finalization

**B. Selection of Area:** Since, objective of this study was to identify issues that can promote both existing as well as likely new MEs, accordingly the sample was divided into two categories-

- a) Existing MEs, chosen from clusters and
- b) Likely MEs, chosen from poverty intensive areas

Partly random and purposive sampling procedures were adopted to select the target areas through the following steps-

**a) Existing MEs, chosen from clusters:** In selecting MEs for clusters two issues were taken into consideration-

- i) Highest concentration of clusters*<sup>3</sup>: Uttar Pradesh (10.87%), Orissa (9.49%) and West Bengal (8.29%) exhibited higher average concentration of ME

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<sup>3</sup> Cluster observatory database has been used to calculate top three states with higher concentration of ME Clusters. Though in some study, it has been shown that there are around 6000 other types of micro-enterprises exists in India. However, complete information is not available. Therefore, handloom and handicraft clusters for which complete information is available is used. Concentration of clusters in each state has been calculated dividing the number of clusters present in state by the total number of clusters. Cluster observatory database has been used to calculate top three states with higher concentration of ME Clusters. Though in some study, it has been shown that there are around 6000 other types of micro-enterprises exists in India. However, complete information is not available. Therefore, handloom and handicraft clusters for which complete information is available is used. Concentration of clusters in each state has been calculated dividing the number of clusters present in state by the total number of clusters.

clusters have been identified. Three different types of products like Textiles (41.3%), Metalware (14.4%) and Earthenware (14.6%) dominating the states of Uttar Pradesh, Orissa and West Bengal respectively have been identified to select the clusters. Accordingly, Textile clusters of Bhadohi (Uttar Pradesh), Metalware clusters of Dhenkanal (Orissa) and Earthenware clusters of Chaltaberia (West Bengal) have been selected based on FMC familiarity from those above identified states.

- ii) ***Higher probability of getting inputs on schemes implemented in clusters:*** Three more areas viz., Brass and Metalware clusters of Moradabad (Uttar Pradesh), Sal and Sabai clusters of Baripada (Orissa) and Honey processing clusters of Malda (West Bengal) where some government supported programmes/scheme were implemented have been selected for schematic inputs.
- iii) For (i) and (ii) above, the final selection, after random selection of states and product was based on familiarity criterion. This was essential given very small sample size and resources.

**b) Likely MEs, chosen from poverty intensive areas:** In selecting likely MEs from poverty intensive areas following steps have been followed-

- i) ***Identification of poverty intensive states<sup>4</sup>:*** Orissa (47%), Jharkhand (46%), Chattisgarh (41%) and Madhya Pradesh (37%) exhibited comparatively higher percentage (> 35%) of rural poverty have been selected.
- ii) ***Identification of poverty intensive districts<sup>5</sup>:*** Five districts from the above states have been identified based on higher percentage of poverty Head Count Ratio (HCR) of schedule tribes. These five districts are Koraput (85%) from Orissa, Deoghar (65%) and Pakur (70%) from Jharkhand, Rajnandgaon (72%) from Chattisgarh and Mandla (79%) from Madhya Pradesh.
- iii) ***Selection of villages:*** Deoghati including four adjoining villages (Koraput), Basmata (Deoghar), Manirampur (Pakur), Bodela Gram Panchayat

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<sup>4</sup> Data shows percentage of population below poverty (2004-05) calculated based on URP Consumption. See Poverty Estimates for 2004-05 (Published by Press information Bureau, Planning Commission, GoI) @ <http://planningcommission.nic.in/news/prmar07.pdf>

<sup>5</sup> Poverty hotspot districts have been identified based on the article "Poverty and Under-nutrition among Scheduled Tribes in India: A Disaggregated Analysis" by Dubey, Amaresh (2009).

(Rajnandgaon) and Dhangaon Ryt (Mandla) have been selected for the above districts based on following selection criteria-

- a) No presence of micro-enterprise cluster
- b) High incidence of poverty
- c) Agriculture is the predominant activity
- d) Certain basic infrastructure facilities like road/power supply available.
- e) Natural resources/traditional skill set available.
- f) Nearer to the district/town head quarter

**C. Selection of Target Interviewees:** Three different groups (viz., own account entrepreneurs, villagers from poverty intensive areas and expert personnel from implementing organizations) have been targeted during field visits.

- a) ***Own account entrepreneurs:*** Total 60 own account entrepreneurs have been targeted covering six locations of Bhadohi, Dhenkanal, Chaltaberia, Moradabad, Baripada and Malda.
- b) ***Villagers:*** Around 200-250 villagers have been targeted covering five poverty intensive areas like Deoghati, Basmata, Manirampur, Bodela and Dhangaon Ryt.
- c) ***Expert personnel:*** Ten expert personnel from different implementing organizations (viz., DICs- Malda and Chaltaberia; UMMEED- Moradabad; ANWESHA- Baripada; PRADAN and MESP- Deoghar; TSRD- Pakur; MPRLP and CARD- Mandla; VARASSA- Koraput) were interviewed for schematic inputs.

**D. Preparation of Questionnaire and Checklist:** The study can be regarded as explanatory since the focus is on identification of micro factors that can promote/hinder the development of existing/new MEs. One questionnaire and two checklists were prepared for data collection (see Appendix-II, III and IV). A workshop was conducted inviting 20 specialists from varied strata of micro-enterprises. Inputs received from the workshop were used to improve structure of the questionnaires and sampling techniques and validated through expert feedback. Questionnaire and checklists were the main instruments of the study. A brief description on basic components of the questionnaire and checklists, data collection method, type of respondents and areas covered has been presented in Table.

### Brief description on questionnaire and checklists

Type of Instrument	Basic Components	Data Collection Method	Type of Respondent	Areas Covered
<b>Questionnaire-I</b>	The questionnaire consisted of three parts- <b>Part-A:</b> Characteristics of entrepreneurs and firm (viz., age, education, community to which belongs, length time in operation, size and origin of the firm, source of capital etc) <b>Part-B:</b> In-depth analysis of business operation sub-divided into various micro factors of finance, market, technology, raw materials, skill, infrastructure, social capital, social security with an aim to identify micro-factors that can promote/hinder existing MEs. Five-point <i>likert</i> scale anchored to measure perceived significance of micro-factors identified. <b>Part-C:</b> Perception and level of entrepreneurs on govt supported programmes.	Personal interview	OAE (60)	Bhadohi, Dhenkanal, Chaltaberia, Moradabad, Baripada and Malda
<b>Checklist-I</b>	The checklist consisted of different components to know socio-economic conditions of the village and perception of the villagers in understanding the cause of poverty like- a) Demographic details b) Population dynamics c) Infrastructure and natural resources d) Preference matrix of perceived existing problems related to high incidence of poverty e) Livelihood activities and occupational pattern f) Factor condition and situational analysis of existing MEs from	PRA, FGD	Villagers (200-250)	Deoghathi, Basmata, Manirampur, Bodela and Dhangaon Ryt.
<b>Checklist-II</b>	Checklist-II has been designed to know the important components within a specific programme/scheme.	Personal interview	Implementing agencies (5)	Malda, Chaltaberia, Moradabad, Baripada, Deoghar, Pakur, Mandla and Koraput

*Note: Data in parentheses indicate size of the sample*

**E. Data Collection:** Three different types of data collection methods have been adopted to fill the questionnaire and checklists-

- a) **Personal Interview:** One to one interaction was carried out with 60 own account manufacturing entrepreneurs via field visits. During this process, in-depth analysis of business operations has been carried out taking into account into various components like finance, market, technology, raw materials, skill, infrastructure, social capital,

social security with an aim to identify micro-factors that can promote/hinder existing MEs. Five-point likert scale anchored to measure perceived significance of micro-factors identified. Personal interview was also conducted interacting with expert personnel from implementing organizations for schematic inputs.

- b) ***Participatory Rural Appraisal:*** A participatory method adopted forming a group of 40-50 villagers to know socio-economic conditions of the village and perception of the villagers in understanding the cause of poverty. During this process, significance of perceived existing problems of high incidence of poverty, livelihoods and occupational patterns of the villagers has been analysed employing various PRA tools like preference matrix, venn diagram and well being analysis.
- c) ***Focussed Group Discussion:*** Focussed group discussion was carried out inviting some local leaders, members from gram panchayats, SHGs, angwanvadi sevika and elderly persons to understand demography, population dynamics and available factor conditions like infrastructure, natural resources and traditional skill set for conducting situational analysis of existing MEs.

**F. Compilation and Analysis of Data:** Data has been collated, compiled and analysed to identify micro factors, their importance, sequencing, simultaneity requirements and handholding for inclusivity etc.

**G. Presentation of Preliminary Findings:** A presentation was made to UNDP on the preliminary findings.

**H. Presentation of findings to experts and beneficiaries:** A workshop will be conducted to share the findings and lessons learned in the form of draft report and PPT to experts and beneficiaries.

**I. Incorporation of views and finalization of paper:** Suggestions received from the experts and beneficiaries will be incorporated in the draft report and final discussion paper submitted to UNDP.

**J. Power point presentation to UNDP by FMC and discussion of further steps:** Final round of power point presentation delivered to UNDP submitting revised discussion paper and in-depth discussions was conducted to explore further possibilities of research collaboration in the area of micro-enterprise promotion and poverty alleviation.

**SECTION-A****FACTORS INHIBITING PROMOTION OF EXISTING MICRO-ENTERPRISES**

The micro factors which were statistically (through factor analysis<sup>6</sup>) found to be important could be easily grouped as issues related to marketing, finance, technology, raw material and skill. In what follows we detail the micro factors under each of the macro factors both from a statistical, but importantly based on the qualitative information received during the interviews. The statistical analysis is briefly described in Annex 1.

**1. Marketing**

Issues which appeared as statistically significant, in order of importance, are lack of (a) market information (FL<sup>7</sup>-.849), (b) market access (FL-.841) and (c) marketing skill (FL-.815). When tallied with qualitative information, it was found that these challenges are being handled or are being proposed to be handled differently by differently endowed MEs. An ME with almost no resource, apart from labour power, thinks quite differently (market security) from that of a relatively endowed ME (market opportunity).

For a *poorly endowed ME*, even the role of “middleman” gets a new meaning, whom they consider to be important value chain players as risk reducers, i.e. providing both information and access. While they understand the need for product diversification, they look forward to newer set of marketing agents, who will continue to provide them with information and access. On a similar note, NGOs that have played near similar role as market plus acquaintance are also seen as a viable option by this set of MEs. Such MEs consider schematic support as a burden on their limited resources. They also feel that there is an important role for policy for protecting their means of livelihood. So far as *better endowed MEs* are concerned they are looking for information and access and even skill development to enhance their business opportunities.

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<sup>6</sup> Factor Analysis technique was used by running SPSS. This technique is generally applied when there is a systematic dependence amongst a set of observed or manifest variables and the researcher is interested in finding out something more fundamental (or latent) which creates this commonality. The substantive purpose of the Factor analysis is to search for and test of construct or dimensions assumed to underlie the manifest variable and its importance. In the present exercise, Principal Component Analysis (PCA) method has been used for finding out the important factors out of the 29 manifest variables where respondents from 6 clusters were asked give their rating based in order of severity of problems (variables).

<sup>7</sup> Factor Loading (FL) value explains how closely the variables are linked to the each one of the factor discovered.

**Business partnering cum knowledge sharing is a preferred option:** While introduction of value chain partners is an option, but that needs to be done in sufficient quantity: The Malda honey cluster has seen the introduction of a “Middleman”, whose entry has been welcome for giving assured market and new techniques. However there is need for many. MEs in such cases do not want to take the responsibility of marketing. They in fact are looking forward to more such partners for more favorable business terms. On a similar note the “petty middlemen” of Chaltaberia cluster, who themselves are MEs, are also accepted by ME producers as these “petty middlemen” give packaged solutions of finance and market.

#### Case Study 1: Middleman - A Partial Relief

In Malda honey clusters, significant portion of the cluster products are sold to a newly introduced intermediate market agent who purchase raw honey and export the same after processing. It ensures strengthening the value chain process between the intermediate market agent and bee-keepers. Bee-keepers said that quality of raw honey earlier got affected due to poor quality of iron containers used by them. However, they were supported by the agent to move to a better type of container. Distribution of good quality plastic containers free of cost helped the bee-keepers in replacing age-old iron containers and created better standards. Needless to say it helped the intermediate agent too.

**MEs with no asset other than labour power want to specialize in production in higher value products, leave marketing to other specialized agencies:** This was voiced by the MEs of Chaltaberia. They feel that they are not endowed enough to go for marketing. Instead they need market linkages. However such market linkages are of higher order products. Their current products are fast loosing market. They can move to higher order products, but in productionization. The need is value chain partners who can provide similar production conditions of assured market and finance. The need for diversification to higher value products like royal jelly, propolish, bee venom and pollen was also suggested in the Malda honey cluster.

**Linkage to scheme is time consuming and MEs can hardly invest for the same:** The artisans of Moradabad have seen their fellow MEs graduate by participating in government sponsored fairs. But they feel it is too time consuming to get those benefits as it needs creation of good rapport as scopes are limited, given the volume of artisans awaiting their turns. This in fact also points towards the need for creating natural business partners too. Also higher demand and lower supply leads to creation of higher market price of availing benefits and natural pricing out of low budget, i.e. least endowed, yet most needy (from a social perspective) enterprises.

**Better endowed artisans are looking for market promotion support:** The master crafts persons of Dhenkanal, who are sure of their high quality products, are looking for higher order support linkages. They feel that there is a gap in their capacity to convince their buyers and/or there is a mis-match in the type of buyers that they are handling. This in fact is pushing the margin and creating disincentive to excel.

#### **Case Study 2: Skill is of no Use without Market**

Mr. Shashari Gadtia a national awardee in his own words says “I produce dokra round the year and sell the products in 7/8 exhibitions in Orissa and outside in other cities as well. My wife being a national awardee, we both complement each other and produce variety of products for up-market. However, both of us face problem in communicating with buyers and therefore we fail to convince them about the labour and creativity gone for production which can justify the price quoted. Despite high value products with beautiful designs, we compromise with low profit margins”. However, the products having good looks and quality can confidently foray into national and even export markets. There is critical need for marketing support too. This is a serious disincentive.

Near similar input was provided by relatively bigger MEs of Bhadohi, who are keen to enter into domestic market but lack adequate market intelligence.

#### **Case Study 3: Looking for Direct Market Linkage**

In Bhadohi, Dinesh Mishra, running a micro unit and primarily doing job work for the exporters and large manufacturers expresses the concern and mood of the micro and household enterprises. He insisted that there is a consortium for micro manufacturers but due to lack of support and information the consortium is not able to function properly and not able to help the micro units. He says that there are lot of micro units who are willing to have direct market linkage as there is a huge potential domestic market which has been remained untapped. But due to lack of market information and linkages, MEs are not able to market for their own business hence always remain depended upon large buyers and continue to exist as job worker only.

**Global competition and need for policy support:** The Chaltaberia artisans reported that market share of traditional pottery utility items have reduced considerably due to cheaper substitute products like thermocol and plastic based items. Similarly traditional hand knotted

carpets are giving way to cheaper tufted and Tibetan carpets. Traditional brassware utilities are also near extinct and pushing out artisans still holding on to it slowly but surely.

MEs of Baripada sal leaf cluster, facing similar challenges, expressed succinctly that there is a need for support for product diversification, cost saving technologies, methods to enhance productivity and quality improvement. They also highlighted the need for policy to promote the growing market for eco-friendly products which can eventually push the growth of Sal leaf products. However, this needs support from Government by taking necessary policy decisions to promote sal leaf product as environment friendly and bio-degradable product.

#### Case Study 4: Support for Survival

In Baripada, Gagan Bugudi, a Sal Leaf Plate processor says, “There is a need for policy change related to encouraging Sal leaf trade and use of its products by declaring tax benefits in the entire country. Furthermore, to strengthen its position, plastic products should be banned so that there would be increased circulation of sal leaf products in the market and the people involved in this business would get better earning. Sal leaf cluster has the potential of making entire Indian railways plastic free, if it gets policy support. The huge human resource engaged in the cluster also need policy support for security and safety.”

**Rising minimum market wage and falling wage in the sector is creating a point of no return:** Hand knotted carpet makers of Bhadohi are having a stagnant wage in comparison to generally rising market wage for a variety of factors. Hence people are leaving this trade for good as they see no future in this trade. This is creating a challenge to the very existence of the art form for the future. In such a situation, stronger value chain partner tends to squeeze out profitability from lower order value chain partner.

**Business partnering cum knowledge sharing is an option:** A near similar scene was also noticed in the brass utensil cluster of Dhenkanal. Here an NGO led by an informed individual not only provided intelligence and guidance, but took the risk of marketing as a partner in progress through a business model. This gave the success which could not be achieved by higher capable artisans (master crafts persons) from the nearby villages who lacked both market intelligence as well as marketing skill.

### Case Study 5: ANWESHA - A Value Chain Partner in Business Development

ANWESHA, an NGO started working from Karamula with 20 families and now reached to more than 100 families. Twenty years old Pooja proudly says “I am earning Rs 3000 per month and take care of my old parents and live a life with respect and dignity. All these could be possible due to the training and then job provided by ANWESHA. ANWESHA not only organized intensive skill development training for making jewellery and but also provided raw materials and technical support in production. The products manufactured by these artisans were then taken to various markets including the export markets. With this intervention, each artisan is now comfortably earning not less than Rs 200 per day by working for 4/5 hours a day.

## 2. Finance

Growth in credit of micro and small enterprises (MSE) has not kept pace with the growth in net bank credit. For example, share of MSE credit to net bank credit has declined from 15.5% in 1996 to 9.9% in 2011 (Annual Report 2010-11, RBI). Barring an exception, where special efforts have been made, this got adequately reflected during the rapid appraisal of six clusters interactions.

Statistical enquiry suggested procedural complications (FL-.834), lack of access to working capital (FL .785), and high rate of interest (FL-.760) as the topmost micro factors. The qualitative enquiry supported these results. Formal finance remains beyond because of factors including mismatch in collateral, e.g. house, many a times it being not on title cleared land. They also feel the need for good rapport with bank officials. Also group approach does help in creating bank confidence and is a way out. MEs prefer risk reducing and not risk neutral finance. Thus when finance comes with assured market, it is preferred. Else interest rates appear higher. However, when business is in site, interest rate takes a back seat. Here again, relatively endowed MEs feel the need for formal finance and voiced that mid-value financing, i.e. above SHG and MFI limits but below high value (Rs 500,000) finance is missing.

**Mismatch in collateral:** In Bhadohi, requirements of legal documentation and desired collateral many a times leads the micro firms to avoid bank finance. On many occasions, the only collateral a micro unit has is its own house which he is not willing to give as mortgage for a disproportionately small loan. At times the property, particularly work area itself, is not properly registered or not on “legal land” and hence cannot be mortgaged. Over and above the units are also reluctant as they feel it is extremely difficult to do all documentation and the process is lengthy and requires good rapport with the official.

**Micro-units prefer risk reducing and not risk neutral finance:** In Chaltaberia, banks give only loan and no market. However, mahajan (who themselves are not very rich as found during visit) not only gives loans but also buys-back the products made by MEs. Such risk reducing finance is much preferred.

#### **Case Study 6: Micro-Entrepreneurs Prefer Middle-Man for Finance**

In Chaltaberia, micro-entrepreneurs said that they produce mainly pottery utility items on order basis as demanded by local middleman. Part payment of money on the total amount ordered, helps them in accumulating required amount of money to purchase raw materials. However, if they go to the bankers for getting loan, bankers asked a big amount of money as collateral. For example, to get loan on Rs. 1 lakh, bankers asked them to deposit Rs. 85 thousand as collateral. They said that if they can arrange Rs. 85 thousands, then what the need to get loan is. Therefore, we prefer middleman for finance.

**Lack of knowledge of productive use of credit deters formal credit off take:** In Dhenkanal, due to inherent weakness, mainly financial constraints and lack of market knowledge, artisans do not venture to look beyond job working except for few awardees and master craftsmen. While discussing the financial issues, artisan mentioned that they are not aware of different sources of credit. Even they lack capacity to estimate how much money is actually needed for the business. However when the end results of financing are clear, the means is not an issue.

#### **Case Study 7: Continuous Handholding and Linkage Created Confidence**

Micro Enterprise Promotion Agency (MEPA) Project undertaken by NABARD in North 24-Parganas (West Bengal) supported micro entrepreneurship by creating Self Help Group (SHG) and also providing them necessary training, exposure and business linkage. While these entrepreneurs started their business with loan capital, it was arranged through different sources with varying interest rates. Sources of loan included SHGs through bank-linkage program, micro-finance institutions, money lenders and local group funds. Entrepreneurs did not hesitate to take loans at high rate ranging from 4 to 8 per cent per month from different sources to meet their immediate short term requirements. All these were possible because business was clearly visible to the MEs.

*Source: Taken from the study report prepared by Mr. Basab Chanda*

**Empowerment through group formation has provided a solution:** Off season financing, which locks working capital for six months is a major threat to MEs of Malda honey cluster. However, group formation and creation of a society has helped them to link to banks and solve their credit problems through flexible demand of credit requirements among members.

### **Case Study 8: Partial Relief Towards Financial Issues through a Joint Initiative**

In Malda, proactive role of the newly formed Bee-Keeping & Honey Processing Industrial Cluster Development Society (BHPICDS), Malda has partially solved various issues related to finance through repeated discussions and establishment of a relationship of confidence with the bankers by BHPICDS. Realizing the initiatives going on under the MSE-CDP programme to develop the cluster, some representatives from Bangiyo Grameen Vikas Bank showed interest to provide financial assistance to the bee-keepers. As per the advice of bankers, 27 Joint Liability Groups (JLGs) were formed by BHPICDS, Malda during 2010. Each JLG comprises 5 bee-keepers. Thereafter, 11 more JLGs have been formed by BHPICDS, Malda. At present there are 38 JLGs and the society has now succeeded in getting an amount of Rs. 75 lakhs as loan sanctioned from the Bangiyo Grameen Vikas Bank. However the problem still galore for most of the units, who still stay away from BHPICDS.

**Improper assessment of exact need leads to unproductive use of credit:** In Dhenkanal, though access to finance is not a major problem in the cluster but the artisans face problem for repayment which is mainly due to the improper assessment of the exact need and its articulation. This leads to unproductive use of credit and therefore do not generate return to repay the loan and artisans fall in debt trap.

**For those who are aware finance mis-match lead to poor outcomes:** In Bhadohi, MEs in the absence of bank finance are probably suited to get finance through MFIs. However, MFIs offer finance in the range of Rs. 8,000 – Rs. 12,000, which is highly insufficient.

### **3. Technology**

Obsolete technology (FL .768) and high cost of machinery (FL: 0.603) have the highest factor loading statistically. The qualitative environment supports it too. There is a clarion call for partial mechanisation and appropriate technology for survival of MEs from all clusters. Several factors like challenges in terms of quality of finishing, lack of labour, drudgery and competing livelihoods, etc. However challenges remain in term of quick decision making, creation of solutions which are market tested and availability of power to make those run.

#### **Need for appropriate finishing for exporting products**

The demand of Moradabad metal handicrafts has increased over the years. However, the nature of demand has shifted. In comparison to fully handmade finished products with non-uniform finishing mere is greater demand for uniformly finished products. Chinese manufacturers have reaped the benefits by introducing necessary technology to the erstwhile

hand crafted products. Respondents feel that such technology changes need to introduce here also to enhance quality of finished products.

Similarly, in the metal cluster Dhenkenal the production technology is traditional and obsolete. Casting solely depends on firewood. Production gets hampered during rainy season as the furnaces are placed in open air and firewood also gets less fire during rains. Summer also puts lot of drudgery on artisan to caste product in open sky. Also there is a constant threat from competing livelihoods. Problems are largely due to lack of knowledge/information/expert services in the area.

### **Lack of availability of labour and product quality**

In Chaltaberia, certain parts of the production process are very mundane, e.g., mixing of clay. Even the micro-units employ labourers for this operation. Moreover, such manual mixing not only is becoming costly but also cost of hired labour is increasing. Manual mixers also have limited uniformity which are not good for higher ordered products, e.g., decorative pieces. Hence appropriate mechanical mixer is required. Such machinery should also be easily available. The need for cost saving technologies and methods to enhance productivity and quality improvement was also voiced in the Baripada sal leaf cluster.

### **Lack of appropriate technology**

In the Baripada sal leaf cluster, villages that have electricity, primary collectors cannot afford to purchase and install an electrically operated machine for pressing the leaves with heating because of high cost. Also voltage fluctuation causes damage to the machine requiring frequent repairs and hence transaction cost. Thus, most units operate without electrical connection as the cost of electricity is high and will eat away good portion of the profit. Technological development is also necessary to make the electric run machines energy efficient and user friendly so that it can be used efficiently with less power consumption and the workers can work comfortably.

## **4. Raw Material**

High cost (FL: 0.900) and non-availability (FL-.878) of raw material were statistically found to be the most critical factors. Qualitative data suggests that high cost is attributable to rapidly increasing as well as fluctuating price. Besides falling quality, lack of availability, change in raw material which is creating redundancy, etc. are some of the other micro factors of importance. Even low wages are pushing wage earners out of professions of collection of local raw materials for MEs, thereby threatening its very existence. Thus, while availability

of cheap raw material was a major reason for creation of MEs in clusters, it is that very forte, which is now being challenged severely.

**Increasing and fluctuating price:** Price of principal raw materials like clay and wood has almost doubled during the last five years in Chaltaberia pottery. Similarly, price of sugar has doubled in Malda honey cluster. Bhdohi cluster has faced the problem of high price fluctuation of its principal raw material, i.e. yarn. This affects them particularly when orders are booked in advance. In fact, as far as weavers are concerned, being the last on the line of value chain partners, they take the highest impact as it is more often than not passed on to them. This happens at a time when the MEs are already operating at a very low margin.

**Poor quality raw material lead to high production cost:** In Dhenkanal, poor quality of brass scrap often causes cracking and spillage during casting and sometimes the colour of the products get white patches. These wastages and quality problems make the cost of production higher. Traders do not take such poor quality/ waste product and do not even bear the cost and therefore the artisans bear all the losses.

**Change in raw material creating skill redundancy:** Price of brass in Moradabad has increased significantly and is almost doubled in comparison to other metals (which can give similar products) like Aluminium and Iron. However, the capacity of the artisans in handlings metals like aluminium and iron are much less as compared to the age-old metal like brass. Hence they are facing skill redundancy.

**Non remunerative wage threatening existence:** Sal leaf is an insurance against starvation, migration and social unrest in remote areas of Mayurbhanj. There is a huge NTFP base with large number of collectors and Processors. However, number of collectors is declining as the earning from collection is now lesser than other labour work. This is threatening the very existence of the cluster.

#### **Case Study 9: Raw Material Shortage Because of Low Wages In Leaf Collection**

Champabati Marandi, a primary collector of leafs in her own words says, “with my full capacity, I can earn, at best, Rs 60 per day from Sal leaf collection and trading and by taking all the pains to travel 7 kms a day to the forest and spending almost seven hours plucking leafs whereas, NREGA is assuring us Rs 150 per day with 100 days of guaranteed job in a year. Government is also giving us rice at Rs 2 per Kg. With such benefits, I and many other people like me in my village are no more interested to collect leafs”. Kunja Bihari, a leaf plate processor also mentioned the same problem which is hampering his business.

## 5. Skill

Availability of appropriate skill is an issue identified by statistical analysis. This is happening due to vanishing skill due to non-remunerative returns, changing market pattern, lack of basic education and lack of follow-up skill support. Need has also been identified for managerial skill for growth. The need for retraining has also been identified as the ME matures.

**Vanishing skill:** In Bhadohi, a weaver of knotted carpets gets merely 40 rupees if he can tie 6000 knots successfully in the same day. Because of such low wages only older people, living in villages are making knotted carpets that too with disinterest. This is the reason that hardly any young person is willing to learn the art of knotted carpets and involved in the production now in Bhadohi and neither the parents are asking them to learn the skill. Irony is that at one hand it has been expressed by the industry that this cluster can only survive in the global market if it sticks to its originality of hand knotted carpet but the wages are the lowest in this type of carpet manufacturing.

Similarly, in the Moradabad cluster, such type of non-remunerative returns and increasing uncertainty is promoting a section of the artisans, at least their next generation, to take up other livelihood options like auto rickshaw driving, rickshaw pulling, fruit and vegetable selling, etc.

**Need for professional skill as demand shifts:** In Dhenkanal, skill was not a problem a decade or two back when there was good demand for utility items. The artisans were practically learning the job and by observing others. Using brassware was considered to be sacred and also a symbol of aristocracy by rich families. With new variety and attractive kitchen wear made of glass, plastic, china clay, etc coming in the market has drastically reduced the demand for brass products. Thus there is need for skill up-gradation to move from general utilities to more decorative items which requires skills. Artisans without having creativity and having less access to such training sources are finding difficult to survive the onslaught of competition and gradually shifting to other work.

### Case Study 10: Exodus of Artisans with Changing Market Demand

There are villages like “Bhubana” in Dhenkanal where drastic fall in number of artisans producing only kitchenware has been experienced in last 5/6 years. In Bhuban only, 800 artisans left Brass and Bell metal work having difficulty in surviving with meager wage earned out of casting work and shifted to other job works like daily wage labour in farming/ construction and related work. Some of them even migrated to other urban areas in search of work. “I had to close dokra work and start daily wage labour after having difficulty in getting wage to sustain life” reminisce Mania Pradhan with moist eye. There are many Mania in the cluster who are no more doing casting and have shifted to other livelihoods.

**Minimum education standard helps:** In a study carried out for a handful of enterprises in the Chaltaberia pottery cluster, it was found that MEs which have higher level of education are performing better as they are better capacitated to interact with value chain partners.

**Need for basic accounting and management skills:** MEs of Chaltaberia and Malda opined that while current level of professional skills is at a standard, lack of basic accounting and management skills will hamper their growth process as they are ill-equipped to maintain accounts and understand business plans, etc. for availing of loans for up-scaling.

**Follow up training:** A first set of training prepares a new entrepreneur to handle the initial challenges. Often a scheme leaves the entrepreneur at this state to fend for him. However, challenges do not end. Hence there is need for follow up specialized training as the entrepreneur matures. Either such training should be locally available or linkages for the same should be provided through a known channel (*Source: Mr. Basab Chanda*).

## 6. Other Micro Factors

Some of the other issues of importance are lack of power as hindrance to mechanization, delays in decision making by the government machinery and lack of social capital to push matters for the MEs.

**Power Shortage:** Some mechanization has made route in the export oriented clusters, where there is global competition. But the cluster of Moradabad gets electricity of 4 to 5 hours during working hours and a total of 13 to 15 hours on a daily basis. This proves a deterrent for using electrical tools. Similarly, in Bhadohi hand knotted carpet cluster, although introduction of electrical scissors and light weight electrical tufting guns did improve productivity by 50 to 70 percent, the process could not be up-scaled due to lack of adequate electricity.

### Case Study 11: Lack of Basic Infrastructure Demoralizes Entrepreneur

Mr. Munnilal Yadav, a tufted weaver struggles to run his 6 member family expresses it deep concern and agony over the lack of power supply in his village. He shows his 2 electrically operated tufted guns which he bought 2 years back said there is no usage of these gun as electricity is an oasis in his village and condition has worsened over the 2 years. He somehow arranged Rs 15,000 to buy these 2 ETGs as he came to know that productivity can be increased hence the income by using ETG. With this great motivation he bought those 2 ETGs. However what he little knew is about the worsening condition of power supply which he considered as a great demoralizing factor and creating hindrance for those weavers who want to grow even in this poor condition.

Lack of availability of power was also identified as a major constraint in basic infrastructure in the thriving and/or larger clusters of Moradabad, Bhadohi and Baripada. Issues related to cluster level infrastructure was found in Bhadohi (show room for domestic sales), Chaltaberia (clay mixing and firing), Malda (raw honey processing), Dhenkanal (advanced gas fired furnace), etc. Here speed of delivery is a constraint, particularly in Malda as told by the interviewees. At times infrastructure created far away from the MEs is of little help for linking up, as was told by interviewees for the Indian Institute for Carpet Technology (IICT) in Bhadohi. Issues of importance are also accessibility as pointed by the MEs of Chaltabeia and appropriate technology as pointed by the MEs of Malda. In the absence of these the usage of infrastructure will not be there.

**Social Capital:** The cluster of Malda which has created a local association of bee keepers has supported and is supporting the MEs. But such activities are missing in Chaltaberia due to lack of such platform of the MEs. An alternative to such platforms have been local NGOs as value chain partners as seen in Dhenkanal and also a unique effort under a NABARD programme in Chaltaberia itself.

#### Case Study 12: Social Capital Promotes MEs

The Bee-Keeping & Honey Processing Industrial Cluster Development Society, Malda (BHPICDS) came into existence in 2006 and got registered under the cluster development programme of MSME (MSE-CDP) in 2008. More than 325 members mostly bee-keepers enrolled their name in the society. The society has their own land of around 2 kathas and office room. The society has linked 190 MEs to bank (Bangiyo Grameen Vikas Bank) to ease access of working capital loan, facilitated the process of buyer-seller meet and introduced a big marketing agent that is providing assured market.

**Government Schemes:** The survey revealed that only 30% of the OAEs were aware about any government scheme. A large proportion of units showed awareness about various sources of financial assistance as compared to other schemes. Among the institutions providing financial assistance, banks are the most commonly known source followed by DICs. A very small number of respondents were aware of other credit schemes like Pradhan Mantri Employment Generation Programme (PMEGP), Khadi & Village Industries Programme (KVIP), Market Development Assistance Scheme for SSI exporters (SSI-MDA), Self Employment Scheme for Educated Unemployed, Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY), Rehabilitation of Sick Units and Credit-linked Subsidy Scheme for Technology Up-gradation etc. The situation is indicative of the fact that the policies/schemes

need to be properly publicised. In fact some entrepreneurs complained that even when they visit the concerned government office they are not informed about the policies/schemes.

**Bottlenecks of slow response:** The members of the BHPICDS, Malda said that there are no processing units and testing laboratory in Malda District, which implies scope for mechanization through introduction of modern machineries like honey processing units, laboratory testing facilities etc. Though, Common Facility Centre (CFC) has been proposed under the MSECDP programme to be established in the cluster area, however, due to some procedural complication, the process is getting delayed. The members of the managing committee, BHPICDS, Malda said that three private firms have shown interest to install honey processing unit in the cluster area.

## SECTION-B

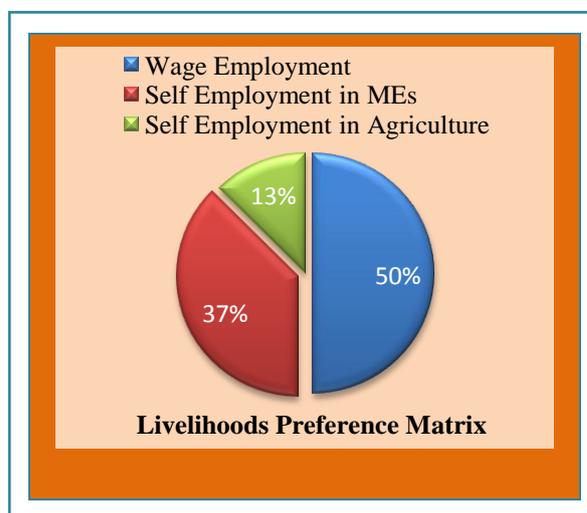
### FACTORS INHIBITING DEVELOPMENT OF NEW MICRO-ENTERPRISES

Villagers prefer wage based regular earning as compared to any other livelihood activity. Here wage earning is priority and not means of livelihood, barring local customs. Women however are delegated to less wage earning activities. Villagers prefer multiple sources of earnings that lower risks. Lack of investible surplus from agriculture due to miniscule land holding and sub-standard irrigation is a deterrent for promoting ME. Lack of marketing facilities is an entry barrier for promoting ME. However in most cases, NGOs as value chain partners has helped in creating business ventures. However, enterprise promotion is not preferred basic needs are met. Poor quality of education leads to under development. Skill was not an issue, in fact steady streams of earning take away impetus to learn new skills. Technology needs are paramount, but improper assessment and lack of market support leads to poor technology adoption. Involvement of local organizations helps in quick action, although presence of such proactive organization is not likely in the absence of strong handholding.

#### 1. Villagers prefer wage based regular earning as compared to any other livelihood activity

**Why Preferred:** Most of the villagers in the villages of Dhanganon Ryat, Basmata, Bodela and Manirampur prefer wage labour as preferable livelihood option as *they feel* it ensures instant money payment, high demand of labour, comparatively remunerative, lesser risk involved and no big investment required etc, They also feel that poor households, when confronted with a crisis, they immediately tend to take recourse to contract labour to tide over tough times and at times resort to inducting their children into home-based contractual labour.

In specific, Dhanganon Ryt villagers are being benefited through NREGA project being implemented in that village and one member from each household get work as casual labourer on daily wage basis ranging



**Wage Employment** includes activities in NREGA, agricultural works in someone's others land and mines, small shops and on construction sites etc.  
**Self Employment in MEs** includes activities related to NTFPs, gottery, poultry, fisheries, dairy, and manufacturing of biri, pottery and bamboo items.  
**Self Employment in Agriculture** indicates agricultural activities in own agricultural lands.

from Rs. 120 to 150/day. Similarly in Basmata, villagers turn to wage labour in agriculture and non-farm sectors like mines, small shops and on construction sites as part of the urban work force. This is a preferable livelihoods option because *they feel* that they get several activities in the nearest town Deoghar throughout the year with comparatively higher remuneration than farming.

### Preference Non-Preference Matrix

Reasons for Preference towards Wage Labour	Reasons for Non-preference towards MEs
<ul style="list-style-type: none"> <li>➤ Regular employment with instant daily payment</li> <li>➤ No investment</li> <li>➤ Less risk</li> <li>➤ Higher remuneration</li> <li>➤ High demand of labour</li> </ul>	<ul style="list-style-type: none"> <li>➤ Lack of financial support</li> <li>➤ Lack of market support</li> <li>➤ Lack of exposure to appropriate technology</li> <li>➤ High investment and low return</li> <li>➤ Seasonality</li> </ul>

Also more than 80 per cent villagers are wage earners in Bodela. They survive by working as casual labour in mines, small shops, on construction sites and as part of the urban work force. Same is the situation in Manirampur where more than 70 per cent of the villagers are wage earners.

**Wage earning is the priority:** In Manirampur village, more than 50% women of the total population are engaged in manufacturing of *bidi*. It is a 25 years old practice and being promoted by some well known brand like Pataka, Shyam and one Gujarat based company. On a number of occasions, women voiced their health related concern with this trade. However, they prefer to continue with this industry as it is a time tested source of earning for the family.

**Women delegated to less wage earning activities:** Women are mostly involved in *bidi* making and earn Rs. 60 to Rs 75 per day. However, men are not involved in *bidi* making. They prefer to work as daily wage earner in mining related activities or even migrate to nearby places. They earn over Rs. 150 a day.

**Multiple sources of earnings lower risks:** Villagers said that most households, irrespective of their land holding (even those without any land) keep animals such as cattle, goats, pigs and poultry. This is an important source of supplementary income and nutrition. During discussion with the villagers, it was observed that family members undertake more than one activity and more than one member takes up work elsewhere. Generally, people turn to wage labour in agriculture and non-farm sectors like mines, small shops and on construction sites as part of the urban work force. These multiple sources of earnings lower risks.

### Risk Mitigating Strategy

Type of Employment	Type of Livelihoods	Name of the Villages				
		Dhangaon Ryt	Bodela	Basmata	Manirampur	Deoghati
Wage Employment	Agriculture		✓	✓	✓	
	NREGA	✓				
	Mines	✓	✓	✓	✓	✓
	Small shops			✓	✓	✓
	Construction sites	✓	✓	✓	✓	✓
	<i>Bidi</i> Manufacturing				✓	
Self Employment (MEs)	NTFP	✓				✓
	Gottery	✓	✓			
	Poultry	✓				
	Fisheries		✓			
	Dairy		✓	✓		
	Pottery			✓		
	Bamboo			✓		✓
Self Employment (Non MEs)	Agriculture	✓				✓
<b>Total</b>		<b>7</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>6</b>

#### 2. Non-availability of land and land fragmentation leading to poverty – a deterrent for promoting enterprise ventures

During discussion with the Basmata villagers, it was observed that most of the villagers work as agricultural labourer in someone others lands. Out of total operational holdings, 95% are owned by small and marginal farmers and average size of the holding works out to less than 1 hectare. Villagers said that inadequate small land holding is the main reason of marginalization and it is not possible to sustain their family with single crop production where the family size exceeds more than 5 members.

In Bodela, there is no grazing land to graze animals. As a result households who attempted to make animal husbandry a primary activity has suffered. Also most of the villagers do not have any sizable land for cultivation. They often work as share croppers for others' land. Villagers said that the high expenses on production and sometimes could not achieve desired yield to cover up the cost. As a result they incur loss and get further pushed into poverty.

### **Case Study 1: Non-availability of land and land fragmentation leading to poverty**

During discussion with the Dhangaon Ryt villagers, it was known that average land holdings of the villagers' ranges from 2-2.5 hectares. However, they opined that non-availability of adequate fertile land is one of the major problems in growing paddy in few part of the land they possess. Villagers opined that due to sloppy nature of the land, high soil erosion during rainy season leads to poor fertility and productivity of soil. It came to know during discussion with the villagers that to overcome the problem, the villagers now engaged themselves in the NREGA project where bunds are being prepared between fields to conserve soil erosion and moisture. It benefited them both the ways by getting regular employment and development of their village.

### **3. Infrastructure**

**Lack of appropriate irrigation causing poverty – a deterrent for promoting enterprise ventures:** In Dhangaon Ryt and Bodela, irrigation is a major issue to enhance productivity crops. Due to lack of proper irrigation system, they could not cultivate their land round the year and mostly dependent on monsoon. At present, villagers are growing mainly Paddy for self consumption. The area is rainfed and exploitation of groundwater resources is still inadequate. The inadequacy of water conservation and storage systems precludes the possibility of a second crop for most people and areas. Even though the village have wells, tanks and canals, however, due to low level of water during non-monsoon season, villagers cannot use those resources to irrigate their land adequately. There is a need for facilities to draw out groundwater or facilities for drip irrigation. Most of the villagers stressed the urgent need for more irrigation to ensure adequate water for the kharif crop and to increase the area under rabi cultivation for improvement their livelihoods condition.

**Poor quality education leads to under development:** In Basmata and Manirampur, there are primary schools within the villages. However, some old-aged persons who are having comparatively higher education opined that poor quality of education results in poor admissions of children to the higher classes in other colleges/institutions and led to disintegration of villagers, particularly those who are financially most backward, from the mainstream society. In Dhangaon Ryt village higher drop out ratio of the children are due to several factors like lack of enthusiasm and lesser motivation towards education, poor quality of educational infrastructural facilities and longer distance in accessing higher educational institutes etc. Villagers cannot afford to send their children to private school. On the contrary they prefer children to drop out and earn pocket money from family activities.

**Lack of support system leads to NTFP based activity less remunerative:** Villagers said that NTFPs are seasonal for 2 months during lean non-agriculture season. There is no ware-housing/storage facilities and marketing support available. It was observed that most NTFPs are sold by gatherers without any processing or value addition. Villagers said that support system is not available for proper collection; storage and marketing to get better price in time.

#### **4. Capability through appropriate education/skill development**

**Custom is barrier to growth and savings:** Although goat rearing is a profitable activity most of the villagers who belongs to OBCs are not willing to pick up goat rearing (goat being black animal) and also being reared by “lower caste” persons. Even some of the families were reluctant to take up fishing because this belongs to particular caste who do fishing only. It is a common practice that on any family occasion the entire neighbourhood needs to be invited and to be treated with full course dinner including expensive items. On such occasions family heads of the neighbourhood take self imposed responsibility to organize such ceremonial treats. Post the incidence the bill is passed to the family and often this leads to high level of indebtedness.

**Enterprise promotion is not preferred when needs are met:** In Deoghati, it is observed that tribals having greater access to forest and agriculture lands are often reluctant to go for enterprises as they believe their needs are adequately met by the natural resources. In contrast in the same village, those who are not endowed with any resources found themselves vulnerable and prefer ME.

**Steady streams of earning take away impetus to learn new skills:** Apart from Basmata village, where villagers saw a window of earning opportunity in the form of pottery and dairy products at the religious site near the village, villagers did not consider the lack of skills as an issue. On the contrary, lack of skill forced the villagers get engaged in bidi making. Since, bidi making gives them steady streams of income; villagers do not take the opportunity of skill development training. Attempts were made to provide skill development training under SGSY programme, however, no interest was shown by the villagers.

#### **5. Improper assessment leads to poor technology adoption**

There is need for adequate and appropriate research before delivery of products at the village level. In the absence of the same, technological interventions done are often not of much use and are actually wastes. For example, In Dhangaon Ryt, according to the villagers

interviewed, to solve the problem of irrigation an attempt was made by a scheme assisted project by construction of wells. Two such wells were constructed in the village. However, due to low level of water, villagers could not utilize those wells to irrigate their lands. These wells are not used by the villagers at present. Again, in Dhangaon Ryt and adjoin villages, a kind of farming equipment was introduced by an agricultural R&D centre for weeding purposes. However, the equipment was not geared to handle the local topography of hard soil. Due to high incidence of breakage in that farming equipment farmers stopped using. Later, a NGO named Action for Social Advancement (ASA) took it further and efforts were made to customize that technology making it more adaptive in the local regional condition.

In Bodela, ground water availability is a problem. According to the villagers interviewed, to handle these issue ponds were created and bore wells were set up near those ponds. However, during the dry season, the water in the ponds get dried up and there is ground water and this makes the bore well ineffective and capital losses for the initiatives. There is need for drip irrigation which is technically sophisticated and also costly. However, without this intervention the entire exercise is futile. Though, villagers demonstrated a need for installation of drip irrigation in the village, lack of sincere involvement of agriculture extension workers, community based organisations and NGOs failed to take appropriate strategies, when they are ready to adopt an alternative technological solution.

Also many a times this is a result of lack of adequately informed people at the village level and opinion of the villagers in the said decision. While SGSY is a good scheme that can provide machinery support, according to the villagers interviewed, as managers from department have very little knowledge about the right technology and they buy machine without being aware about its merits and demerits. Also beneficiaries have very little say in this process.

## **6. Lack of market supports result in poor returns and makes technology redundant**

Lack of defined market place and access to market place discourages villagers to go for various otherwise viable economic activities. According to the villagers of Bodela, if facilities are available, they can easily go for fishing, given the large number of ponds available, provided there is market linkage. Similarly, the villagers of Dhangaon Ryt can go for off season selling of mohua, if they have some minimum storage capacity and also access to market, which is 22 kms away. In Koraput, due to lack of direct market access, villagers sell tamarind at Rs 5/6 per kg to the traders, which they sell at Rs 50/60 per kg and jackfruit sold at Rs 1/2 per kg gets sold at Rs 50/60.

There are cases (witnessed in many villages in Koraput) where Govt under SGSY scheme has given technology to the SHGs, however, most of which are unused due to lack of technical knowledge and market accessibility. Huge unsold stocks incurred heavy losses to the villagers.

In another case, one farmer from Andiya Dar, an adjoining village of Dhangaon Ryt said that he does not want to grow more paddy because he is not able to sell the surplus products he produced due to lack of marketing facilities. If he produces more, it will be a sheer wastage this year.

### **Case Study 2: Farmer does not want to produce more!!!**

PRADAN took an initiative to motivate one farmer from the village Andiya Dar to adopt System for Rice Intensification (SRI) technique for paddy cultivation. After mobilizing the farmer, PRADAN suggested him to allocate around 2.5 hectare of farmland to set up a field school. The experiment was very successful. The farmer witnessed excess productivity of around 60 quintals of paddy/acre. The production was beyond his expectation. He expressed that though he had been cultivating paddy since ages, he could not remember anyone within and outside of his village been able to achieve it. PRADAN took him as a successful role model to motivate other farmers for greater dissemination of this SRI technique. Many farmers from within his village and adjoining areas showed interest to adopt this technique seeing the results. However, in the next year, PRADAN observed that the farmer whom they developed as a successful role model again switched over to traditional practices of farming. It is interesting to note here that when PRADAN asked about the reason, the farmer said that he does not want to grow more paddies this year. The surplus products of last year still remain in his house due to lack of marketing facilities. If he produces more, it will be a sheer wastage this year.

The villagers feel that there is scope for fishing as well as diary. However, the local market being far off and not easily accessible and it deters them from entering into activities which can raise marketable surplus through economic activities.

## **7. NGOs and Private establishments as value chain partners -partners in progress**

While market is a critical issue, solutions were seen repeatedly as oasis in the “low level equilibriums” in the villages. In all such cases, the NGOs have given multiple support, a package service approach of knowledge, skill, finance and above all market linkages; not from outside, but as risk taker – a value chain partner in progress.

### **Case Study 3: CARD - a value chain partner in progress**

Fostering Tribal Communities for Livelihood Promotion through Eco-Friendly Honey Harvesting in the Forest Habitations of Mandla District of Madhya Pradesh was implemented in Ghugri Block by the Centre for Advanced Research & Development (CARD). The initiative was executed through the SHG members at collection stage and through the federation at processing and marketing stage. During the initiative, 22 SHGs of honey hunters had been formed and registered; skill of SHG members upgraded to use improved method of honey processing; market linkage established facilitating strong network among different partners. During this process, SHGs marketing federation, 20 honey collection centres and 5 honey promoting societies had been formed, established and registered. This successful initiative ensured increased income of honey hunters through marketing of branded honey.

### **Case Study 4: PRADAN - a value chain partner in progress**

In Deoghar, PRADAN'S forest and tree-based livelihood interventions mainly comprise of Tasar cocoon production which is a source of supplementary income for the schedule tribes and poor families who are otherwise engaged in small and marginal farming or are migrating to other places in search of livelihoods. During the initiatives, PRADAN works mostly with around 4,436 schedule tribe families. The rearers have been provided with trainings in improved rearing techniques developed by the Central Silk Board (CSB). PRADAN'S successful interventions in tasar rearing comprises of five elements viz., working in close association with various government departments, improving supply of disease free laying of the tasar insect, trainings on improved practices for silkworm rearing and maintenance of forest stock, raising plantations of Tasar host trees in privately owned lands and creating a pool of service providers.

### **Case Study 5: Carpet manufacturing - a case of successful micro-enterprise promotion**

Two adjoining villages (viz., Jhumarbag, Belatkar and Rohini) visited where micro-entrepreneurial activities are going successfully up to a certain extent. It was observed that 40 and 8 households who were unemployed earlier in Jhumarbag and Belatkar village respectively are involved in carpet manufacturing. The entrepreneurs engaged in manufacturing carpet can now get Rs. 1600 – Rs. 2500 per carpet. Market of the carpet is basically at Europe and USA. These manufacturers were linked to an external value chain partner - Jaipur Rugs which has its retail outlet in India and USA. This provides a continuous market to the MEs.

## **8. Involvement of local organizations helps in quick action**

In a unique case of active involvement of the Gram Sabha, Dhangaon Ryt village saw the creation of a unique model of providing finance to villagers in a transparent and sustainable manner. This type of involvement through handholding can be an effective route for empowerment.

### **Case Study 6: Strengthening the role of Gram Sabha in rural development: a successful case of Madhya Pradesh Rural Livelihood Project (MPRLP)**

Dhangaon Ryt is one of the villages from Mandla district where MPRLP was implemented. MPRLP took a bottom-up approach. They routed funds through Gram Sabha to activities that village communities have identified as important. For this village leaders were provided planning and management training. The underlying principle was respect for the wisdom and strength of local communities in managing their affairs for the common good through their Gram Sabhas. Funds were credited to the Gram Kosh (community funds). The Gram Sabha then decided how Gram Kosh funds should be used. The Gram Kosh accounts were posted on school walls or at other prominent places in the village. This means that everyone can see how money is spent and that it is being distributed fairly. This transparency deepening villagers' faith that funds are being used properly and that the villagers really do have a say in how funds should be used and who should benefit. Further training was given on how to set up village funds to provide basic financial services-such as savings, insurance, money transfer and credit. An operational manual developed by MPRLP guided Gram Sabha by, for example, requiring the ring-fencing of allocations for women and poor households. Gram Sabhas started working like a bank. It used to lend money to villagers at an interest rate on common agreement of the genuineness of the purpose. Involvement of villagers also ensured timely payment as well as waivers/change in terms in case of genuine difficulties.

## SECTION-C

### FACTORS INHIBITING SUCCESSFUL IMPLEMENTATION OF SCHEMES

This section got the benefits of suggestions both from the micro units as well as local level GOs and NGOs. The same has been indicated appropriately in the details that appear below.

**Lead time for scheme sanctioning:** The units of Bhadohi said that a solution in the form of a mega cluster is probably happening, but wait for the same seems to be a never ending process. Near similar sentiment was suggested for Micro & Small Enterprises - Cluster Development Programme (MSE-CDP) for the sanctioning of a proposal for creating a Common Facility Centre (CFC) which will process the raw honey being collected by the members (units of this cluster). Many a time this happens due to communication gaps.

**Illusive scheme benefits take away interest:** The artisan credit card comes with a health insurance support. It says that artisan should bear the expenditure and it will be reimburse latter by the government. However, some artisans of Moradabad felt that the process for reimbursing is so time taking that they ultimately give up the pursuit. Similarly, in Pakur, the local NGO TSRD said that while SHGs have been created and their accounts opened by TSRD; the transfer of fund to the SHG account takes huge time. As a result, the NGO has to give money from their own fund to retain the interest of the SHGs in the process. At times subsidy sanctioned does not reach the beneficiary in full. Beneficiaries are required to run around nodal agencies and Banks for approval of the projects and release of the subsidy. A transparent system for approval and release of the subsidy is required to be put place. In this regard, single window clearance of the applications of the entrepreneurs is very much essential.

**Local implementing agency should be either technically sound or have necessary technical support:** In a bizarre case, the local DIC who took special interest to support a manufacturer found itself in a problem. However, these suggestions did not give desired results to the entrepreneurs who have invested in buying the suggested technology. This led to court case which still continuing. This make both the proposer and the proposed jittery to provide or accepting suggestions unless they have access to latest technical knowledge. DIC feel it is better that provision be made to take suggestions from technically competent persons to suggest ventures even if there is lesser value (say less than Rs 1 lakh) as it involves substantial money of micro entrepreneurs. In another case, in Koraput, inappropriate selection led to no usage of machinery bought under the SGSY scheme.

**Schemes coverage needs to increase for higher usage:** In Malda, it was told that although PMEGP has created good as well not so good cases, but its reach is much less than desired.

Every DIC has a quota which can hardly handle a huge population of say 120,000 families in Malda district. Hence many would be entrepreneurs, who are needy could not get benefited through the scheme.

**MEs do not know about their schemes:** It was suggested by smallest micro-enterprises (artisan households) in Moradabad that there are large number of artisans who require Government Schemes but they are helpless to avail these because of small numbers and difficulty to achieve those. Sixty per cent of the OAEs are not aware of schemes and 12 per cent has got benefitted. In contrast, 60 per cent of the relatively established MEs are aware of schemes.

Most of the own account enterprises were aware about Prime Minister's Employment Generation Programme (PMEGP), National Rural Employment Guarantee Act (NREGA), Rajiv Gandhi Vidyutikaran Yojana (RGVY), Pradhan Mantri Gram Sadak Yojana (PMGSY), however, a very small number of respondents were aware of other credit schemes like Khadi & Village Industries Programme (KVIP), Market Development Assistance Scheme for SSI exporters (SSI-MDA), Self Employment Scheme for Educated Unemployed, Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY), Rehabilitation of Sick Units and Credit-linked Subsidy Scheme for Technology Up-gradation etc. Among the institutions providing financial assistance, banks are the most commonly known source followed by DICs.

A GO suggested that there should be dedicated T.V Channels/News portal/Radio Channel for MEs in PPP mode with prominent MSME associations in all regions for proper propagation.

**Lack of funding dissuades NGOs:** Since Manirampur village (of Pakur) mostly consists of minorities whereas the district has mostly schedule tribes and the number of scheme for their development, the local NGOs hands are full and they have no time to go for developmental activities in this village where concentrate ion of minorities outweighs schedule tribes.

**Short term interest of scheme:** In Pakur, it was told that, many a times while explaining a scheme, the subsidy part of it is more highlighted as compared to its major objectives. As a result, person who takes interest have their main target as getting the subsidy rather than achieving the primary objective of the scheme. Hence many a times SHGs so created do not serve the desired objectives. This is a problem that emanates both from the demand and supply side.

**Scheme implementation through local networks can make it more equitable:** A GO suggested that there is a need for capacity building of ME associations so as to make them more effective in equitable selection process of beneficiary. In this regard, government may

define eligibility criteria for selecting ME associations to be partner with the Programme/Scheme/Policy making/Data collection etc. For example, in Pakur, learning from a programme, government adopted a process for distributing BPL cards through SHGs.

**Need for creation of internal capacity:** Generally, the micro entrepreneurs lack market information. According to a GO, there is a need to establish a separate market wing for MEs at the district level. The main activities of this entity will be to conduct periodical market survey, enhance scope for marketing and help budding entrepreneurs in choosing right product/industry. Similarly there is need for updating them with desired technical knowledge.

**Support for preparing bankable project reports:** At present there is no support system for preparing bankable project reports available to the beneficiaries. This bottleneck can be minimized with active involvement of MSME associations who have sufficient MSME support staff and infrastructure. Nodal agencies and financial institutions can also play an important role in helping beneficiaries to prepare bankable project report rather than only inspecting and rejecting it.

**Emphasis on outcome rather than output for evaluation:** Emphasis should be on outcomes rather than on outputs (fund utilization) for schemes.

## 1. Target Beneficiary

Speaking from an economic angle, “poor” covers different types of individuals in the rural context. Let us assume that the poorest are those who do not have any endowment, like land, raw materials, specialized skills and investible surplus for creating a typical OAE, and are mostly dependent on various poverty alleviation/wage earning schemes that support them to survive, in the absence/adequacy of market driven economic activities, at their places of stay (villages). A slightly better<sup>8</sup> economically endowed is wage earners from natural market driven economic activities, employed round the year and having at least one of the above endowments.

Almost at a near similar or slightly better level are those who do a combination of market based wage earning and seasonal Own Account Enterprise (OAE) activities, whichever is available. Those who are solely dependent on running OAEs are in a yet better position. This is because the difference in earning of OAEs and wage earners is minimal, especially given the upward pressure on wage based employment and that much improvement in earnings prospects in pure wage based earning category.

Promotion of OAEs for poverty alleviation is probably best done by promoting (a) would be OAEs - pure wage earners having some endowment, (b) those who are doing both wage earning and part time OAE activity and (b) those who are pursuing their OAEs.

## 2. Key Issues

However, as seen in chapter 4, challenges to this growth process have posed few fundamental questions from the target population (demand side). These include the following key issues:

### 2.1 How prepared is the target population as risk taker?

There is almost a near agreement that, expectedly, most current OAEs and would be OAEs are risk averters. Even in the best endowed cases of this poverty intensive population, i.e. the current OAEs, we found that in five of the six cases, it was explicitly communicated by the OAEs that they are not willing for risk taking<sup>9</sup>. Going a step below in the poverty ladder (see

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<sup>8</sup> In a particular case, say for a district, may be, based on PRA done at local level, this grouping can be further strengthened.

<sup>9</sup> Thus the potters of Chaltaberia were comfortable supplying to the middlemen, who themselves are poor; the honey collectors are partly (as they wanted more such persons to enhance their selling price) satisfied with the

section 1 above), we find that wage earners, who have some endowment, i.e. skill are not prone to taking risk too. They are, rightly, risk averters, as even a small mistake can put them into an irrecoverable poverty trap. Also promoting them as OAE is actually, to start with reducing their expected earnings, as they will be shifting from a sure scenario of wage earning to one of a risky OAE scenario<sup>10</sup>.

## **2.2 What will be the role of private sector?**

It was clear that on many occasions, private firms from within as well as outside and local NGOs<sup>11</sup> did play a critical role in providing not only market, but also finance and risk minimization role of the current OAEs<sup>12</sup>. Thus, the role of the “private sector” was also seen in very different light by the OAEs. They were also welcome as natural business partners on many occasions, but their limited numbers being a case for concern<sup>13</sup>, albeit with some qualifications.

## **2.3 How secure are the OAEs and would be OAEs during this growth process?**

This is a bottleneck and is challenged by insecurity, caused by quality of service. Thus the quality of insurance cover<sup>14</sup>, infrastructure<sup>15</sup> and education<sup>16</sup> are issues. Therefore there is a

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middlemen who give them sure market. Similarly neither the dhokra producers nor the OAE artisan units of Dhenkanal are prone to risk taking. In fact in the latter case some of them are closing OAE and becoming wage earners. This also suggests that there is a very fine divide between the OAEs and wage earners and depending on the status of business; people do probably crisscross this line (See p. 27, 31 and 35). However, the latter needs further investigation.

<sup>10</sup> This was seen in all cases of likely micro enterprise population where most of the villagers prefer wage labour as preferable livelihood option as they feel it ensures instant money payment, high demand of labour, comparatively remunerative, lesser risk involved and no big investment required etc. (pp.39-40).

<sup>11</sup> Other than the identified poverty groups in section 1

<sup>12</sup> This was seen in all cases of likely micro enterprise population where banks give only loan and no market. However, mahajan (who themselves are not very rich) not only gives loans but also buys-back the products made by MEs. Such risk reducing finance is much preferred (p.31)

<sup>13</sup> The Malda honey cluster has seen the introduction of a “Middleman”, whose entry has been welcome for giving assured market and new techniques. However there is need for many. MEs in such cases do not want to take the responsibility of marketing. They in fact are looking forward to more such partners for more favorable business terms (p. 27).

<sup>14</sup> In Moradabad, artisan says that in case of artisan credit card which comes with a health insurance support, the artisan should bear the expenditure and it will be reimbursed latter by the government. However, some artisans felt that the process for reimbursing is very time consuming that they ultimately give up the pursuit (p. 48).

<sup>15</sup> This was seen in all cases of likely micro enterprise population. For example, Munnilal Yadav from Bhadohi, a tufted weaver struggles to run his 6 member family expresses it deep concern and agony over the lack of power supply in his village (p. 36).

need to create enabling conditions in terms of providing basic needs and social security to the would be and current OAEs.

#### **2.4 How good are schemes to address these issues?**

Here, the scope for coverage was found inadequate. Lead time in sanctioning and releasing the benefits was also a challenge<sup>17</sup>. While these are quantitative and administrative issues and can be addressed, but there is a fundamental gap in the form of current level of knowledge of the scheme implementers in guiding the beneficiary in taking business decision<sup>18</sup>. This was found lacking not only for OAEs but also in many instances for the likely OAEs. Knowledge of schemes of the OAEs was also found to be inadequate<sup>19</sup>. In particular it was found that handholding and training related support is not a one-time process but is a long term activity by its very nature<sup>20</sup>. Hence question arises as to, how far, can schematic interventions be relied upon, for promoting OAEs on a continuous basis<sup>21</sup>.

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<sup>16</sup> In Basmata and Manirampur, some old-aged persons who are having comparatively higher education opined that poor quality of education results in poor admissions of children to the higher classes in other colleges/institutions and led to disintegration of villagers, particularly those who are financially most backward, from the mainstream society (p. 42).

<sup>17</sup> The units of Bhadohi said that a solution in the form of a mega cluster is probably happening, but wait for the same seems to be a never ending process. In Malda, near similar sentiment was raised for MSE-CDP for the sanctioning of a proposal for creating a CFC (to process the raw honey). This often happens due to miscommunication (p. 37, 48).

<sup>18</sup> The local DIC who took special interest to support a manufacturer found itself in a problem. However, these suggestions did not give desired results to the entrepreneurs who have invested in buying the suggested technology. This led to court case which still continuing. This make both the proposer and the proposed jittery to provide or accepting suggestions unless they have access to latest technical knowledge (p. 48).

<sup>19</sup> The survey revealed that only 30% of the micro units were aware about any government scheme. The situation is indicative of the fact that the policies/schemes are not properly publicised. In fact some entrepreneurs complained that even when they visit the concerned government office they are not informed about the policies/schemes (p. 37).

<sup>20</sup> In most the cases of likely ME population, it was observed that often a scheme leaves the entrepreneur with limited training provisions at the initial stage. However, challenges do not end. Hence there is need for follow up specialized training as the entrepreneur matures. Most of the entrepreneurs voiced that either such training should be locally available or linkages for the same should be provided through a known channel (p. 36).

<sup>21</sup> A government implementing agency suggested that there is a need for capacity building of ME associations so as to make them more effective in equitable selection process of beneficiary. In this regard, government may define eligibility criteria for selecting ME associations to be partner with the Programme/Scheme/Policy making/Data collection etc. For example, in Pakur, learning from a programme, government adopted a process for distributing BPL cards through SHGs (p. 49-50).

## **2.5 What are the factors of comparative advantage and disadvantage?**

The factors of comparative advantage keeps changing as OAEs mature. A relook at the birth condition of current OAEs suggests that in all cases presence of local raw material and/or skill is the primary reason for creation. In fact this is the criterion based on which likely OAEs are seeking to start the path of entrepreneurship too. However over time it is becoming apparent that labour based competitiveness is wearing out as OAEs are looking for desperate introduction of appropriate technology to take care of rising cost of factors of production, especially labour and raw material. In fact availability of power is becoming a critical bottleneck to handle the emerging needs of mechanization<sup>22</sup>.

## **2.6 What are the various phases of this growth process?**

It is clear that there are two distinct and two not so distinct yet important phases in this process of creation of MEs. Evidence of the two distinct phases of (a) development and (c) consolidation of OAEs need no emphasis. However what is probably missing out are two important link parameters to make this process self-generating. These are (b) creation of sufficient number of units, which is a pre-condition for external private sector to take notice and propose partnership and (d) creating local champions as growth centres for self propelling growth process.

## **3. The Proposed Growth Model**

### **Stage 1: Developing OAEs**

The critical steps here are (1) identifying the appropriate area of business, which not only has local advantage (raw material/skill), but also has scope for scaling up in the future in the region and has either a direct (local sales) or indirect local market immediately (2) provide linkage to local market<sup>23</sup>, (3) provide schematic support for basic needs to promote the enterprise in that region as per the local deficiencies, for such local MEs to flourish.

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<sup>22</sup> Some mechanization has made route in the export oriented clusters, where there is global competition. However, Moradabad gets electricity for 4 to 5 hours during working hours. This proves a deterrent for using electrical tools. Similarly, in Bhadohi hand knotted carpet cluster, although introduction of electrical scissors and light weight electrical tufting guns did improve productivity by 50 to 70%, the process could not be up-scaled due to lack of adequate electricity (p. 36).

<sup>23</sup> All the OAEs are into local-local production-sales framework. According to Bodela villagers, if facilities are available, they can easily go for fishing, given the large number of ponds available, provided there is market linkage. Similarly, Dhangaon Ryt villagers can go for off season selling of mohua, if they have some minimum storage capacity and also access to market (p. 44).

Schematic support may also be provided for (a) creation and/or (b) to provide linkage to local market. The coverage of “local” can be ideally a “block” or at the most a “district”.

At this stage the role of an external development agency or schemes will be to identify winner products and promote them through the above steps (of stage 1). Such choices will be partial and might not cover all the villagers of a block or a district. Thus the choice process may be done through a technically valid as well as participatory process. Interestingly, this may be a first step in a series of coverage that will follow and ultimately cover the entire area in a more sustainable manner.

### **Stage 2: Creation of OAEs in Sufficient Numbers**

This will be a natural corollary of stage 1, provided the choices are appropriate, but will need support of appropriate factor conditions. Thus the most important step here is (a) propagation of schematic support for the most potent wage earners to take notice and provide a prominent role to Gram Panchayats and SHGs, the two most popular and well known local organizations (b) providing enabling conditions of say relevant education, insurance, basic infrastructure, etc. in a professional manner and enhanced role of Gram Panchayat and SHGs. Here linkage needs to be provided to the existing national schemes for health, education and other social security coverage and (c) provision of related extension services of professional quality. This is also the time for identification of private sector partners who can lead the process of connectivity to a globally competitive market. Such private sector partners can be preferably local NGOs who come forward as business partners and provide finance plus and market plus flexible services, otherwise not possible by GOs/Schemes/Development Organizations. Needless to say such private sector partners must have some previous experience or knowledge base or technical or market linkage in that particular trade. In the absence of the same private sector partners can be linked from outside or it can even be a mixed model.

The role of Schemes or development organizations at this stage is to (a) identify/support growth of such entities, (b) ensure adequate scheme coverage in target, areas of business operation, (c) specialized schemes to promote infrastructure and skill in the identified areas of business and (d) identification of local and global value chain partners.

### **Stage 3: Consolidation of OAEs**

Producing locally for the local market may be a first step, but this soon needs to be scaled up to global competitiveness for survival, as even the remotest of local market is easily susceptible to global competitiveness. This is an area much beyond the scope of development organizations or schemes. The consolidation phase thus requires promotion and active

linkage creation of the OAEs with at least one value chain partner with national/global linkage, but preferably having a local origin. Local/global such value chain partner needs to be linked to a conglomeration of upcoming local entities. Even loans may be channelized through these partners either upfront or at a meso level through discounting. The local area networks of SHGs/GPs/GS need to be involved in this process. This process strengthens the knowledge base of the OAEs and also does its capacity building in business. It also teaches them the nuances of business and makes them confident as risk taker. However, there is need to promote few such chain partners, so that there is no monopoly situation for such promoted chain partners.

At this stage the schemes should support the knowledge creation process, based on local needs. Thus the schemes should be preferably open ended and support activities like (a) negotiation with value chain partners (b) exposure visits (c) legal documentation wherever required (d) provision of law (e) linkage to appropriate local market etc. The particular scheme should support creation or transfer of appropriate technology with zero or minimum usage of power.

#### **Stage 4: Take off by OAEs**

As this process of handholding continues, some OAEs will mature as true risk taking enterprises and disengage themselves from the mother value chain partner and create their own family of OAEs. They thus become a sustainable model for promotion of OAEs. The more such enterprises are created, the more will be reduction in the monopolistic situation of stronger value chain partners and will simultaneously lower the role of schemes and development agents. Such champion OAEs can be promoted as “social entrepreneurs” who can further guide the smaller entrepreneurs to graduate like them. They can also be linked to venture capital, various Government schemes and programs. However, schematic support may also be provided for their specialized skill up-gradation particularly in managerial and marketing related areas.

#### **4. Scheme related suggestions**

Overall qualification of schemes should include the following-

- (a) Flexibility to support area specific promotional measures
- (b) Flexibility to promote area specific enabling conditions – like required skill, infrastructure, etc.
- (c) Propagate in local language in simpler forms and also through dedicated TV Channels/News Portal/Radio Channel repetitively
- (d) Identification of value chain partners

- (e) Investment in capacity building of value chain partners, especially when such chain partners are from local origin
- (f) Create and/or identify more such chain partners and link them
- (g) Support “re-skilling” as per need.

## 5. Creation of local institutions

Creation/strengthening of appropriate local organizations of the stakeholders is also a much needed step. These help in the following areas:

- (a) Appropriate propagation of scheme
- (b) Providing equi-opportunity to access schemes
- (c) Creation of appropriate infrastructure
- (d) Providing business linkages
- (e) Provision of loan through intermediary
- (f) Quality capability support, leading to empowerment

## 6. Suggestions for UNDP

However this being a small sample based study, it may be experimented in at least one locality and then up-scaled based on learning. The process for the same may be as follows-

- (a) Identify a district with possibilities
- (b) Identify the top 4/5 possibilities for business formation, e.g., based on some selection criteria as detailed in Table below-

Parameter	Weight	Score			Weighted score		
		Activity 1	Activity 2	Activity 3	Activity 1	Activity 2	Activity 3
Market returns	25	2	8	4	5	20	10
Employment Intensity	25	4	8	4	10	20	10
Scope for having similar enterprises	30	6	4	6	18	12	18
Scope for involving backward communities	20	2	5	3	4	10	6
<b>Total weighted score</b>	<b>100</b>				<b>37</b>	<b>62</b>	<b>44</b>

Here, activity 2 is selected. In some cases two activities, i.e. Activity 2 and Activity 3 can be selected. Activity 3 is selected to accommodate the “Socially disadvantaged” community.

- (c) Do a value chain analysis and identify (1) challenges of the selected activities and (2) need for creation of support conditions like infrastructure, extension services, skill development, etc.
- (d) Create suitable support mechanism for creation of OAEs
- (e) Create enabling conditions for local market linkages
- (f) Creation of support conditions like infrastructure, skill development, etc.
- (g) Identify value chain partners
- (h) Capacity building of local value chain partners
- (i) Help link local OAEs in groups to appropriate value chain partners
- (j) Learn from this process and then plan upscale

### **Future scope of the study**

As mentioned in Chapter I, the study has several sample limitations. Thus a more robust study can enhance the sample size and coverage by including the following-

1. Increase the sample size and locations of OAEs and would be OAEs
2. Cover non-cluster samples
3. Cover service sector enterprises
4. Cover city as well as village based would be OAE populations
5. Cover a sufficiently large sample of “disadvantaged groups” of SCs, STs, Minorities as well as others to capture the likely special support needs of the “disadvantaged groups”
6. Do an analysis of the pros and cons of most relevant existing schemes

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## STATISTICAL ANALYSIS OF MICRO FACTORS

To identify the micro factors affecting micro enterprises, 60 micro entrepreneurs from 6 clusters were asked to rate 29 variables based on the severity/ problems faced by them in a likert scale having rating value from “1 to 5” where “1” means not a major problem and “5” means most severe problem. Those 29 variables were then reduced to 18 variables by eliminating variables having almost similar meanings. Factor Analysis (FA) by using Principal Component Method was then run to extract the latent factors having higher importance. To check whether the data is sufficient enough to run the FA, KMO and Bartlett’ test was done. The sample adequacy came out to be 0.744 and Bartlett’s Test of Sphericity, Approx. Chi-Square was 777.043 with 0.0 significance level. This proves the data adequacy for doing the analysis. Output of the FA has been captured in the following table.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.744
Bartlett's Test of Sphericity	Approx. Chi-Square	778.043
	df	153
	Sig.	.000

Variables	Component/ Factors							
	1	2	3	4	5	6	7	8
Fin-Lack of Access to WC	.338	.785	.163	.147	.082	-.198	.031	-.261
Fin-Procedural Complication	.007	.834	.247	.308	.090	.037	.136	-.040
Fin-High Rate of Interest	.048	.760	-.254	-.106	.308	-.292	.010	.309
Mrkt-Lack of Marketing Skill	.815	.282	.012	.217	.030	.041	.151	-.276
Mrkt-Lack of Market Access	.841	.193	-.259	.145	-.116	-.109	.141	-.109
Mrkt-Weak Demand	-.047	.100	.911	-.217	.127	.051	.061	-.124
Mrkt-Seasonality	.080	-.203	.109	.182	-.255	.880	.115	-.009
Mrkt-Lack of Market Info	.849	.216	.084	.157	-.047	-.217	.068	-.186
Mrkt-Poor Product Quality	.780	-.363	.015	-.221	-.083	.206	.057	.123
Mrkt-Competition from Substitutes	-.460	-.039	.404	-.476	.270	-.200	-.121	.408
Tech-Obsolete Technology	.264	.263	.768	.320	-.210	.061	-.037	.215
Tech-Lack of Info on Advanced Tech	.811	-.201	.219	-.206	-.256	.219	.089	.158
Tech-High Cost of M/C	.046	-.313	.603	.432	-.252	.153	.409	-.031
Tech-No Tech Expert	.896	.227	.211	.011	-.072	.095	.091	.106
RM-Non-availability of RM	-.187	.275	-.015	-.004	.878	-.260	-.109	.037
RM-High Cost of RM	-.053	.242	.013	.900	.030	.128	.081	-.045
Skill-Lack of Skilled MP	.211	.128	.064	.088	-.079	.090	.937	-.034

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## **HAND KNOTTED CARPET MANUFACTURING CLUSTER BHADOHI, UTTAR PRADESH**

### **1. BACKDROP**

#### **1.1 Selection of Cluster**

Bhadohi is situated approximately 45 km from Varanasi which is a major town in the eastern part of the state of Uttar Pradesh. The cluster is situated in the township of Bhadohi and its nearby villages of Aurai, Gopiganj, Sariya, Khamariya

#### **1.2 Principal Product of the Cluster**

Although Bhadohi is known for its hand knotted carpet however over the years in the quest for better outreach in the market other type of carpets have also started being manufactured. Hence along with hand knotted carpet, tufted carpet, Tibetan carpet, shaggy carpets are the main products of the cluster.

##### **1.2.1 Support System available in the cluster**

There are 500 dye houses in the cluster catering to both handloom and floor coverings sectors. Out of these 150 units are operating manually and remaining 350 are mechanized. 300 dye houses provide services exclusively to floor coverings sector. There are around 100 small yarn suppliers exist in the cluster who procure yarn from Bikaner and supplies to the manufacturers. There are approximately 700-800 individual designers who provide design input to the manufacturers. However most of them are neither a regular employer to any of the big export house nor they have job on a regular basis. The Indian Institute of Carpet Technology Bhadohi, only of its kind in Asia, was set up to provide support to the carpet industry in the area of human resource development, research and development and common facility services. There are also 3 associations in the cluster out of which only AICMA which is the association for exporters provide few services to the industry apart doing policy & advocacy work. There is one market consortia for the micro enterprises but it has not yet started functioning properly. There are also presence of financial institutions and micro finance institutions but the linkages with micro enterprises are very poor whereas the exporters seem to have good linkages with financial institutions.

### 1.3 Selection of Micro-enterprise

It is estimated that there are about 1000 micro enterprises and approximately 300,000 weavers who are manufacturing different type of carpets. Micro enterprises and household weavers exist at a different level of the value chain. While the micro weavers get the order for job work from the exporters while the household weavers get the job from the micro weavers

**Table 2.** Categorization of carpet manufacturing enterprises

Sl. No	Category	Unit (No.)	Investment in Plant & Machinery (Rs./Unit)	Employment/ Unit (No)	Turnover/ Firm (Rs. Lakh)
1	Micro-A	1000	500000	10	10-15
2	Micro-B (Weavers)	300,000	50000	-	0.5-1

*Source: FMC-UNDP Survey, 2012*

particularly in those cases when the micro weavers outsource the some part of the order received from the exporters to the household units. It has been observed that the turnover of micro enterprises are around 1-20 lakh per annum while the income of the household weavers are between 30 thousand-1 lakh per annum. Under the survey 5 Micro-A and 5 household weavers have been interviewed across different type of carpet manufacturers.

## 2. ANALYSIS OF BUSINESS OPERATION: ISSUES RAISED BY THE MICRO-ENTREPRENEURS- A DEMAND SIDE PERSPECTIVE

### 2.1 Finance:

Although most of the micro units or weavers have their own bank account but they do not have formal source of financing. Either the units invest or spend from their own account or take loan from family and friends. Due to procedural diligence and requirement of various legal documents and collateral these units are not being able to access working capital or any kind of financial support from the banks. The weavers have got artisan credit card which has a provision of getting loans but weavers are reluctant to get loans through that scheme as they feel getting financial support under the scheme is difficult as the process is lengthy and one need to have a good rapport with the officials to get it. There are couple of Micro Finance Institution's present in the cluster but their penetration among this particular cluster has not been extensive yet as the requirement of working capital is higher than the limit of this MFI's. Usually financial requirement of the weavers are in the range of Rs 25,000-Rs 50,000 but these MFI's limit is in the range of Rs 8,000-Rs 12,000 for first time loanee. This cluster requires financial product such that which can be in the range of Rs 50,000-Rs 5,00,000.

## 2.2 Market:

The industry has not grown much in the last 5-6 years and its turnover particularly for the micro enterprises (ME) and household units remain around Rs 300-Rs-350 crore. The cluster is fully export oriented and ME or household based weavers do only job work for the exporters and large manufacturers. These household units do not have any direct market linkage nationally or even at the local level. However the weavers or ME are willing to get into the domestic market but particularly for household units even if they wish, the current economic conditions do not allow them to become full grown entrepreneurs as neither have they had any formal source for financing nor they have any savings to further invest for increasing or manufacturing carpets for their own business.

Bhadohi known for its Hand knotted carpet losing its dominance over the years and particularly since the global financial recession of 2008. Demand for tufted and tibetian carpets are growing because of its cheaper price compare to hand knotted carpets.

However, the manufacturers feel that if this cluster needs to survive then it has to continue manufacturing of hand knotted carpets as this intricate art is primarily and mostly available among the weavers of this cluster only. As other type of clusters like tufted, tibetian or machine made carpets are now also easily available in the places like Panipat, Jaipur hence buyers will prefer to buy from these clusters as the places are very nearby to Delhi and also cheaper compare to the rate of Bhadohi cluster. But at the same time industry needs to provide fare wages to the hand knotted weavers so that they can be encouraged to continue this activity. Hence if the industry feel only the handknotted can make the cluster survive then current wages of the weaver need to be increased which is not even Rs 100 per day. With a better and higher wages only the hand knotted weavers can be retained as the number of weavers is reducing drastically for this kind of art. The cluster needs to identify niche clientele who are only concerned about quality not the price. During the discussion with the industry it has been heard that a carpet has been ordered one client which worth Rs 50 lakh. Similar type of market needs to identify so that only high end hand knotted carpet being manufactured.

Bhadohi carpet cluster is an export oriented industry with

### ***LOOKING FOR DIRECT MARKET LINKAGE***

*Dinesh Mishra, running a micro units and primarily doing job work for the exporters and large manufacturers expresses the concern and mood of the micro and household enterprises. He insisted that there is a consortium for micro manufacturers but due to lack of support and information the consortium is not able to function properly and not able to help the micro units. He says that there are lot of micro units who are willing to have direct market linkage as there is a huge potential domestic market which has been remained untapped. But due to lack of market information and linkages MEs are not able to manufacture for their own business hence always remain depended upon large buyers and continue to exist as job worker only.*

very few domestic orders. The job workers and small manufactures are dependent on exporters and agents for work. They do not have any direct linkages with the buyers. Also small and micro level manufacturers lack domestic markets for carpet. Bhadohi carpet industry has been facing a great threat from China internationally and from Jaipur, Agra and Panipat at domestic level. Chinese carpets are machine made and much cheaper as compared to handmade carpets. Jaipur, Agra and Panipat are becoming new hubs for handmade carpets and offering a better eco system.

Most of the enterprises, support units claimed that there has been a huge fall in the demand of handmade carpets of Bhadohi since the recession period. However some units feel that it's another tactic of the exporters to slash down the cost of production by creating scarcity for work amongst the job workers. From the contractors to the artisans, no one seemed to know about the actual selling price of the carpets they produce. The exporters maintain a high level of secrecy and were skeptic about entertaining any stranger in the factory premise.

### 2.3 **Technology:**

Knotting process is the major manufacturing process observed in the cluster. The type of machinery & equipment used in the production process are hand looms, broad looms, dyeing machine, Finishing Machine, Washing Equipments. Majority of the machinery suppliers exist outside the cluster. Propagation and commercialization of the lightweight Electrical Tufting Gun (ETG) and E-Scissors developed during SIDBI-APITCO project period with fund support of SIDBI respectively is becoming difficult to get carried out after the project period as supply of electricity continues to be a major problem. However there has been good response for the machine as it increased the productivity level by almost 50-70%. Also it is not possible to produce intricate design of hand knotted carpet using ETG. There are around 700-800 manual designers however most of the designers are not trained in advanced designing software like CAD/ CAM as such cluster firms are offering lower fees for their service. During the SIDBI-APITCO intervention around 40 manual designers got trained in advanced CAD/CAM and started operating in computer which is said to have doubled the productivity. After the designers got trained in CAD/CAM during the project intervention some of them also got recruited by local industry which has enabled them get higher income.

## ***LACK OF BASIC INFRASTRUCTURE DEMORALISE THE SELF ESTEEMED ENTREPRENEURS***

*Mr. Munnilal Yadav, a tufted weaver struggle to run his 6 member family expresses it deep concern and agony over the lack of power supply in his village. He shows his 2 electrically operated tufted gun which he bought 2 years back said there is no usage of these gun as electricity is an oasis in his village and condition has worsened over the 2 years. He somehow arranged Rs 15,000 to buy these 2 ETGs as he came to know that productivity can be increased hence the income by using ETG. With this great motivation he bought those 2 ETGs. However what he little knew is about the worsening condition of power supply which he considered as a great demoralising factor and creating hindrance for those weavers who want to grow even in this poor condition.*

### **2.4 Raw Materials:**

The major raw material used for the production is Wool, Viscose/ synthetic yarn (Polyester, Acrylic, Nylon, jute etc.) and other chemicals for washing. The indigenous yarn is procured from local spinning mills besides from Bikaner and Surat through traders. The yarn is also procured from New Zealand by traders operating at Varanasi. More than 90% of the yarn is purchased, dyed and supplied to weavers/ tiny manufacturers by Merchant Export Firms (MEFs) and Manufacturing Export Firms (MAFs). The cotton yarn is purchased by manufacturing firms from the local yarn suppliers which is used as a warp. The chemicals used in chemical and mechanical finishing are supplied through dealers and distributors operating in the cluster. Price fluctuation of yarn is high due to seasonality and fluctuations in demand which makes the cost of the raw material very volatile. This affects the profitability of the manufacturers as they have already taken the order as per the prior quotation. Micro manufacturers or the household weavers get the raw material from the exporter as their role only as job work hence most of the weavers do not have to purchase the raw material on their own. However as the price of raw material has increased drastically over a period of one year thus it has affected the weavers also as exporters cut the increased price of raw material from the payment to be made to these micro weavers. This means micro weavers also take the burden of sharing the increased raw material price with the manufacturers which has great impact on these weavers. Those few micro weavers who buy the raw material on their own say they cannot increase the price of the product as exporters in that case exporters will not buy the carpet from them. Hence in both ways the weavers are the sufferer as they are the most affected lot due to increase in raw material prices. Most of the weavers express that mechanism of raw material bank can solve the problem as the price of raw materials can come down in that scenario.

### **2.5 Skill:**

The industry mainly requires skilled and semi-skilled weavers. The wages for both the categories have been raised in past 5 years to the extent of 60 percent. An artisan of tufted carpets can earn up to 6000 rupees a month if he has a job every day and works for 8-10

hours a day efficiently. A weaver working on Tibetan carpet can earn up to 200-220 rupees a day for a work of 14 hours a day. Weavers making hand-knotted carpets are in the most dismal situation. The weavers are paid only for tying knots and not for opening and wrapping the yarn on the loom which itself takes a day. A weaver of knotted carpets gets merely 40 rupees if he can tie 6000 knots successfully in the same day. Because of such low wages only older people, living in villages are making knotted carpets that too with disinterest. This is the reason that hardly any young person is willing to learn the art of knotted carpets and involved in the production now in Bhadohi and neither the parents are asking them to learn the skill. Irony is that at one hand it has been expressed by the industry that this cluster can only survive in the global market if it sticks to its originality of hand knotted carpet but the wages are the lowest in this type of carpet manufacturing.

The involvement of women in the carpet industry has increased in few years. Most of the women work from their homes because of social taboo. The majority of them are Muslims. There is a large proportion of women who do the work of unfolding the yarn. They get 10 rupees for unfolding one yarn. In a day they can make up to 40 rupees.

There is an institute to provide support to the carpet industry of Bhadohi .The institute is called Indian Institute of Carpet Technology. The institute is situated in Bhadohi town which is almost 25-30 km from the villages. Weavers are reluctant to go the institute for any support as it far off from their villages and taking any training program continuously is a major problem due to proximity.

## **2.5 Infrastructure:**

It was observed during cluster survey that the infrastructure are in pathetic condition as the roads are not properly built, availability of electricity is less than non availability of electricity. During discussion with the entrepreneurs, it has been realized that this cluster has considered as mega cluster but the wait for the schemes being into affect seems to be a never ending process.

## **2.6 Social Capital (Association/Co-operation/SHG/JLG etc)**

A 'Marketing Consortium' for micro manufacturers has 58 registered members who are micro and small contractors/weavers. The association started 3 years back and since then has been slowly growing. However the micro units are still not very united and the association yet to be successful in its endeavour of building market linkages and bringing benefits to the weavers.

## 2.7 Government Schemes:

During the survey, it has been realized that most of the entrepreneurs are not aware about the govt programmes and very few interviewed have been benefited through govt supported programmes. According to weavers the scheme has its own fault also. Under the artisan credit card, artisan is supposed to get health insurance support but it says that artisan has to bear the expenditure upfront and later it will be reimbursed by the government. However artisan felt that the procedural for reimbursement is so time consuming that ultimately they give up the demand for reimbursement.

### Suggestions and Recommendations of the interviewees:

1. **Government Programme & Schemes:** There are substantial numbers of government schemes available and each one of them is meant to create impact at the life of the people in this case particularly for the carpet making weavers. However most of the beneficiaries are not aware about the schemes and programs and local administration and authorities need to gear up to implement the scheme in its true spirit. Even if the schemes are getting implemented, beneficiaries are reluctant to avail the scheme due to unnecessary long procedural system. Local level NGOs/CBOs should be empowered and schemes be implemented through them by involving the beneficiary community in the process.
2. **Finance:** Lack of availability of finance seems to be one of the major hurdles in the growth and development of micro weavers. Existing economic condition do not allow them to take risk and invest on their own. Due to poor income factor their saving is so low that they struggle to meet basic requirement for living let alone using their own money for business. Even if they survive the basic requirement for business their financial need is such that there is no specific financial product available among the financial institution. It is inevitable that if the micro weavers need to grow then financial institution must come up with need base specific financial products particularly for the weaver's community.
3. **Marketing:** Micro weavers have no direct market linkage which is also one of the major hindrance in their growth aspect. Existing marketing consortium has also not been able to provide any benefit to the weavers due to lack of market knowledge. If the consortium can open a showroom/outlet in Varanasi town then it can fetch some buyers for them which allow them to manufacture for their own business. If local/state government can support them by procuring only from the micro weavers it will certainly promote and encourage them towards entrepreneurship. IICT can conduct/arrange exhibitions only for micro weavers as they do it for exporters every year.

**4. Skill/Wage:** Government need to fix the minimum wage rate of weavers and particularly for the hand knotted weavers it can revive the traditional art of hand knotted carpet which is the USP of Bhadohi and will remain as USP if the cluster needs to survive in future. Exporters need to provide a better wage rate to hand knotted weavers so that new generation can be attracted for this art. Government must introduce skill development training program particularly for hand knotted weavers through IICT so that more employment can be created in this art which will be beneficial for the cluster as well. IICT must open up training centre in the villages so as to make it possible for the weavers to go for training.

## METAL CRAFT CLUSTERS OF DHENKANAL, ORISSA

### A.1 About the Cluster

Orissa is known for metal crafts having huge skill base of artisans producing variety of products. Dhenkanal Metal Craft Cluster is one of the locations where as many as 680 artisans are engaged in producing Dhokra (Copper, Nickel and Zink alloy) utility and decorative items and also Bell metal (Copper and Tin alloy) utility items. However, Dhokra is the main product of the cluster produced using handmade lost-wax technique by the artisans from “Situlia” caste belong to SC community. Bell metal work is carried out by artisans from “Kansari” caste belong to OBC. Both Dhokra and Bell metal in the cluster is more than 100 years old but the Dhokra craft has undergone a lot of changes, whereas, Bell metal work has remained the same and gradually losing popularity and thereby market. Traditionally Dhokra was limited to household utility items especially kitchenware but gradually it is experiencing lot of changes in design, products, etc and predominantly becoming decorative items. Dhokra crafts are well mounted in various gift forms to create photo frames, jewelry, figures etc.

Dhenkanal Metal Craft Cluster is spread over 10 villages within 40 km radius of Dhenkanal town. Concentration of the artisans in the villages along with the major products can be seen in the table given below.

Village	No of artisans	Main Products
Sadeiberini	140	Dhokra Crafts and Utilities
Nathua	50	Dhokra Crafts and Utilities
Khajuria kata	50	Dhokra Crafts and Utilities
Pohali	30	Dhokra Crafts and Utilities
Badamuktapasi	50	Dhokra Crafts and Utilities
Bhubana	100	Bell Metal-Largely utility items
Indipur	90	Bell Metal-Largely utility items
Aukhuma	45	Bell Metal-Largely utility items
Karamul	100	Dhokra Crafts- Mainly Tribal Jewellery
Bangur Singh	25	Dhokra Crafts- Mainly Tribal Jewellery
<b>Total</b>	<b>680</b>	

Source: UNDP-FMC Survey 2012

All the artisans work from home and therefore qualify to be called as house hold units. The average size of the unit is 2-3 where both husband and wife work along with one more family member or sometimes they hire labour. Around 40-50 percent of the total workforce is women.

Most of these artisans work on wage for the traders from Dhenkanal and other parts of the country. Traders supply raw materials and designs. The highly skilled artisans make their own designs. Raw material used in Dhokra is largely scrap in the form of broken kitchen utensils collected from various parts of the country and supplied by the traders in Dhenkanal

town. There are more than 20 such suppliers in the cluster. The other raw materials used for casting are wax and fire wood which are collected and supplied by small vendors in the villages.

Among the support institutions, Regional Industries Centre (RIC) in Dhenkanal plays a vital role in supporting the artisans in various ways. RIC is instrumental in implementing enterprise development scheme like PMEGP, help in sending application for state and national awards, help artisans participate in various trade fairs/ exhibitions, etc. Dhenkanal also has a good network of bankers.

## **A.2 Methodology of the Study**

Dhenkal Metal Craft cluster was selected for the sample<sup>24</sup>. The major crafts in the cluster are Brass and Bell metal Crafts using traditional low wax casting method. Out of the 10 major villages in the cluster, 2 villages - Sadeibareni and Karamula having a) higher concentrations of artisans and b) all varieties of metal crafts were chosen for the field study. Karamul focus more on tribal Jewellery, where as Sadeibareni produces decorative dhokra products and kitchen utility items.

A sample of 10 entrepreneurs from Sadeiberini and Karamul was picked up for detailed interview using structured questionnaire. Focused group discussion was also organized with the stakeholders in both the locations to understand the problems and opportunities in the cluster. In addition, Government agencies like Regional Industry Centre (RIC), and implementing agencies like Anwesa Handicrafts Pvt Ltd, few traders and one showroom at Dhenkanal was interviewed.

## **A.3 Types of schemes implemented related to MEs**

**Craft Village Scheme (CVS):** This scheme is a State Government Scheme implemented by ANWESA<sup>25</sup> in Karamula village to impart skill development training program. More than 50 poor villagers benefitted out of the training and started Dhokra Jewellery making as livelihood. Marketing and other support was provided by Anwesa.

**PMEGP/ REGP:** 90 artisans availed loan upto Re 1 lakh under REGP with Rs 30,000 subsidy under REGP scheme. Some of these artisans use this money to buy raw materials, however, most of them used for unproductive consumption. REGP was later on converted in to PMEGP.

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<sup>24</sup> Pls see the section....of the main document on selection of sample for the study.

<sup>25</sup> ANWESA Anwesa Tribal Arts and Crafts is a non government organization working across Orissa, especially with tribal groups, promoting livelihood generation based on their traditional craft skills. It has been working in reviving languishing tribal crafts such as kondh dhokra, wood carving, stone crafts, tribal combs and paintings.

Few artisans have availed PMEGP loan by RIC. Some of the, were skilled artisans who used the loan amount in buying raw materials and started their own production instead of depending solely on the traders. They used these additional products to participate in different exhibitions.

**AHVY** implemented by Orupa-another NGO to impart skill and design development training in Sadeiberini village. However, this support was limited to training only

**SGSY:** 2 SHGs availed Rs2.4 lakh loan with a subsidy component of Rs 1.2 lakh under SGSY. However, the impact of this loan on their business was not clearly reported by the artisans.

## **B. Description of the sample**

Most of the artisans belong to SC community and a few are from OBC category. The average qualification of an artisan interviewed is up to primary education. Few of them have undergone skill development training organized by the State Handicraft Department. Artisans interviewed in Karamul village have received intensive training from ANWESA.

Most of the units in Sadeibareni village are more than 3/4 generations old whereas the artisans in Karamula is either first or second generation artisans of the age group of 20 years and above. None of the units have any registration number. However, they have artisan identity card. Couple of them also have artisan credit card. Most of them mentioned that they/ their forefather started the business with their own capital. However, many of them got bank loan either through artisan credit card or through group loan under SGSY program. However, they were not being able to clearly articulate how they used the loan amount. The artisans at Sadeibareni depend largely on traders for marketing except for one respondent who is a national awardee who participate in various state and national exhibitions and sell his products. Artisans in Karmaula do job work for Anwesa and get good wage along with other benefits like insurance and pension facility. They also get small emergency loans whenever there is any family problem or any other important occasion like marriages, festivals, etc.

## **C Analysis of Business Operation**

### **C.1. Skill**

Dhokra craft has reached a great deal of perfection in few locations like Sadeiberini and Karamul village of Dhenkanal cluster with some truly indigenous designs emerging from its craftsmen's skills. State Government Department of

### ***SKILL IS NO USE WITHOUT MARKET***

*Mr. Shashari Gadtia a national awardee in his own words says "I produce dhoka round the year and sell the products in 7/8 exhibitions in Orissa and outside in other cities as well. My wife being a national awardee, we both complement each other and produce variety products for up-market. However, both of us face problem in communicating with buyers and therefore we fail to convince them about the labour and creativity gone for production which can justify the price quoted. Despite of high value products with beautiful designs, we compromise with low profit margins". However, the products having good looks and quality can confidently foray into national and even export markets. There is critical need for marketing support too. This is a serious disincentive.*

*Source: UNDP-FMC Survey, 2012*

Handicraft is instrumental in upgrading the skill base of traditional craftsman and exposing them to new products and designs. The Department also supports in sending nominations for various state and national awards and facilitate the awardees and other skill artisans participate in national level trade fairs and exhibitions. However, barring these villages other villages produce largely kitchen utilities with less artistry work which does not require much skill.

Skill was not a problem a decade or two back when there was good demand for utility items. The artisans were practically learning the job and by observing others. Using brassware was considered to be sacred and also a symbol of aristocracy by rich families. With new variety and attractive kitchen wear made of glass, plastic, china clay, etc coming in the market has drastically reduced the demand for brass products. Appropriate skill snowballs in to an issue with this drastic change in market and therefore enforced change for the artisans to move from general utilities to more decorative items which requires skills. Artisans without having creativity and having less access to such training sources are finding difficult to survive the onslaught of competition and gradually shifting to other work.

On the contrary, Karamul village has seen an opposite trend. Here artisans number is growing day by day. The skill created by an NGO called Anwesa is truly praiseworthy. 20 year old Pooja proudly says “I am earning Rs 3000 per month and take care of my old parents and live a life with respect and dignity. All these could be possible due to the training and then job provided by Anwesa”. Thanks to initiatives, several young women like Pooja from the village have been able to break traditional barriers to pursue their dreams.

## C.2 Market

Lack of market information and marketing skill along with insufficient working capital forced most of the artisans in the cluster depend on traders from Dhenkanal and others parts of the country. Raw materials and sometimes designs are supplied by these traders. All the profits of business are taken away by these traders and the artisans get only a pittance as job work charges. A highly skilled artisan producing exquisite products get wage to the tune of Rs 150 to Rs 200 per day where as semi skilled artisans get Rs 75 to Rs 150 per day. Unskilled artisan producing kitchen utilities get very lower wage maximum to the tune of Rs 50 to Rs 75. This wage rate is even less than the wage decided by MGNREGA for 100 days of guaranteed work and other construction and farm labor wage which attract these unskilled workers to move out of Dokra work.

### ***EXODUS OF ARTISANS WITH CHANGING MARKER DEMAND***

*There are villages like “Bhubana” in Dhenkanal where drastic fall in number of artisans producing only kitchenware has been experienced in last 5/6 years. In Bhuban only, 800 artisans left Brass and Bell metal work having difficulty in surviving with meager wage earned out of casting work and shifted to other job works like daily wage labour in farming/ construction and related work. Some of them even migrated to other urban areas in search of work. “I had to close dhoka work and start daily wage labour after having difficulty in getting wage to sustain life” reminisce Mania Pradhan with moist eye. There are many Mania in the cluster who are no more doing casting and have shifted to other livelihoods.*

It is quite surprising to see that there are more than 7/8 state and national awardees in Sadeibareni village alone. More are there in other villages as well. However, despite of

## **Promotion of Micro Entrepreneurs in Underdeveloped regions by the Value Chain Partner in Development**

30 years back Dhokra was an income source for few families in Karamula village while majority of the people were below poverty line with labor work as only source of living. Karamula has witnessed drastic change in last 30 years of its journey. There are 100 families whose incomes have substantially increased due to Dhokra work which was a far off dream for them decades back. This was made possible by a known visionary of the area Mr. Ananta Charan Sahoo who dreamt of this possibility and his constant endeavors made all these success possible through his NGO- “ANWESHA”.

Mr Sahoo is an Anthropologist by education and headed Academy of Tribal Dialects & Culture (ATDC) as Director for a long period. His job in ATDC and personal interest in crafts made him exposed to vast global arena of crafts. With this knowledge he not only created ANWESHA started working from Karamula with 20 families and now reached to more than 100 families. ANWESHA not only organized intensive skill development training for making tribal Jewellery and but also provided raw materials and technical support in production. The products manufactured by these artisans were then taken to various markets including the export markets. With this intervention, each artisan is now comfortably earning not less than Rs 200 per day for working for 4/5 hours. However, the income varies with the time spent for production and skill of the artisan.

ANSWESHA keeps certain margin of the profit for bearing administrative and operations cost and use other profits for the benefit of these artisans like giving pension, insurance and other benefits. However, all products are sold in the name of ANSWESHA Crafts ensuring quality of the product which gives a brand image in the eye of buyer. This is an example of induced cluster where promoting organization is part of the value chain and does the interventions in a focused way unlike many other NGOs who do lot of intervention but do not focus on completing the value chain by ensuring all critical inputs required for enterprise development.

When we compare Karamul village with nearby villages like Sadeiberini where despite of presence of skilled artisans and even some of them are national/ state awardees, the number of artisans are declining day by day, reason being lack of direct access to market. The Dhokra crafts produced in the area even though having huge market potential in the country and abroad, the artisans are depending on traders only and therefore getting very less wage for their work. Except for few highly skilled artisans who get regular invitations for participating in exhibitions, other do not even get a minimum wage of Rs 100 per day to lead a comfortable life and therefore are willing to work as daily wage earners under different schemes like NREGA, etc.

having such huge skill base, it is quite surprising to see most of these awardees work for the traders. While interacting with them it is learn that this dependency is due to the poor market knowledge of the skilled artisans. Few awardees got regular invitation from RIC and other line department and solely depend on these exhibitions for selling their products.

### **C.3 Technology**

The production process of the units consists of die making, melting, casting, scraping and polishing. The technology for production process is traditional and obsolete. Particularly the casting process followed here is too old. It uses lost-wax process to cast hollow brass objects and images. The essence of the process is to model the object in wax, each one individually, around a hardened clay core which has approximately the shape of object to be cast. Layers of soft clay laid over wax model and hardened into a mould. The wax between core and mould is lost or burnt out as mould is heated. Then molten metal takes its place and hardens

between the core and inner surface of mould which holds a negative impression of the wax model in all its detail. The outer surface of hardened metal, therefore, reproduces the shape and details of original wax model, with the core producing hollow interior. The hard core and mould become spongy and soft on firing and are easily removed.

The die made of clay is being used and once the casting is completed, such die becomes fully gutted and it is not possible to utilize this for second time. Casting solely depends on firewood. Production gets hampered during rainy season as the furnaces are placed in open air and firewood also gets less fire during rains. Summer also puts lot of drudgery on artisan to caste product in open sky. Sun rays on the one hand along with the high temperature of furnace makes the work practically impossible to do during summer. Artisans do all casting early in the morning. However, the long hour of firing and the need for supervision make the production volume less. The artisans expressed the need to search and learn if there is any alternate firing system available which can help in better heating and also reduce the seasonal factor.

The technical feasibility of replacing clay die with metal die may be examined and if found feasible, a CFC for die making may be created. The feasibility of sand casting as in vogue at Moradabad may also be studied and implemented in the cluster. It is high time that the cluster gradually eliminated the obsolete methods of processing and production and introduced new technologies like painting, engraving, lacquering etc.

#### **C.4 Finance**

Due to inherent weaknesses, mainly financial resources, and lack of market knowledge no artisan has ever endeavored to look beyond job working except for few awardees and master craftsmen. Brass scrap is provided by the traders but the enterprises have to invest for purchase of clay, firewood, payment of wages workers engaged from outside for casting and finishing operations. It is learnt that some of the artisans availed bank finance for business development. But they used the finance for other purposes instead of developing business and they have again gone back to the traders. Default in repayment of the loan make them unbankable. Whenever there is urgency, they resort to borrow from money lenders who charge exorbitant rates of interest. While discussing the financial issues artisan mentioned that they are not aware of different sources of credit. Even they lack the capacity to estimate how much money is actually needed for the business.

#### **C.5 Quality**

Presently, the raw materials used by the artisans are those supplied by the traders. These traders, with their typical trading mentality supply cheap quality scrap to get the products manufactured at comparatively cheap prices. Poor quality of brass scrap often causes cracking and spillage during casting and sometimes the colour of the products get white patches. These wastages and quality problems make the cost of production higher. Traders do not take such poor quality/ waste product and do not even bear the cost and therefore the artisans bear all the losses. This is opined as a major problem by the artisans of Sadeiberini village. The tribal jewellery prepared in Karamula does not face such quality problems as all products are meant for urban and export market. Here ANWESHA does all quality checking and ensures good scrap supply to the artisans.

Dhoka artisans expressed their concern for production/ quality loss due to frequent power failures in the area. Eclectic fans are used for blowing fire in furnaces. Power failure hampers the casting and sometimes sudden breakdown cause damage to the products kept for casting in the hot furnace. Artisans bear the brunt of quality problems and loss due to firing.

### **C.6 Infrastructure**

As mentioned in technology section, there is a well felt need for Common Facility Centre having advanced furnace may be electricity or gas driven which can reduce the seasonality problem and enable the artisan to work during hot summer and heavy rains. This initiative will also improve the quality of casting.

## EARTHEN POTTERY CLUSTER OF CHALTABERIA, NORTH 24 PARGANAS, WEST BENGAL

### 1. BACKDROP

#### 1.1. Selection of Cluster

Earthen pottery cluster of Chaltaberia<sup>26</sup> was selected from North 24 Parganas district which is 30 km away from Kolkata, West Bengal. The cluster, located at 12-15 km from District Industries Centre (DIC), Barista comes under the jurisdiction of Barasat-I Development Block. The cluster is situated in rural area and well connected by road. The nearest rail way station, Duttapukur is about 4 km from the cluster area.

#### 1.2. Principal Product of the Cluster

Pottery utility items like plate, glass, cup, pitcher, jar, and trays are the principal products of this cluster. However, terracotta items like diyas, idols of God & Goddess, decorative show pieces and fancy gift items are also produced in this cluster

**Table 1.** Categorization of products of the cluster

Sl. No.	Type of Products	No. of Unit
1	Mainly utility items and partly idols	205
2	Diyas, idols and utility items	40
3	Diyas, idols and decorative show piece items	05

*Source: Diagnostic Study Report, Earthen Pottery Cluster of Chaltaberia, GoWB (supported by FMC)*

#### 1.3. Selection of Micro-enterprise

It is estimated that there are about 250 number of micro pottery units. All the units in the cluster are principal firms of the finished products and come under micro category as per MSMED Act 2006. However, these pottery units can be further differentiated into three micro categories, depending

**Table 2.** Categorization of bee-keeping enterprises

Sl. No.	Category	Investment in Plant & Machinery (Rs./Unit)	Employment/ Unit (No)	Turnover/ Firm (Rs. Lakh)
1	Micro-A	10000- 15000	12	> 25
2	Micro-B	10000- 15000	06	10-25
3	Micro-C	5000-7000	03	< 10*

Note: \* Mostly in the range of 1-2 lakh

*Source: Diagnostic Study Report, Malda Honey Processing Cluster, GoWB (supported by FMC)*

<sup>26</sup> The parameters for selection of this cluster appear in Chapter-II: Methodology and Approaches.

upon amount of money invested in plant and machinery and number of persons employed. It was observed that 90% of the labourers are OBC, 5% are minority and 5% are SC. During the field survey, Micro-C own-account-enterprises have been targeted and 10 micro-entrepreneurs from OBCs interviewed.

## 2. ANALYSIS OF BUSINESS OPERATION: ISSUES RAISED BY THE MICRO-ENTREPRENEURS- A DEMAND SIDE PERSPECTIVE

**2.1. Finance:** It was observed that poverty and lack of adequate jobs are some of the major reasons why majority of these units are still financially backward. The micro-entrepreneurs said that they depend completely on the advances received from the local intermediate traders (Mahajan). It was observed that there is huge scarcity of working capital for these units. The micro-entrepreneurs said that on an average they consume two lorry of mud/month. However, at present there is a drastic increase in the price of raw materials. For

example, price of mud/lorry has been increased from Rs. 3,500/- to Rs. 7000/- during the last five years. They have to arrange a large amount of working capital for bulk purchasing of mud since the mud-

### MICRO-ENTREPRENEURS PREFER MIDDLE-MAN FOR FINANCE

Micro-entrepreneurs said that they produce mainly pottery utility items on order basis as demanded by local middleman. Part payment of money on the total amount ordered, helps them in accumulating required amount of money to purchase raw materials. However, if they go to the bankers for getting loan, bankers asked a big amount of money as collateral. For example, to get loan on Rs. 1 lakh, bankers asked them to deposit Rs. 85 thousand as collateral. They said that if they can arrange Rs. 85 thousands, then what the need to get loan is. Therefore, we prefer middleman for finance.

*Source: UNDP-FMC Survey, 2012*

supplier demands on spot payment. It was told that there are two nationalized Banks viz., UBI, Duttapukur and SBI, Duttapukur working in the cluster area; however, loaning is not happening, especially for the very needy micro units. The micro-entrepreneurs said that they don't have required financial assets for availing loan from the banks since bankers demanded huge amount of money as security deposit. Besides, loaning process involves certain complex processes like preparation of business plan, accounting etc which they found difficult to meet. They do not get support from the bankers if asked for their assistance. As a result they are forced to take advance from other sources and prefer local intermediate traders. However, when the micro-entrepreneurs asked about possible solutions to overcome the existing problem, opined that joint efforts are going on to form a local association (Samabai Samiti) by the members of our units with an aim to better negotiate with the bankers, administrative staffs to deal the financial matter.

**2.2. Market:** The main products (> 50% of total sale) of the interviewee are utility items like plate, glass, cup, pitcher, jar and trays etc. Micro-entrepreneurs said that they produce these items on order basis as demanded by local intermediate market trader as per the design specification provided by him. The traders paid part payment on weekly basis to these units. The micro-entrepreneurs said that high quality of the products is the main features to attract wide customers and most of the products are sold to Delhi, Gujrat and Uttar Pradesh. However, they do not have sufficient market information

since relatively fewer amounts are sold in the local exhibitions and government marketing networks. The micro-entrepreneurs, when interviewed, said that market share of their pottery items has been reduced considerably due to abundant presence of cheap substitute of Chinese products like thermocol, plastic items etc. Most of the interviewee expressed that they don't want to enhance their marketing skill due to poor financial condition. They said that if we concentrate in enhancing our marketing skills, production process will be hampered. Therefore, we could not earn money which we are earning at present and this may lead to absolute poverty.

- 2.3. Technology:** It was clear during discussion with the entrepreneurs that technology applied at every stage is traditional starting from clay processing to finished product. They separate impurities (like small stones and other unnecessary particles) from the mud manually and it is both labour and time consuming process. In the event of presence of impurities in finished clay, the process of creating finished products become difficult. It often causes cracking during burning. Hence there is scope for mechanization, e.g. through introduction of modern machinery like clay mixture and separation of impurities from the clay.

Moreover, it was observed that the current colouring technique restricts the usage of multiple colours prior to firing. The only colour usable is a brownish colour. Micro-entrepreneurs said that we need better techniques to be used for colouring with other colours prior to firing. Besides, the micro-entrepreneurs suffer from cracking due to uneven heating leading to around 10% of their produce been rejected. At presently, they are practicing firing through burning woods, which is not cost savvy but also polluting the environment. Non-availability of sufficient wood and drastic increase in the price of wood during the last five years are some of the major issues related with it. They said that we want mechanized drying and firing system through deployment of electric furnace in our proposed CFC.

- 2.4. Raw Materials:** The interviewees said that the main raw material i.e. mud/clay was easily available earlier from the cultivation field nearby. But later on scarcity of raw material is seen due to rapid urbanization. So they were bound to purchase the same from Canning in the South 24 Parganas District. This is 90 km. far from the cluster area. It involves a sizable amount of transport cost and working capital for bulk purchase. The other raw material required for burning the earthen items is wood. Non-availability and high price to procure wood are the major issues. The entrepreneurs expressed their major concern that price of raw materials has been drastically increased during the last 5 years. For example, price of mud/lorry (around 1000 quintal) was Rs. 3500/- during 2007, however, present price in 2012 of mud/lorry is Rs. 7000/-. Similarly, price of wood/kg was Rs. 1/- during 2007, however, present price in 2012 of wood/kg is Rs. 3/-. However, they are not getting comparative benefit as selling price of the finished products has stagnated with marginal improvement. They said that profit margin per piece of utility items, therefore, has been reduced to 10-15%.

- 2.5. Skill:** It was observed that manufacturing of the pottery and terracotta items is an age-old practice in this cluster area and knowledge is being inherited from generation to generation. Entrepreneurs said that they are having required basic skill set, however,

don't have modern outlook from business point of view. Therefore, they said other skill set like accounting and business literacy are required. This is imperative if they are interested in enhancing their capacity as also if they would like to switch their marketing channels as there will be need for loaning and hence maintenance of accounts and preparation of business plans.

- 2.6. Infrastructure:** It was observed that the village is well connected through road, power and water supply. During the interview with the entrepreneurs, it has been realized that proposal of constructing CFC has been approved in the cluster. Lack of packaging and storage facility is a big problem. Packaging system of the artisan is very ordinary. They use dry straw, cartons and plastics as packaging materials. Breakage during transportation is estimated at 20%. Hence there is high scope for value addition through appropriate retail packaging.
- 2.7. Social Capital (Association/Co-operation/SHG/JLG etc):** There is no association of stakeholders in the cluster, except few SHGs of women entrepreneurs.
- 2.8. Government Schemes:** During the survey, it was told that many entrepreneurs are not aware about the govt programmes and very few have been benefited through govt supported programmes. Though, the PMEGP scheme has been implemented in that village, the entrepreneurs who were actually needy are still to get benefit of the scheme.

### **Recommendations**

1. Training of entrepreneurs in entrepreneurship, book keeping and accountancy skills.
2. Exposure visit to benchmark clusters for learning better practices.
3. Promotion of appropriate technology in clay processing, firing and packaging.
4. Linkage with appropriate marketing channels.
5. Creation of local network, association, co-operative to enhance negotiating power of the entrepreneurs.

## BRASS AND METAL CLUSTER, MORADABAD, UTTAR PRADESH

### 1. BACKDROP

#### 1.1. Selection of Cluster

Metal cluster, Moradabad<sup>27</sup> was selected from Moradabad district. It is situated at a distance of 167 km from the national capital, New Delhi, at the bank of River Ram Ganga. Moradabad is popularly known as an industry town and famous for production and supply of metal artifacts since the eighteenth century. Brassware industry has a major contribution in providing livelihood to the masses. The genesis of brassware making in Moradabad can be traced to Mughal (Muslim) craftsmen who brought with them the know-how of the traditional art from Delhi to Moradabad some 400 years ago. Local Muslims learned these occupations and since then they have been passed down the generations. Since then, it started catering to the domestic markets. Exports of brassware products opened with opening of Exports from India. Thirty years ago, self-employed artisans still made brass ware for a largely domestic market but with the advent of export sales and new product lines, the character of the industry has changed dramatically to accommodate new pressures from massive export orders from retailers all over the world.

#### 1.2. Principal Product of the Cluster

A large variety of manufacturing brassware items being produced in Moradabad are mostly utility-based (viz., metal lamps, candle and pillar holders, picture frames, flower-vase, baskets and storage boxes, lanterns, napkin ring and accent furniture) and decorative artifacts (viz., wall décor, decorative curtains, beaded-table-linen, napkin rings, cushion).

#### 1.3. Selection of Micro-enterprise

There are around 26,500 household units engaged in brassware production in Moradabad with a total workforce of 46,000 and provide direct and indirect employment to approx 3.5 lakh people. The cluster has a total turnover of approximately Rs 2500 crores out of which Rs 2000 crores

**Table 1.** Number of household units in Moradabad

Sl. No	Type of Unit	No. of Units			Total
		Brass	Aluminium	Steel	
1	Casting	10,000	7,000		17,000
2	Polishing	1,000	1,500	500	3,000
3	Scrapping	1,000	500		1,500
4	Welding	500	500		1,000
5	Grinding	500	500		1,000
6	Coloring	500	500		1,000
7	Engraving	1,000	1,000		2,000
<b>Total</b>		<b>14,500</b>	<b>11,500</b>	<b>500</b>	<b>26,500</b>

*Source: DSR, Moradabad*

<sup>27</sup> The parameters for selection of this cluster appear in Chapter-II: Methodology and Approaches.

being generated through exports. During the field survey, micro own-account-enterprises have been targeted and 10 micro-entrepreneurs including 9 Minorities and 1 general interviewed.

## 2. ANALYSIS OF BUSINESS OPERATION: ISSUES RAISED BY THE MICRO-ENTREPRENEURS- A DEMAND SIDE PERSPECTIVE

It was observed during interaction with the entrepreneurs that Moradabad metal handicraft cluster has been contending with a number of factors that have limited its further potential for generation of new jobs and opportunities. These factors may include the insufficient capital and investment incentives, inadequate business infrastructure, limited market and stagnant prices of the finished products.

**2.1. Finance:** The micro-entrepreneurs work mainly on credit basis to meet their financial need and are dependent on local intermediary market agents (Mahajans). There are number of nationalized banks exist in Moradabad like SBI, PNB, Allahabad, Bank of

### PARTIAL SUCCESS OF ARTISAN CREDIT CARD SCHEME

Government has launched recently Artisan Credit Card Scheme to benefit the artisans. However, artisans are not getting maximum benefit of the scheme due to procedural complications. Banks has fixed the loan limit to artisans. As per the guidelines, 50% of the required amount is being sanctioned and remaining 50% is being paid after full expenditures of previous amount shown by the artisans. Apart from this, there are also few other procedural complications too those caused partial success of the scheme.

*Source: Discussion with President, Brass Artisan Society, Moradabad*

Baroda, Canara, Oriental Bank of Commerce and Indian overseas Bank, however, micro-entrepreneurs said that access of working capital loan from these bank is a major problem. They feel it is extremely difficult to do all documentation. Besides, the process is lengthy and requires good rapport with the officials.

**2.2. Market:** Micro-entrepreneurs said that they produce brassware items on order basis as demanded by intermediate market agents (big manufacturers, exporters) who purchased the products at a large scale and export the same in other countries. Relatively fewer amounts are sold in the local market. Therefore, scope exists to explore the local market through government marketing networks channels. When interviewed, why they are not exploring government marketing networks through participation in the exhibitions being conducted in Pragati Maidan, Dilli Haat, Expo Mart, the micro-entrepreneurs said that access to these networks are difficult due to lack of finance and absence of good rapport.

Although there are various schemes that help in enhancing marketing capabilities and opportunities of micro-entrepreneurs, the smallest of the micro-enterprises (the ones interviewed) do not get such opportunities which are cornered by the bigger micro-enterprises.

**2.3. Technology:** During interaction with the entrepreneurs, it was observed that most of the products are being manufactured by manual processes in this cluster. However, the demand of metal handicrafts has increased over the years. In comparison to fully

handmade finished products manufactured earlier, customers are now keener to get perfect products. China has reaped the benefits by introducing necessary technology. Entrepreneurs when interviewed opined that such technological changes need to introduce here also to enhance quality of finished products and sustain this traditional sector in the changing competitive environment.

- 2.4. Raw Materials:** The raw material required for manufacturing these handicraft items is mainly brass. Entrepreneurs expressed their major concern that due to drastic increase (around doubled) in the price of brass in the last three years, a large amount of working capital is being expensed. However, profit is not improved much due to marginal improvement in the selling price of finished products. At present the entrepreneurs diversifying their products from brass to aluminium and iron to increase their profit margin. However, they expressed their concern that lack requisite capacity in handling aluminium and iron is a major challenge to explore the comparative advantage. Besides, they suffer due to part payment as against the total amount of finished products sold to intermediate market agents and lower price offered. These micro-units often lack negotiating power due to dependence on the intermediate market agents to avail working capital loan.
- 2.5. Skill:** During the cluster visit and discussion with many stakeholders, it was observed that the micro-artisans do not have any alternative source of income as their skills are strictly limited to this trade unlike the big exporter who has the flexibility to deploy his capital outside this trade. Again being a proud possession, they are not willing to forget this trade and take other skill development programmes. However, the present generations are not willing to take up this insecure business as it involves high risk, big investment etc. Therefore, they prefer other livelihoods options like auto rickshaw driving, rickshaw pulling, selling of fruits and vegetables etc.
- 2.6. Infrastructure:** Moradabad is getting only 4-5 hours electricity in working hours and a total of 13-15 hours on daily basis. Most of the work depends upon the availability of electricity like spot welding, lathe machine, polish. Apart from that there is no defined industrial area in Moradabad. Micro-enterprises are in great need of a common facility centre (CFC) in the cluster. Lack of packaging and storage facility is a big problem. Packaging system of the artisan is very ordinary.
- 2.7. Social Capital (Association/Co-operation/SHG/JLG):** There are around 12 registered associations/NGOs in Moradabad but it was felt that few associations/NGOs are closely associated with MEs. For example, Brass Artisan Society is actively working to raise the voice of artisans, their needs and aspirations. The society has been registered in 2005. Earlier, only 74 artisans were registered by DIC office concerned. However, Brass Artisan Society took it further as a mission to bring these artisans under the main stream through registering them in DIC. At present, 80,000 artisans have been registered by this Brass Artisan Society and all the artisans received their identity cards. It helps the artisans in claiming benefit of any government schemes targeted for them. Another NGO called Ummeed-A Helping Hand is closely working with artisans in the area of education, health, and skills up-gradation. Realizing the skill gaps of the existing workforce in Moradabad cluster, Ummeed recently took an initiative to establish a training institute for the artisans to bridge the skill gaps in coordination with DC Handicraft.

**2.8. Government Schemes:** Moradabad cluster has been announced as mega handicraft cluster during 2008-09 by the Ministry of Textiles. Comprehensive Handicrafts Cluster Development Scheme (CHCDS) has been designed to provide a wide range of services like design support, technology support, materials inputs and marketing linkages to artisans in the cluster to make handicrafts products more innovative and export friendly. During the survey, it has been realized that most of the entrepreneurs are not aware about these kind supports are being facilitated by this govt programme and very few of them been benefited. It has been observed that infrastructure development work is still on in the cluster. There are still some entrepreneurs who are actually needy but not getting benefit of the above government initiated support.

#### **ARTISAN TRAINING CENTRE: AN INITIATIVE OF UMMEED**

Ummeed, an industry led not-for-profit organization, has taken an initiative to establish a training centre for the artisans under the CHCDS. Ummeed was registered in 2008 and has been working for the welfare of the artisans since then. Its Board of Governors includes various stakeholders from the Moradabad cluster as well as professionals who have their sympathies with the crafts and craft persons of Moradabad. The proposed training centre is intended to provide state of the art training on entrepreneurship skill development to the artisans in the Moradabad cluster area. The training facility intends to build capacity of the artisans in developing new technical knowledge, skills, process optimization, productivity improvement, product diversification as well as business management and market access skills.

*Source: Discussion with President, UMMEED, Moradabad*

## SAL LEAF (CUPS AND PLATES PROCESSING) CLUSTERS, BARIPADA, ORISSA

### A.1 About the Cluster

Sal tree (*Shorea robusta*) is found abundantly in the forests of central and eastern part of India. Collection of Sal leaves is an age-old practice in the northern part of Orissa including Mayurbhanj. Baripada Sal leaf cluster is spread over two districts of Mayurbhanj and Balasore. Betnati is the epicentre for trading, while raw material is collected from the forests of Mayurbhanj. Most of the processing units are in and around Betnati, Balasore and few other places. The cluster is more than 45 years old. However, the product got popularity in late seventies when cup and plates pressing was done through pressing machine. Soon after, the product got huge market in northern states like Punjab, Haryana, Rajasthan and UP and different dyes in the machine started getting used to fulfil the need for new designs of cups and plates. Presently the Sal leaf cups and plates are transported to all major cities of the country and the products are used mostly in eateries, temples and ceremonies.

Sal leaf collection from the forest, stitching of leaves by hand, transporting of hand stitched leaves to the processing centers, manufacturing of Sal leaf cups and plates by molding machine and transporting to the different market places of India, are the major activities of the cluster. Sal leaf products are prepared by stitching leaves in hand with the help of small sticks to make cups, plates, bowls have many traditional usage in rural as well as in urban areas. The collectors are mostly women, aged above 12 years, from poor families living barely at the subsistence level. Usually women collect the leaves and after return to the village, the male members of the family and the children help in subsequent operations. Sal leaf collection is one major source of income for the local people for eight months in the year. More than 7 lakh tribal people are associated with the sal leaf activities in the cluster.

Total number of machines for manufacturing cups and plates in this cluster is 4000-5000. Around 250 traders are registered with the Forest department out of which 5% are big, 30% are medium and 65% are small traders. The yearly turnover of sal leaf business in Baripada cluster is around 500 crores. The villages in the cluster have a spread of 10-15 Kms. There are about 15 villages having more than 100 households processing units. Among these villages, villages in Hathikot Gram Panchayat work on Khalis<sup>28</sup> and rest of the villages are engaged in *Dwipatri*<sup>29</sup>. More than 90% households of these villages are involved in NTFP collection.

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<sup>28</sup> When 6 to 8 leaves are stitched together using small sticks to give a shape of a round shaped plate it is called *Khali* in local discourse

<sup>29</sup> Similarly when 2 leaves are stitched together, it is called *dwipatri*

## A.2 Methodology of the Study

Ten micro entrepreneurs randomly selected from 6 locations and interviewed by using structured questionnaire and also through informal discussions. To get the better geographic representation, six locations where Sal leaf business is very prominent were chosen. Among them Betnati, Rupsa and Basta are three big hubs of Sal leaf cups and plates pressing and trading. Discussions with primary leaf collectors, traders and various support institutions were also organised to have better understanding of the needs and problems faced by the cluster stakeholders.

## A.3 Sample analysis:

Out of the ten respondents 2 respondents have primary level education, 4 persons secondary, 1 person diploma, 2 persons higher secondary and one person is educated up to post graduate level. Six persons belong to OBC and 4 persons are from general caste. Eight traders chosen this business at their generation, one inherited from his father and one from his grandfather. 6 out of 10 units interviewed have DIC registration.

## B. Analysis of Business Operation:

### B.1 Raw material

Sal leaf is a seasonal product available for around 8 months in a year. Collection of sal leaf from the forest and its subsequent operation is always a time consuming affair and women are mostly involved in this activity. Along with all the household works they have to cover a long distance for the collection of leaves and spend 6 to 7 hours every day. From this hard work they are not getting proper return. Even their daily income does not match with the daily wage prevailing for other works. Hence, many sal leaf collectors are taking up other remunerative options and therefore raw material availability has become a major problem in the area.

#### **RAW MATERIAL SHORTAGE BECAUSE OF POOR RETURNS IN LEAF COLLECTION**

*Champabati Marandi, a primary collector of leaves in her own words says, " with my full capacity, I can earn, at best, Rs 60 per day from Sal leaf collection and trading and by taking all the pains to travel 7 kms a day to the forest and spending almost seven hours plucking leafs. Whereas, MGNREGA is assuring us Rs 150 per day with 100 days of guaranteed job in a year. Government is also giving us rice at Rs 2 per Kg. With such benefits, I and many other people like me in my village are no more interested to collect leafs".*  
*Kunja Bihari, a leaf plate processor also mentioned the same problem which is hampering his business.*

### B.2 Finance

In absence of other viable livelihood options the primary collectors of Sal leaf need cash to maintain their day to day life during off season which forces them to fall prey to the traders which reduces their bargaining capacity and are compelled to sell their produces as dictated by the traders. As reported by the primary processors who manage 1 to 5 machines need

working capital and very often they fall prey to high rate of interest offered by the micro finance companies and money lenders.

Contractual processors mainly invest money on machinery and labour. Some of the processors who are also engaged in trading invest money in bulk purchase of raw material and storage. Access to additional capital of about Rs.4-5 Lakhs would help the processors to undertake trading as well. At the present level of capital investment contractual processors are not able to meet the market demand.

During Dec-Jan months, the price of raw material escalates without any rise in price of finished product. This causes lot of hardship to those processors who do not have capital and space to store raw materials. Most traders who store the raw material make best use of this opportunity. Most of the entrepreneurs interviewed expressed the need for capital to buy raw material for off season and also a storage facility for the same.

### **B.3 Product/ Market**

#### ***SUPPORT FOR SURVIVAL***

*Gagan Bugudi, a Sal Leaf Plate processor says, “there is a need for policy change related to encouraging Sal leaf trade and use of its products by declaring tax benefits in the entire country. Furthermore, to strengthen its position, plastic products should be banned so that there would be increased circulation of sal leaf products in the market and the people involved in this business would get better earning. Sal leaf cluster has the potential of making entire Indian railways plastic free, if it gets policy support. The huge human resource engaged in the cluster also need policy support for security and safety.”*

There is a need for support in the area of product development to ensure better market and overcome market bottlenecks. Sal leaf cups and plates are facing competitions from cheaper and ostensibly superior quality substitute products made of plastic, thermocol, etc eventually adding environmental concerns. Entrepreneurs expressed the need for product diversification, cost saving technologies, methods to enhance productivity and quality improvement. There is growing market for eco-friendly products which can eventually push the growth of Sal leaf products. However, this needs support from Government to promote Sal Leaf product as environment friendly and bio-degradable product.

### **B.4 Technology**

Processing units use electric pressing machines to convert the stitched leaves into cups and plates. Processing is done either at Household pressing unit or at Contractual processor/ processor cum trader. Most of the households process only Donas whereas the plates are pressed either at

#### ***SOCIAL SECURITY COVERAGE FOR PROCESSORS***

*Mahendra Behera, a Sal leaf plate processor mentioned how he is facing various physical problems due to pressing of the Sal plates which is done by the force of leg. The open wire used for heat control on a chain is dangerous and sometimes causes severe health hazards like nervous breakdown with electricity shocks, etc. Therefore there is a need for securing the life through various security measures like health and life insurance. There is no such security provision for Sal leaf processors in the area.*

contractual processor's place or at processor cum trader's place. Two sets of dwipatris are pressed together to make a cup and two sets of khalis are pressed together to make a plate. Often a thin polythene sheet is used in between the two dwipatris. The Dwipatris and Khalis are pressed on a hot dye which helps to give sufficient tensile strength and proper shape. The machine consumes 3 to 4 units of power for pressing one bundle of cups (2100 cups) and 2 units for a bundle of plates (1 gunny bag or 350 to 400 pressed plates). The cost of polythene is Rs 0.05 per cup or plate.

In the Baripada sal leaf cluster, villages that have electricity, primary collectors cannot afford to purchase and install a machine because of high cost. Also voltage fluctuation causes damage to the machine requiring frequent repairs and hence waiting cost. Thus, most units operate w/o electrical connection as the cost of electricity is high and will eat away good portion of the profit.

Technological development is also necessary to make the electric run machines energy efficient and user friendly so that it can be used efficiently with less power consumption and the workers can work comfortably.

#### **B.4 Infrastructure**

Most of the processing units operate with illegal electric connection as they believe that payment of electrical dues will make the entire process unviable. The power supply companies are getting stricter and taking very strong steps to cut down illegal connection. Once that is done, the affordability and viability will be a question. Irregular power supply and low voltage is another issue which affect the production and profitability of the business.

##### ***Power Generation using Sal Leaf wastes***

*Ganesh Chndra Panigrahi stressed on the need for creating infrastructure for **Captive Power Generation** using Sal leaf waste. He believes that this initiative will reduce the electricity problem in the cluster and will make the processing business viable.*

#### **B.5 Social Security and Policy Measures**

The entire workforces in the cluster still remain unorganized. Welfare measures like insurance, pension etc are not adopted yet either by traders or Government. Only one scheme -PMEGP is known to the processors. There is a need to make other programs/schemes known to the entrepreneurs.

##### ***Policy Support for Sal Leaf Business Promotion***

*“Sal leaf is an insurance against starvation, migration and social unrest” quoted by Mr. Deepak Pani who has been working in the area for more than two decades and witnessing the challenges faced by the leaf collectors and entrepreneurs. He believes, adequate attention has not been given to this cluster as a result after so many years existence, the primary collectors are not capable of earning equivalent to the minimum wage rate fixed per day by the Government. It is true that, about 15 to 20 thousand workers of the processing units are capable of earning equivalent to the minimum wage rate but it is not compensating to their hazard, risk and time. The traders are getting the cream of this business like any other sector. The steps which have been taken in the shape of abolition of sales tax or technology development are inadequate in relation to the size and shape of the cluster. The impact of the steps taken has not reached to majority of stakeholders or they are not benefited from this. The sal leaf cluster has a positive environmental impact all over the country along with addressing the livelihood of millions of people. So progress of such a significant cluster could bring significant progress in economic, social and environmental aspects of the country.*

## BEE-KEEPING AND HONEY PROCESSING CLUSTER, MALDA, WEST BENGAL

### 1. BACKDROP

#### 1.1. Selection of Cluster

Bee-Keeping and honey processing cluster, Malda<sup>30</sup> was selected from Malda district. The district is situated 365 kms from Kolkata, West Bengal. The cluster is located under administrative jurisdiction of Old Malda Development Block of the District. It is only six km from the district head quarter, Malda city.

#### 1.2. Principal Product of the Cluster

Honey is the principal product of this cluster. At present, six types of honey are being produced (Table 1). However, mustard and litchi honey are the major produces.

**Table 1.** Categorization of products of the cluster

Sl. No.	Type of Honey	Season of Production	No. of time honey harvested from a box /season
1	Mustard	Dec-Feb	5
2	Litchi	March	3
3	Eucalyptus	Oct-Nov	1-2
4	Til	Apr-May	1
5	Kalojira	Feb	1-2
6	Dhania	Feb	1-2

*Source: UNDP-FMC Survey, 2012*

#### 1.3. Selection of Micro-enterprise

It is estimated that there are about 680 bee keeping units in the cluster. All the units in this cluster come under micro category as per MSMED Act 2006. However, bee keeping units can be differentiated into three categories, depending upon number of bee-boxes and investment they have. During the field survey, Micro-B own-account-enterprises have been targeted and 10 micro-entrepreneurs including 6 SCs, 3 Minorities and 1 woman (SC) interviewed.

**Table 2.** Categorization of bee-keeping enterprises

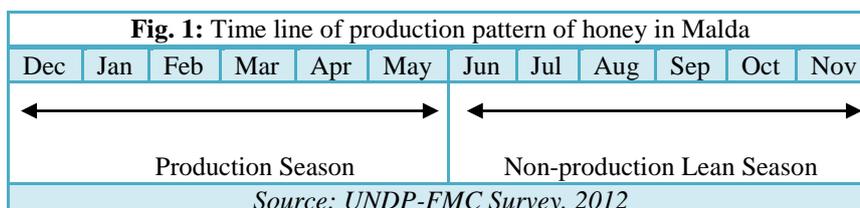
Sl. No.	Category	No. of Boxes	Avg. investment	No. of units
1	Micro-A	20	Rs. 25000/-	350
2	Micro-B	20-40	Rs. 37500/-	250
3	Micro-C	40-120	Rs. 100000/-	80

*Source: Diagnostic Study Report, Malda Honey Processing Cluster, GoWB (supported by FMC)*

<sup>30</sup> The parameters for selection of this cluster appear in Chapter-II: Methodology and Approaches.

## 2. ANALYSIS OF BUSINESS OPERATION: ISSUES RAISED BY THE MICRO-ENTREPRENEURS- A DEMAND SIDE PERSPECTIVE

**2.1. Finance:** The micro-entrepreneurs (who are members of the newly formed Bee-Keeping & Honey Processing Industrial Cluster Development Society, Malda<sup>31</sup>) said that lack of access to working capital loan from banks earlier was a major problem. Non-cooperation of bankers to give loan based on past record of an individual bee-keeper without verifying required legal asset as collateral was one of the major problems. They said that production of raw honey is performed during December to May. However, during non-production lean season (Fig. 1), a huge amount of sugar (30 kg/box) is required to feed the honey bees. Due to drastic increase in the price of sugar during last five years<sup>32</sup>, a large amount of working capital is being expensed for purchasing of bulk amount of sugar. Moreover, the amount gets blocked for a period of 6-8 months (Fig. 1). But the problem has now been partially solved.



### FINANCE IS NOW NOT A MAJOR ISSUE: SOME INITIATIVES

The Managing Committee of BHPICDS, Malda discussed various issues related to finance with the bankers and good relationship was established with the bankers through repeated discussions. Realizing the initiatives going on under the MSE-CDP programme to develop the cluster, some representatives from Bangiyo Grameen Vikas Bank showed interest to provide financial assistance to the bee-keepers. As per the advice of bankers, 27 Joint Liability Groups (JLGs) were formed by BHPICDS, Malda during 2010. Each JLG comprises 5 bee-keepers. Thereafter, 11 more JLGs have been formed by BHPICDS, Malda. At present there are 38 JLGs and the society has now succeeded in getting an amount of Rs. 75 lakhs as loan sanctioned from the Bangiyo Grameen Vikas Bank.

*Source: Discussion with Managing Committee, BHPICDS, Malda, 2012*

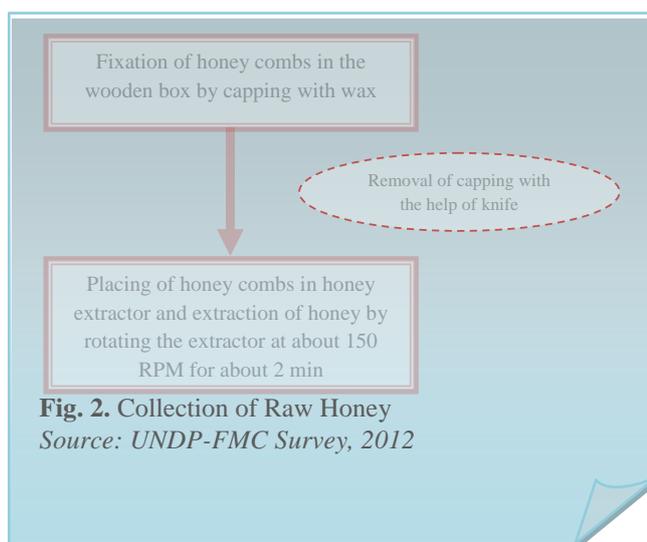
<sup>31</sup> The Society was created to address various challenges faced by the cluster. For further details please see section 2.7 (Social Capital)

<sup>32</sup> Price of sugar was Rs. 17/kg during 2007, however, price of sugar now in 2012 is Rs. 34/kg

**2.2. Market:** The main product (> 50% of total sale) of the interviewee is Mustard honey followed by Litchi. Relatively less quantity gets sold in the local market and government marketing networks. However, as against producing and then waiting for orders, things have improved during a MSECD Programme after the introduction of a buying agent who gives orders prior to production and hence security. Micro-entrepreneurs said that they produce raw honey on order basis as per the specifications of the intermediate market agent. The President of BHPICDS, Malda said that though earlier there was huge competition of Indian honey from China, however, at present Chinese honey has lost its global appeal due to poor quality and impurities detected. This has broadened the scope of Indian honey globally. However, micro-entrepreneurs do not have sufficient market information. The micro-entrepreneurs, when interviewed, said that they suffer mainly due to part payment as against the total amount of raw honey sold to intermediate market agent and lower price offered for the raw honey. The President of BHPICDS, Malda said that bee keeping units lack negotiating power due to presence of only one marketing agent. Efforts are being made to make more publicity of Malda honey through development of society's own website and diversifying market linkages facilitating visit of new buyers/big corporate.

<b>“BUYING AGENT”: A PARTIAL RELIEF</b>
Majority of the cluster products are sold to Kejriwal, an intermediate market agent who purchase raw honey and export the same after processing. It ensures in strengthening demand-supply value chain process between the intermediate market agent and bee-keepers. Bee-keepers said that quality of raw honey earlier got affected due to poor quality of iron containers used by them. However, they were supported by Kejriwal. Distribution of good quality plastic containers in free of cost helps the bee-keepers in replacing age-old iron containers.
<i>Source: UNDP-FMC Survey, 2012</i>

**2.3. Technology:** To know the steps in collection of raw honey, the Secretary of BHPICDS, Malda had been interviewed. The steps involved at present bee-keeping units following is given in Fig. 2. It was observed during interview with the bee-keepers that equipments used for collection and extraction of raw honey are smoker, faceveil, gloves, feeder, sprayer, honey comb, wooden box and honey extractor etc. These equipments are supplied by some big beekeeping units from within the cluster.



**Fig. 2.** Collection of Raw Honey  
*Source: UNDP-FMC Survey, 2012*

The members of the BHPICDS, Malda said that there are no processing units and testing laboratory in Malda District, which implies scope for mechanization through introduction of modern machineries like honey processing units, laboratory testing facilities etc. Though, Common Facility

Centre (CFC) has been proposed under the MSEC DP programme to be established in the cluster area, however, due to some procedural complication, the process is getting delayed. The members of the managing committee, BHPICDS, Malda said that three private firms shown interest to install honey processing unit in the cluster area. The members also expressed that honey can be most preferable livelihoods if additional income generation facilitated through product diversification of honey like production of royal jelly, propolish, bee venom and pollen which are having larger market demand and value.

- 2.4. Raw Materials:** The raw material required for bee-keeping is mainly sugar. Bee-keepers expressed their major concern that due to drastic increase (around doubled) in the price of sugar in the last five years, a large amount of working capital is being expended for feeding the bees during non-production lean season. However, profit is not improved much due to marginal improvement in the selling price of raw honey. When they were questioned to take joint action to procure sugar, they said due to lack of storage facility it is not feasible at present. However, they opined that if assistance is being provided to purchase sugar at a subsidised rate through ration shops, then it can mitigate the issue to a certain extent.

- 2.5. Skill:** During cluster survey, it was observed that bee-keeping units usually do not follow any scientific methods for managing their enterprises. The

#### DEMAND-SUPPLY MISMATCH

There was one honey processing unit owned by an SSI (Malda Mango Co-operative Society Ltd.). But the processing unit was not able to reduce the moisture content of raw honey to the extent of 20% which is required for national & international market. Due to poor attention paid to mitigate the issue, bee-keeping units were compelled to sell their raw honey at a much lower price. As a result, though, it was installed by the unit; bee-keeping units stopped using service of that processing unit and at present the plant is not functioning.

*Source: Diagnostic Study Report, Malda Honey Processing Cluster, GoWB (supported by FMC)*

#### LACK OF KNOWLEDGE: OBSTRUCTING GROWTH OF THE HONEY INDUSTRY

Plant reproduction requires transfer of pollen from the anthers (male part of a flower) to the stigmas (female part of a flower) either on the same plant or on a separate plant that may be some distance away. Honeybees are highly efficient pollinating insects since one bee, during a single day, visit several thousand flowers, and collect pollen and continuously transfer pollen grains from one flower to another. This cross pollination ensures better yields of good quality crops. However, bee-keepers said that when they migrate to flower fields for collection of honey, some farmers often show agitation against bee-keepers, as they consider bees may reduce their crop yield. Bee-keepers expressed that awareness generation of farmers about the significance of honeybees in increasing crop quality and quantity is very much required. The members of BHPICDS, Malda said that Department of Agriculture can play a vital role in this direction broadcasting the significance of honeybees in getting higher yield in local channel.

*Source: UNDP-FMC Survey, 2012*

micro-entrepreneurs said that they acquired basic skills through working initially in neighbouring big bee-keeping units to start their own business. At present, scientific method of honey bee rearing is being provided to the bee-keepers by BHPICDS, Malda. However, bee-keepers said that they lack some other basic skills like accounting and management of business operation which in their opinion considered as most critical in enhancing their capacity to explore competitive marketing channels.

- 2.6. Infrastructure:** It was observed during cluster survey that the village is well connected through road and power supply. During discussion with the entrepreneurs, it has been realized that construction of CFC has been approved in the cluster area. The entrepreneurs expressed following support facilities from the CFC like installation of honey processing unit, pollen drying units, artificial comb for collection of pollen, training hall and testing laboratory.
- 2.7. Social Capital (Association/Co-operation/SHG/JLG etc):** To overcome various challenges facing the clusters, an association had been formed by the bee-keeping units during 2006 and finally Bee-Keeping & Honey Processing Industrial Cluster Development Society, Malda (BHPICDS) came into existence and got registered under the cluster development programme of MSME (MSE-CDP) in 2008. More than 325 members mostly of bee-keepers enrolled their name in the society. The society has their own land of around 2 kathas and office room. There is one managing committee of 11 members and one advisory committee of 15 members in the society. During discussion with members of the society it was observed that till date the society provided the following supports to the entrepreneurs like establishment of bank linkage between bee-keepers and Bangiyo Grameen Vikas Bank to ease access of working capital loan, buyer-seller meet and introduction of big marketing agent named Kejriwal in the cluster area etc.
- 2.8. Government Schemes:** During the survey, it has been realized that most of the entrepreneurs are not aware about the govt programmes and very few have been benefited through govt supported programmes. Few families got loan from the PMEGP scheme. However, there are still many would be entrepreneurs who are actually needy are yet to get benefit of any scheme.

### SUCCESSFUL IMPLEMENTATION OF GOVT. INITIATED PROGRAMMES: A CASE OF PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME (PMEGP)

PMEGP is administered by the Ministry of Micro, Small and Medium Enterprises and is implemented by Khadi and Village Industries Commission (KVIC), a statutory organization under the administrative control of the Ministry of MSME as the single nodal agency at the National level. At the State level, the Scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme is being routed by KVIC through the identified Banks for eventual distribution to the beneficiaries / entrepreneurs in their Bank accounts. Objective of this program is to generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises. Though, design of the scheme is good, however, its implementation can be strengthened. Some of the important findings have been summarized below-

**Promotion of Local Level MSME Association and Capacity Building:** There is a need for capacity building of MSME associations so as to make them more effective at ground level and strengthen them to become effective partners in the promotion and development of MSMEs. At present, large number of such associations is one man show. Few industry associations have representation of big corporate without having ground realities. This will be possible only if MSME associations identified are the real players. In this regard, Govt. may define eligibility criteria for selecting MSME associations to be partner with the Programme/Scheme/Policy making/Data collection etc.

**Establishment of Separate Market Wing for MSME:** Generally, the micro entrepreneurs lack market information. Therefore, there is a need to establish a separate market wing for MSME at the district level. The main activities of this entity will be to conduct periodical market survey, to make aware the entrepreneurs regarding market trend and development of their requisite capacities and to help the entrepreneurs in choosing right product/industry.

**Awareness Generation:** Dedicated T.V Channels/News portal/Radio Channel for MSME should be launched by Ministry of MSME in PPP mode with prominent MSME associations in all regions of the Country.

**Identifications and Selection of Beneficiaries:** Identifications and selection of beneficiaries can be made more transparent by involving MSME associations in identification and selection of potential entrepreneurs and applications received through the MSME associations may be dealt on priority.

**Support for Preparing Bankable Project Reports:** Presently there is no support system for preparing bankable project reports available to the beneficiaries. This bottleneck can be minimized with active involvement of MSME associations who have sufficient MSME support staff and infrastructure. Nodal agencies and Financial institutions can also play an important role in helping beneficiaries to prepare bankable project report rather than only inspecting and rejecting it.

**Absence of Single Window Clearance System:** Beneficiaries are required to run around Nodal agencies and Banks for approval of the projects and release of the subsidy. A transparent system for approval and release of the subsidy is required to be put place. In this regard, Single Window clearance of the applications of the entrepreneurs is very much essential.

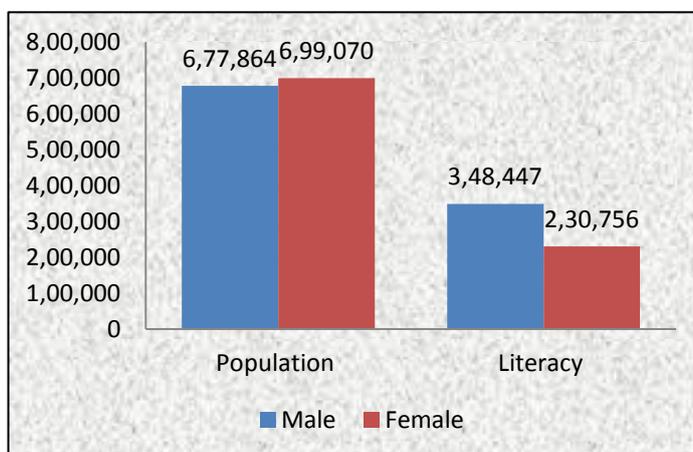
**Cluster Development Programme:** Cluster development programme for Micro & Small Enterprises should continue with substantially higher budget allocations and involvement of MSME associations. The emphasis should be on performance and outputs from the clusters rather than number of clusters and money spent. Establishment of infrastructural facilities like CFC is very much required to assist the entrepreneurs. It is also essential that all the needy micro-units within a cluster get benefit of CFC. In this way rural industrialization can be possible through CFC approach.

## DEOGHATI AND ADJOINING VILLAGES, KORAPUT DISTRICT, ORISSA

### A. Socio economic condition

#### A.1 Demography and Geography

Koraput is one of the southern most districts of Orissa. It shares its borders with Andhra Pradesh on one side and Chattisgarh on the other. In spite of its natural beauty, rich mineral resources and favourable bio-climate, Koraput is known as one of the most backward district of the country. It has a population base of 1,376,934 of which male and female are 677,864 and 699,070 respectively as on 2011. With about 50% of ST population 84% of its population are Below Poverty Line (BPL) and the development indices with respect to health and education are very poor. Total area under Koraput district is of about 8,807 km. The density of the population is 156. Total literate in Koraput District are 579,203 of which male and female were 348,447 and 230,756 respectively and the average literacy rate is estimated to be 49.87 of which male and female literacy are 61.29 and 38.92 respectively. With regards to Sex Ratio in Koraput, it stood at 1031 per 1000 male compared to 2001 census figure of 999 and this is even much higher than the national sex ratio of 940 as per latest reports of Census 2011.



The Koraput region situated in the Eastern Ghats is a high land plateau with number of hills and hillocks. The average rain fall is 1522mm and temperature is 12 c minimum and 38 c maximum.

There are two sub-divisions (Koraput and Jeypore), 14 Tahsils and 14 Blocks, 5 Towns one Municipality, 3 NAC and 1997 villages of which 1915 are inhabited and 82 are uninhabited villages. There are 2 fire stations and 5 assembly constituencies.

#### A.2 Economy

The per capita income of the district is Rs.5148.00 (2007-08). In terms of human development indices, the district stands at 27 out of the 30 district of the state. While urban livelihood has a mixed portfolio of services, business, enterprises, etc, rural livelihood of the district largely depends on agriculture, forest and livestock.

Hindustan Aeronautics Limited, a defense enterprise of the Government of India is only 15 km from Koraput town. This HAL factory makes military aircraft engines for MiG and expanding for Sukhoi assembly line employing 6000 engineers and technicians, all are

staying in the township next to the factory. The HAL factory and township is surrounded by hills and forest. The National Aluminium Company Ltd. (NALCO), Damanjodi employs around 2500 engineers & technicians are engaged in the process of extraction of Alumina from Bauxite. In addition, thousands of workers are engaged by hundreds of contractors. Nearby Semliguda township is developed to cater this population for marketing as well as entertainment. Semliguda is mostly inhabited by trading community. These traders and contractors do business in HAL, Sunabeda and NALCO, Damanjodi. Though these big public and private sector units are operating in the area and has significant contribution to earnings of the district, but there is almost no impact on income of the poor tribal. Moreover, establishment of such units caused displacement of so many villages made the lives vulnerable.

The major livelihood of the rural population is agriculture and NTFP collection and selling followed by wage based labour, handicrafts and handlooms, etc.

### **B. Selection criterion and methodology of imparting field survey**

Jeypore and Koraput are the two sub-divisions of Koraput. While Jeypore has plain lands, Koraput is on hilly terrain with livelihood primarily based on NTFPs, Fruits/ Vegetables, Crafts and Agriculture. Jeypore on the other hand being situated in plain land depends more on agriculture and other industries. Jeypore is also considered to be the business centre of the district. The climate, soil conditions and to some extent the livelihood options of these subdivision differ from each other.

One to one interaction with various stakeholders like farmers, NTFP collectors, representatives of support institutions, financial institutions, raw material supplier, technology providers, etc were done along with Focused Group Discussions conducted at each village. Some of the Participatory Rural Appraisal (PRA) Tools like Social and Geographical Map, Institutional Matrix, Venn-Diagram, Livelihood Matrix, Well Being Analysis and Problem tree through card sorting method was used to facilitate discussion and build trust with the villagers to bring out desired answers

SN	Village	No of HH	Tools used
1	Paikpuki	161	Interview, FGD, and PRA tools-Livelihood matrix, Venn Diagram, Well Being Analysis
2	Podeiput	228	Interview, FGD, and PRA tools-Well Being Analysis,
3	Gopalput	207	Interview, FGD, and PRA tools-Well Being Analysis, Problem tree
4	Misinguda	29	Interview, FGD, and PRA tools-Well Being Analysis,
5	Deoghati	256	Interview, FGD, and PRA tools-Social and geographical map, Livelihood matrix, Venn Diagram, Well Being Analysis, Problem tree

## **C. Types of schemes implemented related to livelihood**

### **Enterprise Development by PMEGP**

PMEGP is an enterprise development/ self employment generation program by the Ministry of Micro, Small and Medium Enterprises (MoMSME). The District Industries Centers (DICs) with the support of banks implement the program. The maximum cost of the project/unit admissible under manufacturing sector is Rs. 25 lakh and maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh. The scheme has two offerings. One is loan with some subsidy component attached to it and the other is short duration basic entrepreneurship development training. Loan is provided seeing the viability of the business proposal submitted by the candidate. The implementing agency and bank jointly review the eligibility of the applicant. After selecting the candidate and sanctioning the loan amount, implementing organization organize Entrepreneurship Development Program (EDP) for them to make them acquire basic business management skill. This training does not cover sector specific inputs or technical skills.

### **Vocational Skill Development by Jana Shikshyan Santhan (JSS)**

With the mandate of providing vocational skills to non-literate, neo-literates as well as school drop-outs by identifying skills that have a market in the region of their establishment Jan Shikshan Sansthan (a program of National Literacy Mission Authority of Ministry of Human Resource Development, Government of India) is working in Koraput for 7 years focusing on 14 blocks. This program is implemented by an NGO called WORD. The scope of work of JSSs includes the following: a) Develop/Source appropriate curriculum and training modules covering vocational elements general awareness and life enrichment components; b) Wherever possible, JSSs are encouraged to undertake training equivalent to courses designed by the Directorate of Adult Education, National Institute of Open Schooling and Director General, Employment & Training; c) Provide training to a pool of resource persons and master trainers for conducting training as also availability of infrastructure and training - specific equipment; and d) Network with employers and industries for trainees to get suitable placements

Though infrastructure is mentioned part of the provisions under the program but this was not availed in the area and the implementer feel that a training institute atleast at Gram Panchayat level is critically needed to make the initiative sustainable and for expanding the reach of the program.

**Other Programs** Various craft exhibitions, rural technology fair are supported by state agencies like ORMAS, CAPART, D.I.C., D.S.M.S., etc. Jobless workers constitute a major portion of the population. Through MGNREGS 2.68 lakhs households have been given job guarantees.

### **Knowledge constraint for appropriate infrastructure promotion**

SGSY scheme aims at establishing a large number of micro enterprises in the rural areas. The assisted families known as Swarozgaris can be either individuals or groups and would be selected from BPL families by a three member team consisting of Block Development Officer, Banker and Sarpanch.

SGSY, being a major program of the Government of India aims at poverty alleviation envisage incorporating 'good governance' principles like participation of the people, involvement of civil society. However, the success depends on who and how the program is being implemented.

In one case it was told that a technology given to the SHGs, however it was kept unused/ kept idle. The managers from the department having very little knowledge about the right technology to buy machine for the groups without knowing their merits and demerits and therefore most of those machines are unused. Moreover, beneficiaries have very little say in purchase of those machines. In few cases even if the machines are good and productions are going on well but it is not being able to reach out to appropriate market due to lack of market information and marketing skills of producers causing huge unsold stocks and thereby they incur losses.

Despite of being principal stakeholder centric initiatives, SGSY is not being able to create desired impact on the life of poor because the way it is being implemented.

## **B. Analysis of the livelihoods/ Enterprises**

### **Agriculture**

Agriculture is the primary occupation of the people living in Koraput district and plays a vital role in its economy. It is the primary occupation for more than 64% of people who belong to the Scheduled Tribe and Scheduled Caste communities. Rice is the major crop of the district; it occupies 39% of crop area during Kharif-the summer harvest and 8% during Rabi-the winter harvest. The other important crops of the district are ragi, suan, mandia, small millets, maize, vegetables and horse-gram. Though cultivated in smaller areas, crops such as cotton, sugarcane, ginger, pipala, coffee and turmeric are counted among the cash crops produced in the district. Agricultural production in the district depends completely on the amount and timing of rainfall.

One of the key challenges of agriculture in the region is small holdings and indigenous practices. A large majority of the farmers/cultivators belongs to the category of small and marginal holders limiting the scope for various development activities at individual level. There are several challenges faced by the small farmers like high agri-input cost due to logistics and distribution bottleneck increasing, financial constraints to go for better technology, other inputs, lack of market information, high risk and transaction cost of distant markets, technology bottlenecks limiting productivity and quality of crop and moreover, lack of knowledge on scientific cultivation and farm management.

In addition, there are various supply side constraints too, such as, poor transport and handling infrastructure, cost of transport to rural areas, small shipments raise unit import costs, high import costs for low analysis fertilizers, lack of harmonization of fertilizer and seed trade, limited number of trained rural stockists and so on.

The tribal people have indigenous knowledge system for their various agricultural practices. For example, they use their traditional knowledge to check viability of seeds before sowing, maintain soil fertility and conserve the landraces of rice and other crops. The knowledge is transmitted from generation to generation by families. Besides, Jeypore is also the place where many rice varieties originated; farmers in the area have conserved hundreds of rice varieties.

The agro climate of Koraput is also suitable for various fruits and vegetables which are available in good quality and volumes but due to lack of direct market access and sometimes due to ignorance or lack of information, tribal sell it in a much lower value. For example most of the villagers sell Tamarind at Rs 5/6 per kg to the traders who sell it not less than Rs 50/60 in Koraput and other outside market. Similarly, Jackfruit is sold at Re1 or Rs2 in the villages where as the same costs 50/60 times more when sold at urban markets by the traders.

However, the problem lies in low productivity and also in getting right price. Small volumes coupled with weak local market demand cause less profit margins. Financial constraints to go for better technology, other inputs, lack of market information, high risk and transaction cost of distant markets, technology bottlenecks limiting productivity and quality of crop and moreover, lack of knowledge on scientific cultivation and farm management are the major problems seen in the area. Moreover there is no industry related to processing of the agriculture outputs despite of being a good production base.

### **NTFPs/ Medicinal Plants**

Forests were one of the important sources of livelihood of the people residing in the area, but as the years passed, many new industries developed caused a severe loss of forest resources. This continues today and has directly affected the livelihood of the people. However, in some parts of the District, the tribal are instrumental in protesting the forest resources by organizing various joint forest management groups. Their daily consumption needs are met by agriculture and forest. However NTFP based micro enterprise to generate sustainable income sources have not been explored in scale.

Moreover, Jeypore area in the Koraput region has rich genetic resources of medicinal plants. The place has over 1,200 medicinal plants that are used for curing bone fracture, malaria, gastro-enteritis and other ailments. Koraput region is also a reservoir of rich floral diversity, comprising 2,500 species of flowering plants, angiosperms, gymnosperms and ferns.

Med-plants has much to offer, not just in the way of raising season income through collection and cultivation activities, but being an integral component of forest resource management, especially in the processing and marketing of NTFP, and providing a means to create rural assets and wealth through the development of micro-enterprises. Given the prevailing poverty

and opportunity in terms of accessibility to the natural resources there is a good scope for taking up various NTFP and med-plant based micro enterprises in the area. The design of the program should have provisions of all critical inputs like skill, finance, technology, market etc.

### **Joint Actions Leading to Better Marketing and Business Development - Case study on VARASSA**

VARASSA, is an apex body of 29 Self Help Cooperatives (SHCs) created with the support of Regional Centre for Development Cooperation (RCDC) for doing various common activities for NTFP related business development. RCDC has helped the SHCs and also their apex body in a number of substantial ways. It helped the SHCs learn product development through right techniques of preservation and value addition especially for perishable foods and NTFPs and linking them with right market. RCDC also helped the collectors of NTFPs to get good prices for their products by giving them market options and also help in using RCDC's own brand called "Banajata". This initiative not only helped the collectors/ producers get good price but also helped in product development/ value additions, better raw material handling techniques, quality production and reaching out to the right market through SHCs and its apex body. Linkage with market was possible by aggregation due to creation of this common platform in the form of Apex federation which addressed the issue of volume. In addition, less educated tribal women are now able to produce processed foods like wood apple squash, cashew squash, amlakendi, apple squash, pineapple squash and others and earning more.

One Common Facility Centre (CFC) Dayanidhiguda of Koraput is also established and managed by the apex SHCs. Construction of the CFC was supported by MGNREGA program. The CFC is used for various purposes like packaging of Bhui Neems, Satabari, Aswagandha, Amla, Harida, Bahadaand and other products. The partners and members of the SHCs also sit in the CFCs and plan for expansion, preparation and marketing of NTFPs. This facility is also used for various training programs. One showroom is also opened in Koraput selling of these products directly to the buyers. These initiatives by the cooperative is being able to generate sufficient revenue to become self sustainable. It has appointed a CEO and few other staffs and meeting the salaries from its own profit. This initiative by RCDC helped many tribal become respectable entrepreneurs.

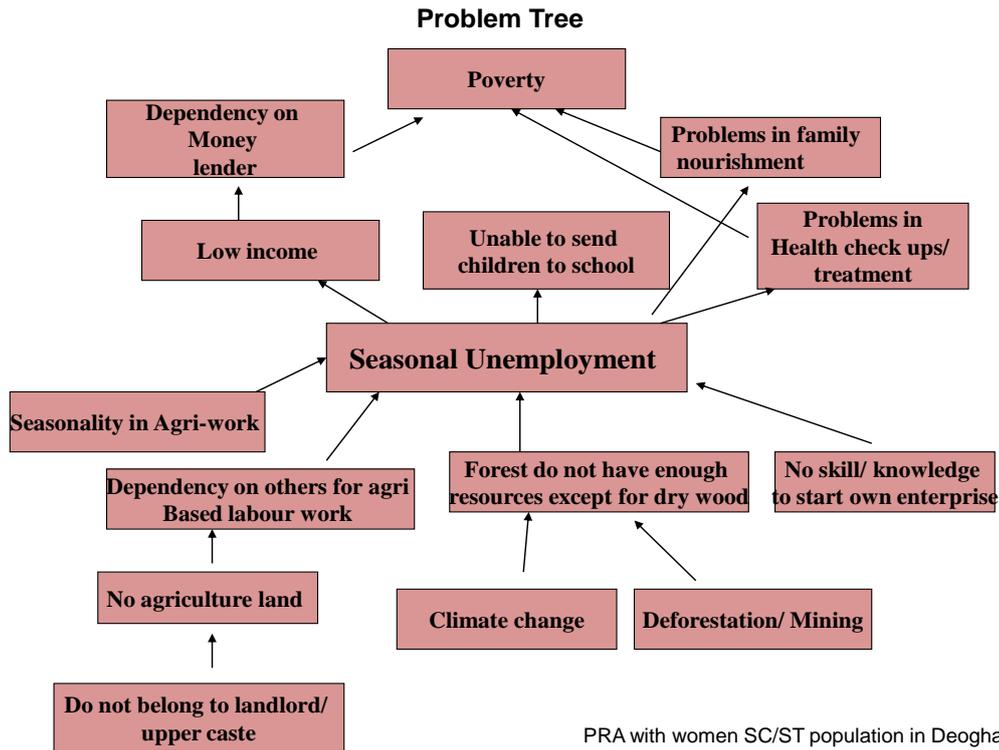
### **Handicrafts**

Koraput region is rich with traditional Art, Craft and handloom etc. The exquisite, vegetable-dyed scarves and saris spun by 'Mirgan' weavers are Koraput's signature handicrafts. Besides this, there are other handicrafts ranging from terracotta to metal work. However, the dual problem that hinders the growth of the artisans are: a) lack of market exposure of the artisans to national markets which limits their capacity to understand the need of the buyers and innovate products appropriately; b) Low volume and variety in the craft that can be cost effective to be taken into up market. To give the artists exposure to the outer world and also a scope to exchange their ideas with the artists of other region, a there is a need to organize exclusive buyers-sellers meet at different parts of the country. The skill base of the artisans along with product and design innovation skills needs to be upgraded. There is also a scope of developing new artisans with skill creation. An attempt has been made in the following table to analyse the value chains of the products based on the natural resources from Koraput and to understand the value additions at different stages along with the entry barriers.

### Value addition at different levels of the value chain and entry barriers

Primary Collectors of NTFP	Agents	Enterprises	Medium traders	Big traders
Stakeholders and their presence				
<b>Exit in large numbers</b>	Exist but very few	Almost nil	Almost nil (Come from other parts of Orissa and other states like AP, TN, Chattisgarh, etc)	Almost nil (Come from other parts of Orissa and other states like AP, TN, Chattisgarh, etc)
Products				
<b>Tamarind, Siali leaf, Amla, Hill Broom, Harida, Bahada, Wax, Jhuna, Honey, Medicinal Plants, etc. All in raw or semi processed forms</b>	All in raw forms	Processed food like Tamarind paste, Amla Pickle, etc and products like Siali Leaf Cup/ Plates, handicrafts, Processed Honey, Wax, etc	Processed and Packed Products	Processed and Packed Products
Job				
<b>a)Collection b)drying c)Stitching of leaves in case it is leaf</b>	a) Agglomeration b) Loose Packing c)Transportation of semi-processed plates to household / medium processing units	a) Agglomeration b) Processing c) Sorting e) Poly Packing e)Transportation to Medium / big trader	a) Agglomeration b) Processing ( some of them) b)Sorting c)Poly Packing, Weighing, Transportation to end consumer or big trader	a)Agglomeration and storage c)Branding d)Packaging e) Weighing f)Transportation to wholesaler or exporter
Infrastructure/Technology/Communication				
<b>By foot</b>	Cycle/ Bike	Factory/ Processing unit, Pressing Machine, Cutting machine and hired Tempo, Telephone.	Operate as a small industry. Pressing machine, Cutting machine & Hired/ owned Mini truck	Operate from an established office with Warehouse facilities. Hired/ own Trucks & tempos, telephone, mobile
Entry barriers				
<b>Low – Access to and knowledge of forest.</b>	<b>Low</b> – small working capital (less than Rs 3000-4000 ) and a cycle or rickshaw, bike, etc	<b>High</b> – Information, Skill, Technology, Access to electrical driven machines, Working Capital, Capital for Land and building and technology, Skill, Market,	<b>High</b> – higher working capital and marketing links	<b>High</b> - much higher working capital , warehousing and national marketing linkages and linkages with exporters
Risk/ Threats				
<b>Poor harvesting techniques. Unsustainable collections. Deforestation. Climate change. Ban on NTFP collection</b>	Direct linkage of collectors to market. High cost of raw materials	Raw material availability. Competition from other low cost substitutes, especially for utility items	Low market demand due to availability of low cost substitutes	Low market demand due to availability of low cost substitutes

Stakeholders were facilitated to bring out their real problems in life along its root causes. Problem tree was crafted by them using card sorting method (see the schematic diagram below).



### C. constraints or opportunities micro/macro factors

It is generally observed that tribal having greater access to forest and agriculture lands are often reluctant to go for enterprises or better livelihoods options. Even though some of them are willing to go for value addition, due to lack of exposure to technology, production process, market, etc they could not able to establish enterprises and even if they try there is remote chance of success.

Such economic deprivation, along with intellectual deprivation like poor access to education, health, skills, social opportunities and limited scope of social mobility make them vulnerable and poor in real terms.

#### **Who is Poor?**

*Poverty is often misinterpreted as a relative concept, in reality it is just an absolute concept. A person cannot be called as rich or poor by seeing its gross domestic income and by simply comparing it with others. Factor endowment along with accessibility to basic amenities plays an important role in the well being. This fact came out very clearly during interactions with the tribal in Koraput. Tribal who have forest and land rights are very reluctant to set up enterprises as they believe their needs are adequately met by the natural resources, whereas, those who are not endowed with any resources found themselves vulnerable. Most of these people are seem to be from urban/ semi-urban places and villages where agriculture is not giving them sufficient work and they even do not have access to forest. Many of them are even victims of displacement by public/ private sector units in the area.*

To overcome the issue of poverty it is necessary to capacitate the poor and encourage much entrepreneurship in them to take up various self employment options. Right kind of technology along with market linkages are the two most critical factors followed by finance, skill and others are the required inputs required for ME promotion. Moreover, there is need to focus on soft skill creation like sensitizing people for possible enterprise development, exposing them to other benchmark enterprises areas, market exposure, etc are required to develop willingness to enterprise by the tribal.

### Livelihood Analysis and Intervention Strategy

Livelihood	Strength/ Weakness	Area of intervention (AOI)/ Strategy w.r.t Micro Enterprise Promotion	Expected Outcome and Impact on Poverty	Risk/ Assumptions
1. NTFPs/ Fruits and Vegetables	<p><b>Strength:</b></p> <ul style="list-style-type: none"> <li>• Easy accessibility to forest</li> <li>• Availability of NTFPs for more than 8/9 months</li> <li>• NTFP collection is already in practice</li> <li>• No investment required</li> <li>• Good demand for the product</li> <li>• Scope for value addition</li> <li>• Fruit and Vegetable: Huge production base of fruits like Mango, Jackfruit, Banana, etc of good quality. Favorable natural climate for vegetation</li> </ul> <p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Very low margin in selling raw NTFPs</li> <li>• No skill/ knowhow on possible value addition like cups and plates pressing/ packaging</li> <li>• Lack of storage facilities for perishable NTFPs</li> </ul>	<p><b>AOI: Skill/ Technology/ Market/ Information/ Communication:</b></p> <ul style="list-style-type: none"> <li>• Value Addition through skill creation</li> <li>• Introduction of processing technology at household level</li> <li>• Linking the Processors to the markets</li> <li>• Creating <b>Incubation Centre</b> for further skill/ technology/ business support for upcoming entrepreneurs</li> <li>• Creating a mechanism regular flow of <b>market information</b> in the incubation centre</li> </ul> <p><b>Implementer:</b></p> <ul style="list-style-type: none"> <li>• NGOs/ Technical Institutions/ etc under the supervision of expert agencies. There should be a time line for implementation (should not be less than 5 years), this should be followed by the direct support to the incubation centre for up scaling</li> </ul>	<ul style="list-style-type: none"> <li>• Primary collectors will be graduated to micro entrepreneurs by learning the skill and technique of processing.</li> <li>• Better earnings through value added products and linking up with better markets.</li> <li>• Mechanization of the processes will reduce physical drudgery</li> <li>• Women will get more quality time for the family</li> <li>• Child labour will be solved partially</li> </ul>	<ul style="list-style-type: none"> <li>• Ban on free access to forest based resources is a risk</li> <li>• Socio-political issues are beyond the project control</li> </ul>

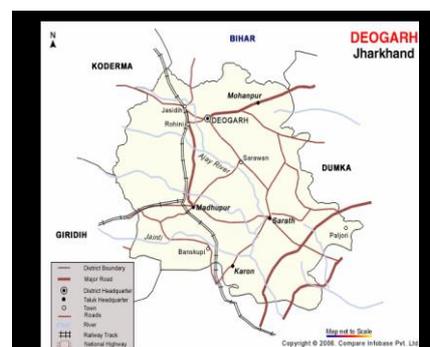
		<p>of the work</p> <ul style="list-style-type: none"> <li>Buy back arrangements need to be done by the implementing agencies initially and then it could be done by the network or the incubated centre.</li> </ul>		
2. Bamboo Utilities and Crafts, Metal Crafts, and other Handicrafts	<p><b>Strength:</b></p> <ul style="list-style-type: none"> <li>Raw material availability</li> <li>Some skill base already available</li> <li>Market availability</li> <li>Good income/profitability in local utility items</li> </ul> <p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>Lack of appropriate skill for better production</li> <li>Only locally used utility items produced</li> <li>Lack of technical support on better production and marketing</li> <li>Lack of information on possible bamboo crafts.</li> </ul>	<p><b>AOI: Skill/ Design development/ Technology/ Quality/ Market/ Business Incubation:</b></p> <ul style="list-style-type: none"> <li>Skill up gradation/ development</li> <li>Design development/ product innovation</li> <li>Market linkage development</li> <li>Product quality through bamboo processing</li> <li>Creating Incubation Centre for further skill/ technology/ business support for upcoming entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>will be done and market linkages will be created.</li> <li>The artisans will be participating in exhibitions and fairs and business linkages will be developed.</li> <li>Exclusive buyer-seller meet cum exhibition will be organized annually in best possible cities in the country and new business linkages will be developed</li> <li>One incubation centre for enterprise related services and business &amp; technical supports will be created and functionalized.</li> </ul>	<ul style="list-style-type: none"> <li>Natural calamities/ bamboo flowering may pose risk on bamboo availability</li> <li>Socio-political issues are beyond the project control</li> </ul>

## BASMATA VILLAGE, DEOGHAR DISTRICT, JHARKHAND

### 1. BACKDROP

#### 1.1. Selection of District

The district Deoghar<sup>33</sup> is situated in the north-eastern part of Jharkhand and surrounded by Dumka (North-East), Rajmahal and Bhagalpur (North-West Munger), Hazaribag (West) and Giridih districts (South). This district is known for the Baidyanath Jyotirlinga shrine. The district head quarter is located in Deoghar town. Man and Munda were among the primitives of this area. The geographic area is 2,481 square km. The population is 11,65,390. There are 8 blocks, 193 Gram Panchayats and 2471 villages.



#### 1.2. Selection of Village

Basmata<sup>34</sup> village was selected from Jharkhand district which is located in the block Deoghar under the panchayat Chandih. It is a midsized village which lies in proximity to the Bhagalpur-Giridih national highway. A paved approach road connects the village to the main road. The following parameters were used for selection of the village (Table 1)-

**Table 1:** Parameters for Selection of Basmata Village

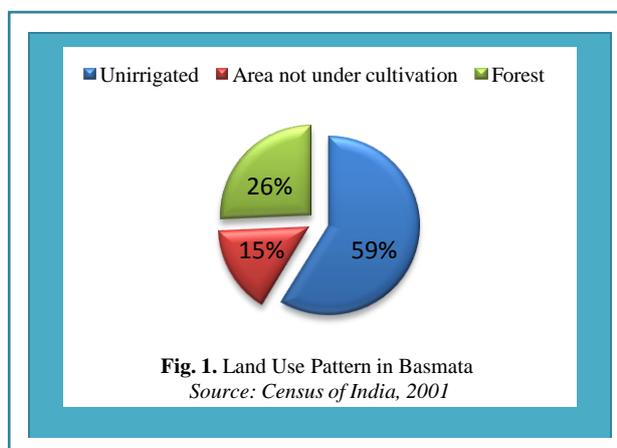
SL. NO.	SELECTION PARAMETERS	STATUS OF PARAMETERS IN THE SELECT VILLAGE- BASMATA (YES/NO)
1	No presence of micro-enterprise cluster	Yes
2	People belongs to the poverty intensive group	Yes (88% out of total working population is marginal workers)
3	Agriculture is the predominant activity	Yes (Economy dependent mainly on agriculture)
4	Certain basic infrastructure facilities available	Yes (Road/drinking water/power supply/primary school)
5	Availability of natural resources/traditional skill	Yes (Presence of non-perennial Darwa river)
6	Nearer to the Mandla district head quarter	Yes (Around 3 kms)

<sup>33</sup> The parameters for selection of this district appears in Chapter-II: Methodology and Approaches.

<sup>34</sup> The parameters for selection of this village appears in Chapter-II: Methodology and Approaches.

## 2. MAJOR OBSERVATION & FINDINGS

**2.1. Socio-economic condition of the village:** The total area of Basmata is approximately 83 hectare including 73.51 hectare of agricultural land (10.23 hec. irrigated and 63.28 hec. un-irrigated), 6.93 hectare of waste land. There is no forest land in the village (Fig. 1). The village comprises around 191 households including 8 Schedule Castes and 15 Schedule Tribes with a total population of 1121. The majority of the households are agricultural labourers and earn their liveli-hoods through agriculture. Paddy is the main crop. Wheat, potato and vegetables are also grown in pockets where irrigation facility is available. It was clear from general observation and discussion with the villagers that agriculture is not an economical viable activity in that village. They hardly have their produce for sale. It was found that there is no mechanised system of farming for cultivation, harvesting and irrigation in village. Traditional way of practice of cultivation is ploughing with bullock.



**2.2. Linkage of Village with Institutional Support System:** It was observed during transect walk that the village has been provided with basic infrastructure facilities like road, drinking water, power supply, primary school etc. However, the village lacks other basic facilities. Support institutes which are within the radius of 10 km considered as easily accessible and which are beyond the radius of 10 km considered as not easily accessible by the village. For example, support institutes like secondary school, panchayat office, veterinary, post office etc though not available within

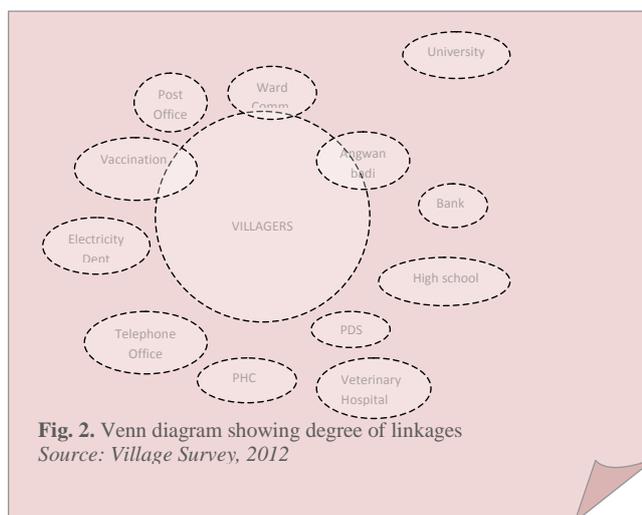
**Table 2.** Linkage of Village with Institutional Support System

Institutional support system	Available within the village	Outside the village but easily accessible	Outside the village but not easily accessible
Drinking water	✓		
Electricity (power supply)	✓		
Primary school	✓		
Secondary school		✓	
College			✓
University			✓
District Head Quarter		✓	
Primary Health Centre		✓	
Hospital		✓	
Veterinary		✓	
Post/Telegraph/Telephone		✓	
Bank		✓	
Market		✓	
Paved Approach Road	✓		

Note: Easily Accessible: within the radius of 10 km; Not easily Accessible: beyond the radius of 10 km; Source: Village Survey and Census of India, 2001

the village, villagers can easily access support of these institutes. On the contrary, University is not easily accessible by the village.

**2.3.Degree of Linkages:** To know more precisely the relationships/linkages of institutions / individuals with the rural community, venn diagram<sup>35</sup> is drawn. Village community has highly close association with Ward Commissioner, Angwanwadi Sevika, Vaccination, moderately with PDS, Post Office and Electricity Department and lesser with Bank, High School, University and Telephone Office. Frequent interactions, trust, cooperation and adequate timely service are some of the major reasons behind greater linkage of Angwanwadi Sevika and Ward Commissioner with the villagers.



### 3. ISSUES RAISED BY THE VILLAGERS- A DEMAND SIDE PERSPECTIVE

Nearly 50 villagers including men and women were interviewed mainly to know the nature and cause of poverty in the village. The issues raised by the

**Table 3.** Preference ranking by the Villagers based on their Perception

Groups / Problems	Men				Women				Total	Rank
	SC	ST	OBC	Gen	SC	ST	OBC	Gen		
Education	8	7	8	8	8	7	9	8	63	I
Skill set	8	7	8	7	8	8	8	8	62	II
Agri. Land	8	7	7	7	7	8	6	7	57	III
Irrigation	7	8	8	7	7	6	7	6	56	IV
Health	6	6	7	6	7	8	7	7	54	V
Finance	6	7	6	6	6	6	6	6	49	VI
Drinking water	5	6	5	6	6	7	5	8	48	VIII
Market facility	5	6	5	5	6	6	6	6	45	VIII
Unemployment	4	5	5	6	5	6	5	6	42	IX
Road condition	5	4	4	5	4	3	5	5	35	X

*Source: Village Survey, 2012*

villagers were discussed in depth and the process being further facilitated asking the villagers to rank those identified set of problems in terms of their perception. The major issues raised by the villagers have been summarised below.

<sup>35</sup> Overlapping circles indicate their overlap in decision making. Such overlapping takes place when an individual/institution interacts with another one. The overlapping where it is large signifies a greater degree of interaction and the circles which are far off indicate that the institutions/individuals are not in contact with one another.

**3.1.Education (Illiteracy):** During discussion with villagers, it was observed that there is one primary school in the village. In the primary school, present student strength is 125 including 75 boys and 50 girls with 2 teachers and 1 cook. The school has been provided with mid-day meal facilities for the children under the Sarvashiksha Abhiyan. Though, the school has a toilet facility, students are not using the same due to its poor maintenance. After class V, they used to go Deoghar for higher education. However, some old-aged persons who are having comparatively higher education opined that quality of education is not so good, which in turn resulting in poor admissions of children to the higher classes in other colleges/institutions. During discussion with some local village leaders it was observed that literacy rate in Basmata is so poor that led to disintegration of villagers, particularly those who are financially most backward, from the mainstream of the society.

**3.2.Skill Set:** Apart from agriculture, a large number of village households (around 110) go to nearby town Deoghar for their liveli-hoods. They are mainly working as casual labourers on daily wage basis ranging from Rs. 100 to 150/day. Few villagers earn money through marketing of pottery items, bamboo products and dairy product such as milk at the nearby Deoghar town. Villagers said that there is huge market demand of pottery items and milk during the festive seasons as the famous Baidyanath Jyotirlinga shrine is very nearer to the village. However, villagers often failed to explore the advantage potential market due to low level of required business skill set and lack of technological support to produce the product at a large scale.

**3.3.Agricultural land holdings:** During discussion with the villagers, it was observed that most of the villagers work as agricultural labourer in someone others lands. Out of total operational holdings, 95% are owned by small and marginal farmers and average size of the holding works out to less than 1 hectare. They are dependent on farming for their household needs and majority of these farmers are resource constrained, economically poor and have low level of education. Villagers said that inadequate small land holding is the main reason of marginalization and it is not possible to sustain their family with single crop production where the family size exceeds more than 5 members. Hence emphasis on crop diversification and integrated development of both farm and non farm sector is crucial for better livelihood opportunities for the rural households.

**3.4.Irrigation:** The total area of Basmata is approximately 83 hectare, out of which 73.51 hectare is cultivable land. Out of 73.51 hectare of cultivable land, only 10.23 hectare is irrigated. Paddy is the main crop. Wheat, potato and vegetables are also grown in pockets where irrigation facility is available. It was observed during discussion with the villagers that most of them grow crops for self-consumption only, because productivity is not enough to fulfil need of the people. Villagers opined that lack of irrigation facilities is a major factor of lesser productivity rate. During transect walk, it was found that there is no mechanised system of farming for cultivation and harvesting in Basmata village.

**3.5.Health:** It was observed during discussion with villagers, ward commissioner and some local elderly educated persons that due to poverty, most of the newly born children under the age group of five suffering mostly from malnourishment. Adolescent girls are anaemic and many are suffering from diseases related to vitamin deficiency. Children do not have full immunization against childhood diseases. Moreover, practice of open

defecation in neighbouring fields, noticed during transect walk may also be responsible for much ill health and contaminated water supplies.

#### 4. LIVELIHOODS PATTERN OF THE VILLAGERS

During village survey, around 40 villagers were interviewed to know their livelihoods pattern and appropriate weightage has been assigned to each of the livelihood activity based on their perception.

**4.1.Wage Labour:** During discussion with the villagers, it was observed that family members undertake more than one activity and more than one member takes up work elsewhere. Generally, people turn to wage labour in agriculture and non-farm sectors like mines, small shops and on construction sites as part of the urban work force. This is a preferable livelihoods option because they get several activities in the nearest town Deoghar throughout the year with comparatively higher remuneration than farming. Poor households, when confronted with a crisis, tend to take recourse to contract labour to tide over tough times. For example, many households resort to inducting their children into home-based contractual labour.

**4.2.Pottery:** Pottery is an important source of livelihoods for many villagers. Villagers prefer pottery related activities to supplement their income during lean agricultural seasons. There are also other positive factors why the villagers prefer pottery as preferable livelihoods option. These include easy accessibility of raw material and good market demand of the products.

**4.3.Bamboo:** Few villagers earn money through engaging themselves in manufacturing

**Table 4.** Livelihoods Preference Matrix based on Villagers' Perception

Livelihood	Preference Weight	Villagers' Perception
Wage labour	40%	<ul style="list-style-type: none"> <li>➤ High demand for labour in the nearest town Deoghar</li> <li>➤ Due to religious place, they get several activities in the nearest town throughout the year</li> <li>➤ Remuneration is comparatively higher compared to farming</li> <li>➤ Lesser risk involved</li> <li>➤ No big investment required</li> </ul>
Pottery	30%	<ul style="list-style-type: none"> <li>➤ Easy accessibility of raw material</li> <li>➤ No big investment required</li> <li>➤ Availability of market</li> </ul>
Bamboo	20%	<ul style="list-style-type: none"> <li>➤ Seasonal</li> <li>➤ Return is low</li> <li>➤ Plastic items reduce the demand of bamboo product</li> <li>➤ No big market</li> </ul>
Dairy	10%	<ul style="list-style-type: none"> <li>➤ Comparatively higher investment</li> <li>➤ Lack of financial support</li> <li>➤ Not quick return</li> <li>➤ Seasonal market demand during religious activities</li> </ul>
Agriculture	0%	<ul style="list-style-type: none"> <li>➤ Small landholdings</li> <li>➤ Non-remunerative, hardly have market surplus</li> <li>➤ Lack of irrigation</li> </ul>

Source: Village Survey. 2012

products like bamboo baskets, bamboo flower pots and home decor accessories. Villagers said that attractive plastic/thermocool items in the market have drastically reduced demand of their bamboo products, therefore, cannot be a sound business proposition.

**4.4.Dairy:** Cattle rearing is not a lucrative livelihoods option to most of the villagers. However, few households from Yadav communities (communities which are linked to cattle raising and rearing) engaged in cattle rearing. They earn money through marketing of milk to local teashops, hotels and households locally with a limited business proposition without any processing or value addition. There is no processing unit and present skill set for value addition.

**4.5.Agriculture:** Villagers opined that farming is not an income generating activity as they have hardly any market surplus and the produce consumed mainly for own survivability. Several reasons like lack of irrigation facilities, low land holding, non-availability of adequate fertile land etc are some of the issues related with it.

## 5. SITUATIONAL ANALYSIS OF BASMATA VILLAGE: FACTORS FOR PROMOTION OF MICRO-ENTERPRISES (MEs)

It was observed during discussion with the villagers that pottery items (like tiles, cups, plates etc) being manufactured in the village generally sold to the local market. Technology applied at every stage is traditional starting from clay processing to finished goods. Though, there is huge demand of pottery items in the nearby local sweet shops and

construction sites, villagers are not aware to explore this viable economic activity at commercial level. Villagers engaged in manufacturing of bamboo products being shifted and migrated to other unskilled works as urban workforce to survive the onslaught competition of cheaper substitute of plastic/thermocool in the market. Moreover, it was observed that few villagers earn money through marketing of milk to local teashops, hotels and households locally with a limited business proposition without any processing or value addition. During discussion they said that despite of having huge market demand of bye-products of processed milk, there is no processing units and present skill set available in the village for value addition.

**Table 5.** Situational Analysis of Basmata to Promote MEs

Existing Problem	Possible ME Intervention
Pottery items are sold to the local market. Technology applied at every stage is traditional. Lack of awareness to explore this viable economic activity at commercial level.	Formation of SHGs, training and exposure visit to benchmark clusters engaged in similar type of activities, promotion of appropriate technology and linkage with appropriate marketing channels.
Less demand of bamboo products due to presence of cheaper substitute. Villagers are shifting and migrating to other unskilled works as urban workforce to survive the onslaught competition.	Partial mechanization towards higher ordered products to save the art form, establishment of linkage with traders who can provide assured market.
Milk sold by the villagers without any processing or value addition. There is no processing unit and present skill set for value addition.	Establishment of dairy farm through formation of cooperative society and encouragement of youth to take active participation.

*Source: Village Survey, 2012*

### CARPET MANUFACTURING: A CASE OF SUCCESSFUL MICRO-ENTERPRISE

Two adjoining villages (viz., Jhumarbag, Belatkar and Rohini) visited where micro-entrepreneurial activities are going successfully up to a certain extent. It was observed that 40 and 8 households in Jhumarbag and Belatkar village respectively are involved in Carpet manufacturing. The entrepreneurs engaged in manufacturing carpet get Rs. 1600-2500/- per sq mt. Market of the carpet is basically at Europe and USA. Joipur Rugs has its retail outlet at USA. After finishing the goods it is being exported to foreign markets. A huge demand of this product exists. Company produces it in India at low cost, adds value to it in their factory and sells it at a high price in the export market.

*Source: UNDP-FMC Survey, 2012*

**Table. 6.** SWOT Analysis by the Interviewer

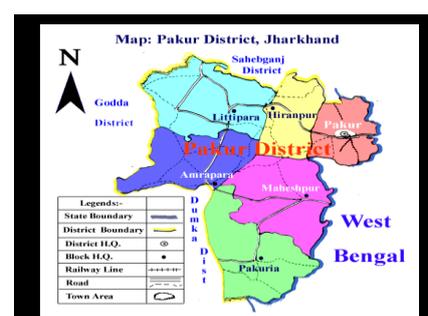
STRENGTHS	WEAKNESS	OPPORTUNITIES	THREAT
Vast mineral wealth	Poor irrigation facilities	Livelihoods opportunities not yet exploited to the full.	Difficulties in land acquisition
Strategic location of Deoghar Baidyanath Jyotirlinga shrine	Low Agricultural productivity with primitive farming techniques.	Ample opportunities are there for activities like pottery and dairy for further value addition.	Poor governance and high level of corruption
Fair level of average annual rainfall	No major industries due to poor infrastructure	Extension of irrigation facilities can convert large area falls under single crop into double crop area	Indiscriminate exploitation of minerals
Improving rail line and air passage coverage.	Low level of literacy and technical awareness among the villagers	Adoption of scientific agriculture practice will increase production of crops	Political instability and extremist activities
Availability of cheap labour	Inactive PRIs, Less presence of NGOs and other support systems	Village level community participation with the creation of village fund	Alleviation of local people from developmental process

## MANIRAMPUR VILLAGE, PAKUR DISTRICT, JHARKHAND

### 1. BACKDROP

#### 1.1. Selection of District

The district Pakur<sup>36</sup> is situated in the north eastern region of Jharkhand and one of the poorest districts in India. The district is bounded by Sahibganj district in north, Dumka District in south, Godda district in west and Murshidabad district in east. Pakur district is one of the important revenue earning districts of Jharkhand. Its black stone chips have got Asiatic fame in constructional qualities. This district occupies an area of 696 square km. The population is 6,65,635. Santhal is the main tribal groups and constitutes around 38 per cent of the total population of the district. Besides santhal, the district is inhabited by two primitive tribal groups like mal paharia and sauria paharia constituting around 4 and 1 per cent of its population respectively. There are 6 blocks and 400 villages in this district.



#### 1.2. Selection of Village

Manirampur<sup>37</sup> village was selected from Pakur district which is located in the block Pakur under the panchayat Manirampur. It is a mid-sized village. The following parameters were used for selection of the village (Table 1)-

**Table 1.** Parameters for Selection of Manirampur Village

SL. NO.	SELECTION PARAMETERS	STATUS OF PARAMETERS IN THE SELECT VILLAGE-MANIRAMPUR (YES/NO)
1	No presence of micro-enterprise cluster	Yes
2	People belongs to the poverty intensive group	Yes (70% HHs lying below the poverty line)
3	Agriculture is the predominant activity	Yes (Economy dependent mainly on agriculture and Biri manufacturing)
4	Certain basic infrastructure facilities available	Yes (Road/drinking water/power supply/primary school)
5	Availability of natural resources/traditional skill	Yes (No forest produces, traditional skill biri manufacturing)
6	Nearer to the Mandla district head quarter	Yes (Around 10 kms)

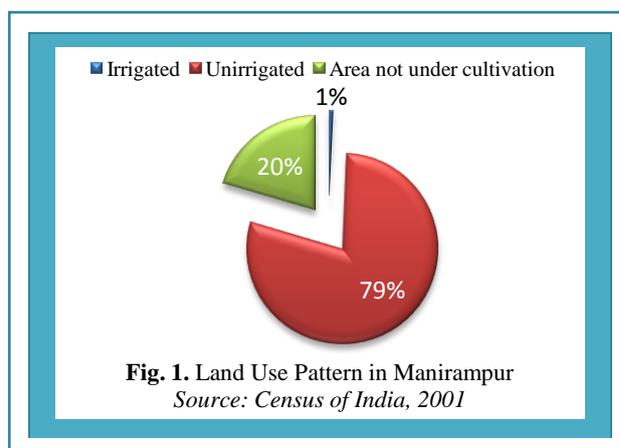
<sup>36</sup> The parameters for selection of this district appears in Chapter-II: Methodology and Approaches.

<sup>37</sup> The parameters for selection of this village appears in Chapter-II: Methodology and Approaches.

## 2. MAJOR OBSERVATION & FINDINGS

### 2.1. Socio-economic condition of the village:

Manirampur is a minority (muslim) dominant village involved in agriculture activities. The village comprises around 954 households with a total population of 5882 (Census of India, 2001). The economy of the village depends mainly on agriculture and bidi manufacturing. The total area of Manirampur is approximately 169 hectare, out of which 131 hectare is cultivable land including 1.01 hectare irrigated and 129.96 hectare unirrigated (Fig. 1). Paddy and jute are main crops.



### 2.2. Linkage of Village with Institutional Support System:

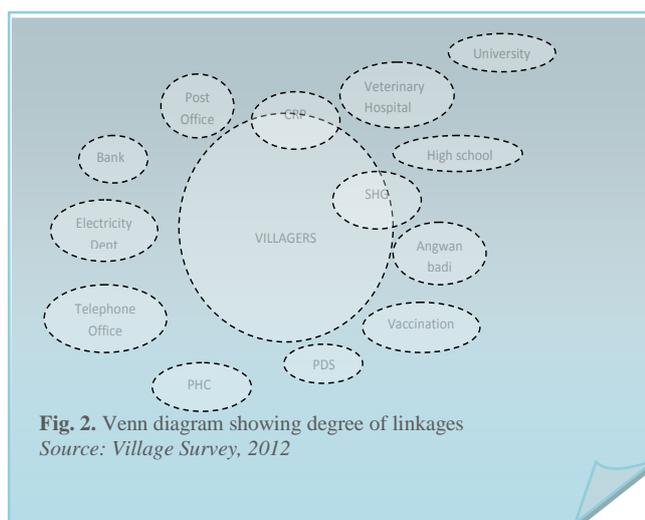
It was observed during transect walk that the village has been provided with basic infrastructure facilities like road, drinking water, power supply, primary school etc. However, the village lacks other basic facilities. Support institutes which are within the radius of 10 km considered as easily accessible and which are beyond the radius of 10 km considered as not easily accessible by the village. For example, support institutes like secondary school, post office, market, bank, and district head quarter etc though not available within the village, villagers can easily access support of these institutes. On the contrary, college, university, hospital, bank and market are not easily accessible by the village.

**Table 2.** Linkage of Village with Institutional Support System

Institutional support system	Available within the village	Outside the village but easily accessible	Outside the village but not easily accessible
Drinking water	✓		
Electricity (power supply)	✓		
Primary school	✓		
Secondary school		✓	
College			✓
University			✓
District Head Quarter		✓	
Hospital			✓
Veterinary		✓	
Post/Telegraph/Telephone	✓		
Bus services		✓	
Bank		✓	
Market		✓	
Paved Approach Road	✓		
Mud Approach Road	✓		

Note: Easily Accessible: within the radius of 10 km; Not easily Accessible: beyond the radius of 10 km; Source: Village Survey and Census of India, 2001

**2.3. Degree of Linkages:** To know more precisely the relationships/linkages of institutions / individuals with the rural community, venn diagram<sup>38</sup> is drawn. Village community has highly close association with Community Resource Personnel (CRP), SHG, Angwanbadi Sevika, moderately with PDS, Post Office, Vaccination and lesser with Bank, Electricity Department, Telephone Office, High School and University. Frequent interactions, trust, cooperation and adequate timely service are some of the major reasons behind greater linkage of CRP, SHG and Angwanbadi Sevika with the villagers.



### 3. ISSUES RAISED BY THE VILLAGERS- A DEMAND SIDE PERSPECTIVE

Nearly 50 villagers including men and women were interviewed mainly to know the nature and cause of poverty in the village. The issues raised by the villagers were discussed in depth and the process being further facilitated asking the villagers to rank those identified set of problems in terms of their perception. The major issues raised by the villagers have been summarised below.

**Table 3.** Preference Ranking by the Villagers based on their Perception

Groups / Problems	Men	Women	Total	Rank
Education (Illiteracy)	10	10	20	I
Agricultural land holdings	9	8	17	II
Irrigation	7	9	16	III
Public health	8	7	15	IV
Skill set	7	7	14	V

*Source: Village Survey, 2012*

**3.1. Education (Illiteracy):** During discussion with the villagers, it was observed that very few (around 1.7% of the total population) have any higher formal degrees up to secondary. Percentage of illiteracy is more in male than female. Most of the villagers can't write or read. Villagers perceived that lack of education is one of the main reasons for their backwardness and barrier for growth since they could not participate in the

<sup>38</sup> Overlapping circles indicate their overlap in decision making. Such overlapping takes place when an individual/institution interacts with another one. The overlapping where it is large signifies a greater degree of interaction and the circles which are far off indicate that the institutions/individuals are not in contact with one another.

developmental process. The villagers said that though recently primary school has been provided in our village, our children are not getting quality education, therefore, could not get admission in secondary school.

**3.2.Agricultural land holdings:** During discussion with the villagers, it was known that average land holdings of the villagers’ are 0.165 acre. Villagers opined that non-availability of adequate fertile land is one of the major constraints in growing paddy and other crops. They also expressed that scarcity of land resource is one of the reason for poverty in the village.

**3.3.Irrigation:** Villagers expressed their concern that productivity is low due to lack of irrigation and up land. Lack of irrigation reduces the fertility and productivity of land. Fragmentation of land also reduces the productivity of the land.

**3.4.Health:** Health facility is a main constraint for the villages. Pakur sadar hospital is the nearest hospital which is 12 km away from the village. In the village, children are mal nourished. Villagers said that large household size is one of the main reasons for poverty. They are not able to carry family planning measure due to traditional belief at the community level. There are no PHCs in the village.

**3.5.Skill Set:** During discussion with some village leaders, NGO personnel like TSRD, JKLP etc, it was observed that lack of skill deprived the villagers to get alternative jobs. Villagers could not access the training opportunity under SGSY program since there is no presence of NGOs and dedicated implementing organizations.

#### 4. LIVELIHOODS PATTERN OF THE VILLAGERS

During the village survey, it was observed that apart from agriculture, majority of villagers are engaged in the biri making. One person is getting Rs 75/ 1000 of biri making. On an average a person earns Rs 375 in a week. It has been observed that three (3) persons are associated with this trade from each family. It implies, a household earns Rs 200 per day from this activity. There are three large Biri companies operating in this area. They are Shyam(Bihar), Pataka (WB) and one Gujrat based company. They have made a buy back arrangement with the local biri makers and this mechanism has been continuing for last 20-25 years. Local persons have no other skills to find alternative job. Some of the other livelihoods activities are loading chips in Wagon, crusher and migrated nature of works, rickshaw puller etc. During village survey, around 40 villagers were interviewed to know their livelihoods pattern and appropriate weightage has been assigned to each of the livelihood activity based on their perception (Table 4).

**Table4.** Livelihoods Preference Matrix based on Villagers’ Perception

Livelihood	Preference Weight	Villagers’ Perception
Biri workers	40%	<ul style="list-style-type: none"> <li>➤ Regular employment with weekly payment</li> <li>➤ Biri manufacturing is the main household industry in this district. Female are children are engaged in this activity</li> </ul>

		<ul style="list-style-type: none"> <li>➤ Undertake the activity during the leisure period</li> <li>➤ Big companies are operating here</li> <li>➤ Daily income per family is more than Rs200</li> <li>➤ Adverse impact on health of children</li> <li>➤ No other alternative opportunity</li> </ul>
Daily labour	30%	<ul style="list-style-type: none"> <li>➤ High demand for labour due to loading and unloading of black stone cheap in the railway wagon at Pakur station</li> <li>➤ Demand for daily labour at pakur town due to construction and other activity</li> <li>➤ Instant payment</li> <li>➤ Job is available on demand</li> </ul>
farming	20%	<ul style="list-style-type: none"> <li>➤ Lack of irrigation</li> <li>➤ Low land holding size</li> <li>➤ Non availability of adequate fertile land</li> <li>➤ Lack of storage</li> <li>➤ Water logged land without drainage system</li> </ul>
Migration	10%	<ul style="list-style-type: none"> <li>➤ It is a trend among male folk</li> <li>➤ Lack of opportunity in this area</li> <li>➤ Comparatively higher money wage</li> </ul>
Crusher worker	0%	<ul style="list-style-type: none"> <li>➤ Stone cheap crushing is a major industry in this district</li> <li>➤ Higher wage and regular work</li> <li>➤ Adverse impact on health</li> </ul>

**Table. 5.** SWOT Analysis by the Interviewer

STRENGTHS	WEAKNESS	OPPORTUNITIES	THREAT
Land is fertile. Soil is Gangetic alluvial	Local administration is not pro active for the development	Extension of irrigation facilities can convert large area falls under single crop into double crop area	High population growth among the minority community
Cash crop production like jute, onion garlic, vegetable. Mango and litchi production. Adjacent to Murshidabad district	No major metropolitan city on proximity	Adoption of scientific agriculture practice will increase production of crops	Local govt is not pro active to development. There is no active NGO working in this area.
Large water bodies available, river passes through the village	Poor irrigation facilities	Villages are near to Pakur district town and railway station. Gandhaipur village is closed to Highway also. Well connected with Farakka, Maldah, Dhulian, Rampurhut, Sainthia( Business hub)	Development schemes are not properly implemented
Pakur is nearest railway station. 7-8 km away. Gandhaipur village is connected with Bus road also.	Low Agricultural productivity with primitive farming techniques. No preservation facility like cold storage.	Pakur black stone chip is famous in the country. It is available in abandon. Coal is also available at Amrapara block.	Religion fundamentalism is a constraint

## BODELA GRAM PANCHAYAT, RAJNANDGAON DISTRICT, CHHATTISGARH

### 1. BACKDROP

#### 1.1. Selection of District

The district Rajnandgaon<sup>39</sup> is situated in the centre of Chhattisgarh state and bounded by Kabirdham district in the north, Durg district in the east, Bastar district in the south, Gadchiroli and Bhandara districts of Maharashtra state and Balaghat district of Madhya Pradesh state in the west. The geographic area is 6396 square km. The population is 12,83,224 including 6,34,342 males and 6,48,882 females.



#### 1.2. Selection of Village

Bodela is a gram panchayat consisting of three small adjoining villages viz., Peteshree, Siwni Khurd and Bodela. For the purpose of the study, Bodela Gram Panchayat<sup>40</sup> was selected from Rajnandgaon district which is located in the block Dungereoan. It lies in proximity to the GE highway-6. A paved approach road connects the village to the main road. The following parameters were used for selection of the village (Table 1)-

**Table 1.** Parameters for Selection of Bodela Gram Panchayat

SL. NO.	SELECTION PARAMETERS	STATUS OF PARAMETERS IN THE SELECT VILLAGE- BODELA GRAM PANCHAYAT (YES/NO)
1	No presence of micro-enterprise cluster	Yes
2	People belongs to the poverty intensive group	Yes (mostly marginal agricultural labourer with small landholdings)
3	Agriculture is the predominant activity	Yes (Economy dependent mainly on agriculture)
4	Certain basic infrastructure facilities available	Yes (Road/drinking water/power supply/primary school)
5	Availability of natural resources/traditional skill	Yes (Presence of water bodies across the village)
6	Nearer to the Mandla district head quarter	Yes (Around 18 kms)

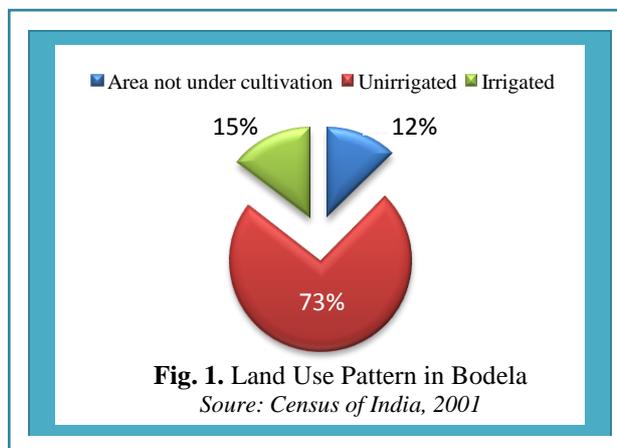
<sup>39</sup> The parameters for selection of this district appears in Chapter-II: Methodology and Approaches.

<sup>40</sup> The parameters for selection of this village appears in Chapter-II: Methodology and Approaches.

## 2. MAJOR OBSERVATION & FINDINGS

### 2.1. Socio-economic condition of the village:

The Bodela GP comprises of around 450 households with a total population of 2161 (Census of India, 2001). Majority of the households (290) belong to OBCs and engaged as agricultural labourer. There are 77 households under BPL. The economy of the village depends mainly on agriculture. The total area of Bodela is approximately 676 hectare, out of which 592 hectare is cultivable land including 98 hectare irrigated and 494 hectare non-irrigated (Fig. 1).



Main crops are Paddy, Wheat, Makka and Musur dal are main crops.

### 2.2. Linkage of Village with Institutional Support System:

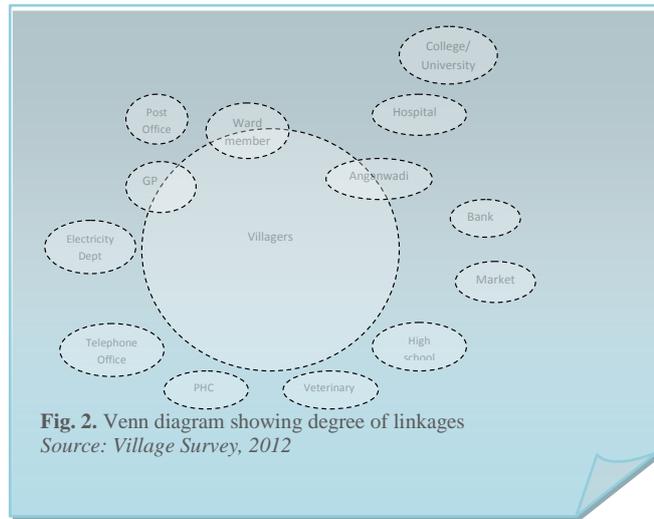
It was observed during transect walk that the village has been provided with basic infrastructure facilities like road, drinking water, power supply, primary school etc. Support institutes which are within the radius of 10 km considered as easily accessible and which are beyond the radius of 10 km considered as not easily accessible by the village. For example, support institutes like secondary school, veterinary, post office, bank etc though not available within the village,

**Table 2.** Linkage of Village with Institutional Support System

Institutional support system	Available within the village	Outside the village but easily accessible	Outside the village but not easily accessible
Drinking water	✓		
Electricity (power supply)	✓		
Primary school	✓		
Secondary school		✓	
College			✓
University			✓
Panchayat Office	✓		
District Head Quarter			✓
Primary Health Centre		✓	
Hospital			✓
Veterinary		✓	
Post/Telegraph/Telephone		✓	
Bus services		✓	
Bank		✓	
Market			✓
Paved Approach Road	✓		
Mud Approach Road	✓		
Police Station			✓

villagers can easily access support of these institutes. On the contrary, college, university, district head quarter, hospital and market are not easily accessible by the village.

**2.3. Degree of Linkages:** To know more precisely the relationships/linkages of institutions / individuals with the rural community, venn diagram<sup>41</sup> is drawn. Village community has highly close association with Gram Panchayat (GP), Ward Member, Angwanbadi Sevika, moderately with PHC, Electricity Dept., Post Office, High School and lesser with Bank, Market, College and University. Frequent interactions, trust, cooperation and adequate timely service are some of the major reasons behind greater linkage of Gram Panchayat, Ward Member and Angwanbadi Sevika with the villagers.



### 3. ISSUES RAISED BY THE VILLAGERS- A DEMAND SIDE PERSPECTIVE

Around 60 villagers including men, women, old person, and representatives of Gram Panchayat were interviewed mainly to know the nature and cause of

**Table 3.** Preference Ranking by the Villagers based on their Perception

Groups / Problems	Men			Women			Old Person			Total	Rank
	OBC	SC	Gen	OBC	SC	Gen	OBC	SC	Gen		
Irrigation	9	7	8	8	6	8	8	6	8	68	I
Agri. land	8	10	7	7	7	6	7	8	6	66	II
Unemployment	8	7	7	6	7	6	8	7	9	65	III
Finance	8	9	8	8	7	6	5	6	5	62	IV
Market Facility	8	9	8	7	6	6	6	5	6	61	V
Education	7	7	8	6	5	5	8	5	8	59	VI
Skill set	8	8	7	5	7	5	6	5	7	58	VIII
Public health	6	5	5	6	7	6	6	6	7	54	VIII
Road condition	4	4	3	5	6	4	4	5	4	39	IX
Drinking water	3	3	3	3	4	3	3	3	3	28	X

*Source: Village Survey, 2012*

poverty in the village. The issues raised by the villagers were discussed in depth and the process being further facilitated asking the villagers to rank those identified set of problems in terms of their perception. The major issues raised by the villagers have been summarised below.

<sup>41</sup> Overlapping circles indicate their overlap in decision making. Such overlapping takes place when an individual/institution interacts with another one. The overlapping where it is large signifies a greater degree of interaction and the circles which are far off indicate that the institutions/individuals are not in contact with one another.

**3.1. Irrigation:** The total area under cultivable land in Bodela is approximately 592 hectare, out of which 98 hectare is irrigated land. Villagers opined that lack of irrigation facilities is a major factor of lesser productivity rate. Due to lack of proper irrigation system, they could not cultivate their land round the year and mostly dependent on monsoon. At present, villagers are growing mainly Paddy and Wheat mostly for self consumption. During transect walk, it was observed that due to topography of the village only minor irrigation is feasible. The area is rainfed and exploitation of groundwater resources is still inadequate. The inadequacy of water conservation and storage systems precludes the possibility of a second crop for most people and areas. Even though the village have wells, tanks and canals, however, due to low level of water during non-monsoon season, villagers cannot use those resources to irrigate their land adequately. There is a need for facilities to draw out groundwater or facilities for lift irrigation. Most of the villagers stressed the urgent need for more irrigation to ensure adequate water for the kharif crop and to increase the area under rabi cultivation for improvement their livelihoods condition.

**3.2. Agricultural land holdings:** It was observed during discussion with the villagers that average land holdings of almost all the villagers' ranges from 1-2 hectare and they are working mostly as agricultural labourer in the land of few affluent families. Increasing population and subdivision of holdings has led to tiny and unviable plots of land for small and marginal farmers. Villagers said that inadequate small land holding is the main reason of marginalization and stressed that administration should bring the land owned by those affluent families when asked about its possible solution. Moreover, there are problems in

#### WE WANT GRAZING LAND TO SURVIVE

Animals like bullock and buffalo are domesticated to suit the requirements in fields and households, rather than for marketing purposes. Animals are an economic asset and embody saving and investment. When there is an immediate requirement of cash, the villagers sell their animals. A few households have attempted to make animal husbandry a primary activity. They have taken credit and bought buffaloes. However, quality of country-bred animals was poor. This coupled with degeneration and shrinking of grazing lands deters other people from taking up animal husbandry.

*Source: Village Survey, 2012*

the land records also. Somebody's land was shown as someone else's land.

**3.3. Unemployment:** It was observed during discussion with the villagers that they are mostly dependent on agricultural activity for their livelihoods. Due to lack of adequate landholdings, villagers forced to work as agricultural labourer in the fields of few affluent families and are paid in kind at 50% of the total produce. Villagers said that they incur expenses on production and sometimes they could not achieve to produce desired yield due to delay and deficit in monsoon. As a result, expenditure incurred for the production subside their profit margin due to small outputs. It was observed during discussion with the villagers that they are using local varieties of paddy, prefer mostly to use organic fertilizers and there is no mechanised system of farming for cultivation and harvesting. The villagers want full work throughout the year, to grow more crops with more returns and work in the agricultural lean season.

**3.4. Finance:** Villagers generally work as agricultural labourer. They are often paid in kind and the family attempts to store as much grain as possible. The stored food grain mainly used for self consumption. The surplus has been marketed for earning additional money. However, agriculture does not provide sufficient surplus and this is one of the major constraining factor of poverty in the village. Moreover, villagers said that unavailability of round the year adequate jobs, lack of market access and small landholdings are some of the problems associated with finance.

**3.5. Market facility:** Villagers opined that there is no defined market place to sale agriculture produces. Lack of market access and support mechanism is one of the key concerns of the villagers and ranked as one the top 5 problems of poverty. Villagers generally used to go to the nearby local market at Rajnandgaon district which is 18 kms far away from the village. Marketing is difficult because there are no proper transport facilities available. During discussion with Sarpanch and some local villager leaders, it was observed that fisheries and dairy are some of the important areas which can be exploited successfully. For example, presence of a good number of ponds, expertise of the villagers in fishing and good local market demand provides a strong local base for this activity. However, absence of better connectivity to the local as well as large markets hinders to explore this viable economic activity in the village.

#### **4. LIVELIHOODS PATTERN OF THE VILLAGERS**

It was observed that most households, irrespective of their land holding (even those without any land) keep animals such as cattle, goats, pigs and poultry. This is an important source of supplementary income and nutrition. During the village survey, around 50 villagers were interviewed to know their livelihoods pattern and appropriate weightage has been assigned to each of the livelihood activity based on their perception.

**4.1.Wage Labour:** More than 80 percent of rural wage earners find employment in agricultural activities. Since agriculture is not remunerative either from own land or while working for others' land, they prefer to go as wage earners. Often, 3-4 villagers who are having small lands group their lands and handed over to 4<sup>th</sup> person and go for wage earning in nearby factories. They also work in mines, small shops, on construction sites and as part of the urban work force. Most of the villagers prefer wage labour as preferable livelihood option as it is comparatively remunerative, lesser risk involved and no big investment required etc.

**4.2.Fisheries:** Fisheries are an important source of livelihood for many villagers. There are many positive factors why the villagers prefer fisheries as preferable livelihoods option. These include the large number of standing water bodies that enable fishing, expertise of the villagers in fishing and good local market demand etc.

**4.3.Dairy:** Cattle rearing is second in importance to fisheries and provides employment to 10 percent of all rural wage earners. However, wages from cattle rearing are largely contractual in nature. Villagers said that the indigenous cattle breeds are not very productive as far as milk production is concerned. They usually produce enough milk for home consumption with some surplus but do not afford a sound business proposition.

**Table 4.** Livelihoods Preference Matrix based on Villagers' Perception

Livelihood	Preference Weight	Villagers' Perception
Wage labour	40%	<ul style="list-style-type: none"><li>➤ High demand of labour in adjoin urban areas, mines, small shops, construction sites throughout the year</li><li>➤ Regular employment with instant daily payment</li><li>➤ Remunerative compared agriculture</li><li>➤ Less risk and no investment</li></ul>
Fisheris	30%	<ul style="list-style-type: none"><li>➤ Large number of standing water bodies</li><li>➤ Expertise of the villagers in fishing</li><li>➤ Low investment</li><li>➤ Good local market demand</li></ul>
Dairy	20%	<ul style="list-style-type: none"><li>➤ Indigenous cattle breeds are not very productive</li><li>➤ High investment, shortage in fodder supply</li><li>➤ Wages from cattle rearing largely contractual in nature</li><li>➤ Return is low due to low market surplus</li><li>➤ Labour intensive</li></ul>
Gottery	10%	<ul style="list-style-type: none"><li>➤ High investment</li><li>➤ No quick return</li><li>➤ Seasonal market demand</li></ul>
Agriculture	0%	<ul style="list-style-type: none"><li>➤ Lack of irrigation</li></ul>

Villagers said that supply of fodder is becoming increasingly more difficult and therefore the cattle population and their health is getting affected.

**4.4.Gottery:** Very few villagers earn money through gottery activities. Villagers opined that gottery is not a very preferable livelihood activity as it requires comparatively higher investment. The goat ready for selling need at least 1 year, therefore, the activity does not ensure quick return. Moreover, market is seasonal; demand is high during religious and marriage ceremony.

**4.5.Agriculture:** Villagers opined that farming is not an income generating activity as they have hardly any market surplus and the produce consumed mainly for their own consumption. Several reasons like lack of irrigation facilities, low land holding, degraded soil etc are some of the issues related with it.

## 5. SITUATIONAL ANALYSIS OF BODELA VILLAGE: FACTORS FOR PROMOTION OF MICRO-ENTERPRISES (MEs)

There are eight ponds across the village, Bodela. The villagers being OBCs have expertise in fishing related activities. It was observed during discussion with the villagers that they prefer fisheries and dairy as preferable non-farm micro-enterprise activities. At present, ponds are being distributed to the highest bidder on lease. Bidding process is performed by the panchayat once in every year. Collection of fish generally carried out during monsoon seasons (July-Oct) and sold to the local market. It was observed that though it has a good local market demand, absence of better connectivity to the local as well as large markets hinders to explore this viable economic activity at a commercial level.

Moreover, dairy activities are being carried out in the village by some SHGs. These SHGs have been formed

under the financial assistance of Swanajayanti Gram Swarojgar Yojna. There are 10 such SHGs and each SHG has 20 women. At present there are 40-50 cows and few buffalos are being reared by those SHGs. The women collect milk every day and sell to nearby Rajnandgaon district. The members of these SHGs said that the indigenous cattle breeds are not very productive as far as milk production is concerned. They do not produce enough milk to generate sufficient market surplus, therefore, not afford a sound business proposition. Besides, supply of fodder is becoming increasingly more difficult and therefore the cattle population and their health is getting affected.

**Table 5.** Situational Analysis of Bodela to Promote MEs

Existing Problem	Possible ME Intervention
Lack of sufficient water bodies for fishing activity. Limited productivity, activity is unorganized in nature without any proper management.	Construction of community ponds under Govt's programmes to store rain water and use for fisheries as well as irrigation. Formation of SHGs/Cooperatives and allotment of fishing rights to these association for sustaining this activity over long periods on a larger scale.
At present, fishes are sold to the local market. There is no proper connectivity to the local as well as large markets to explore this viable economic activity at a commercial level.	Facilitation of transport and storage infrastructure to capture the North-easter states where there is a good demand of fish/fish products.
Local indigenous cattle breeds do not produce enough milk to generate sufficient market surplus, therefore, not afford a sound business proposition.	Introduction of hybrid cattle breed (through crossing jersy and local breed for local adaptation) to increase market surplus.
Milk sold by the SHGs without any processing or value addition. There is no processing unit and present skill set for value addition.	Establishment of dairy farm through formation of cooperative society jointly by the SHGs and encouragement of youth to take active participation.
Absence of grazing lands coupled with shortage in fodder supply.	Land illegally encroached upon may be freed and developed as grazing land for cattle. The boundaries of the ponds may be used for tree plantation so as to improve rainfall.

*Source: Village Survey, 2012*

**Table. 6. SWOT Analysis by the Interviewer**

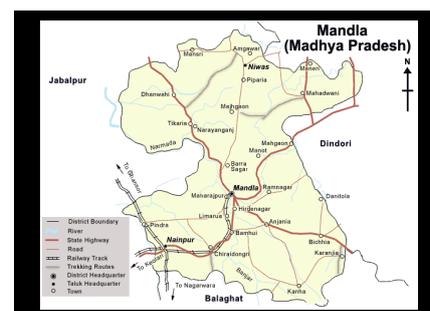
<b>STRENGTHS</b>	<b>WEAKNESS</b>	<b>OPPORTUNITIES</b>	<b>THREAT</b>
Well connected by Railways and Roadways	Agriculture has not been effectively exploited.	Extension of irrigation facilities can convert large area falls under single crop into double crop area	Lack of entrepreneurship among the rural mass.
The soil is very suitable for paddy production.	Markets are not well developed	Adoption of scientific agriculture practice will increase production of crops	Increasing unemployment due to over dependability on agriculture, which is seasonal activity.
Increased revenue from Mineral Royalty	Low agricultural productivity due to poor irrigation facilities and farming techniques.	High scope of watershed management and rural livelihoods.	District is left wing extremism prone and naxal affected.
Average cost of land/hectare is much lower compared to other neighbouring states.	Agriculture is main activity and farmers are not interested in industrial activity.	Livelihoods opportunities not yet exploited to the full.	Poor water conservation may pose a problem for future industrial set up.
Availability of cheap labour	Small land holding is very common due to family divisions. There is more number of marginal farmers. It is very uneconomical leading to increasing unemployment.	Ample opportunities are there for activities like dairy and fisheries for further value addition.	Seasonal migration to cities and metros in the post monsoon period may lead hamper local development
A large number of women's <b>SHGs</b>	Inadequacy of water conservation, storage and drawl systems precludes for most people and areas the possibility of a second crop.	Measures may be taken up to promote export-processing units to assist export-import activities, especially for food-processed products	

## DHANGAON RYT VILLAGE, MANDLA DISTRICT, MADHYA PRADESH

### 1. BACKDROP

#### 1.1. Selection of District

The district Mandla<sup>42</sup> is situated in the east-central part of Madhya Pradesh and falls among the 20 most backward districts of India. Mandla lies in the catchments of river Narmada and is endowed with dense forests. The world famous Kanha National Park is a pride of this district. The length of the district is about 133 km from north to south and breadth is 182 km from east to west. The geographic area is 8,771 square km. The population is 8,94,236. There are 4 Tehsils, 9 blocks and 1213 villages.



#### 1.2. Selection of Village

Dhangaon Ryt<sup>43</sup> village was selected from Mandla district which is located in the block Mandla under the panchayat Chhapri Silpuri. It is a mid-sized village which lies in proximity to the Dindori-Amarkantak highway. A paved approach road connects the village to the main road. The following parameters were used for selection of the village (Table 1)-

**Table 1.** Parameters for Selection of Dhangaon Ryt Village

SL. NO.	SELECTION PARAMETERS	STATUS OF PARAMETERS IN THE SELECT VILLAGE- DHANGAON RYT (YES/NO)
1	No presence of micro-enterprise cluster	Yes
2	People belongs to the poverty intensive group	Yes (56% out of total working population is marginal workers)
3	Agriculture is the predominant activity	Yes (Economy dependent mainly on agriculture and forest produce)
4	Certain basic infrastructure facilities available	Yes (Road/drinking water/power supply/primary school)
5	Availability of natural resources/traditional skill	Yes (26% out of total area is covered by forest)
6	Nearer to the Mandla district head quarter	Yes (Around 22 kms)

<sup>42</sup> The parameters for selection of this district appears in Chapter-II: Methodology and Approaches.

<sup>43</sup> The parameters for selection of this village appears in Chapter-II: Methodology and Approaches.

## 2. MAJOR OBSERVATION & FINDINGS

### 2.1. Socio-economic condition of the village:

Dhangaon Ryt is a tribal dominant village and all the households mostly belong to the Gond primitive tribal groups. Earlier, they were forest-dwellers but at present involved in agriculture activities also. The village comprises around 45 households with a total population of 250 (based on primary data collected during village survey). The economy of the village depends mainly on agriculture and forest produce.

The total area of Dhangaon Ryt is approximately 109 hectare, out of which 64 hectare is cultivable land and 28 hectare is covered by forest (Fig. 1). Paddy, Wheat, Kodo kutki, Makka, Chana and Musur dal are main crops.

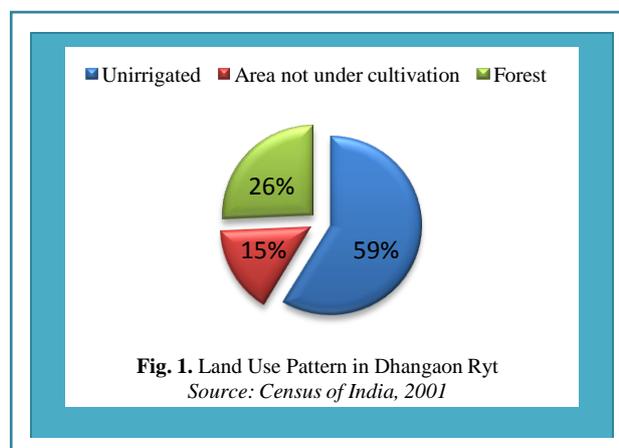


Fig. 1. Land Use Pattern in Dhangaon Ryt  
Source: Census of India, 2001

### 2.2. Linkage of Village with Institutional Support System:

It was observed during transect walk that the village has been provided with basic infrastructure facilities like road, drinking water, power supply, primary school etc. However, the village lacks other basic facilities. Support institutes which are within the radius of 10 km considered as easily accessible and which are beyond the radius of 10 km considered as not easily accessible by the village.

For example, support institutes like secondary school, panchayat office, veterinary, post office etc though not available within the village, villagers can easily

Table 2. Linkage of Village with Institutional Support System

Institutional support system	Available within the village	Outside the village but easily accessible	Outside the village but not easily accessible
Drinking water	✓		
Electricity (power supply)	✓		
Primary school	✓		
Secondary school		✓	
College			✓
University			✓
Panchayat Office		✓	
District Head Quarter			✓
Primary Health Centre		✓	
Hospital			✓
Veterinary		✓	
Post/Telegraph/Telephone		✓	
Bus services		✓	
Bank			✓
Market			✓
Paved Approach Road	✓		
Mud Approach Road	✓		
Police Station			✓

access support of these institutes. On the contrary, college, university, district head quarter, hospital, bank and market are not easily accessible by the village.

**2.3. Degree of Linkages:** To know more precisely the relationships/linkages of institutions / individuals with the rural community, venn diagram<sup>44</sup> is drawn. Village community has highly close association with Community Resource Personnel (CRP), SHG, Angwanbadi Sevika, moderately with PDS, Post Office, Vaccination and lesser with Bank, Electricity Department, Telephone Office, High School and University.

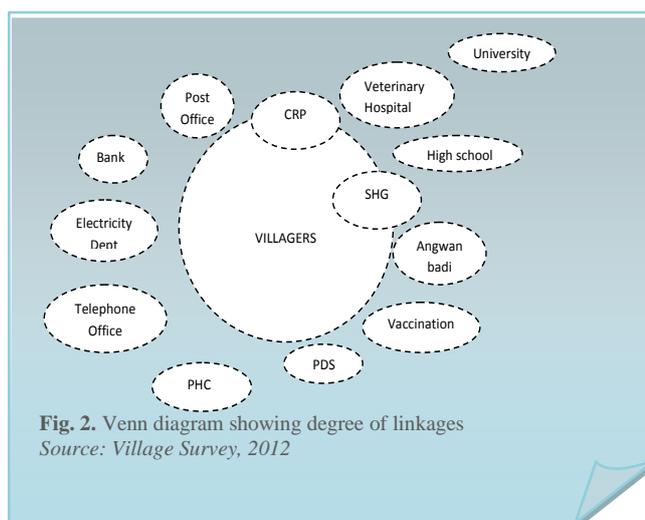


Fig. 2. Venn diagram showing degree of linkages  
Source: Village Survey, 2012

Frequent interactions, trust, cooperation and adequate timely service are some of the major reasons behind greater linkage of CRP, SHG and Angwanbadi Sevika with the villagers.

### 3. ISSUES RAISED BY THE VILLAGERS- A DEMAND SIDE PERSPECTIVE

Nearly 40 villagers including men and women were interviewed mainly to know the nature and cause of poverty in the village. The issues raised by the

villagers were discussed in depth and the process being further facilitated asking the villagers to rank those identified set of problems in terms of their perception. The major issues raised by the villagers have been summarised below.

Table 3. Preference Ranking by the Villagers based on their Perception

Groups / Problems	Men	Women	Total	Rank
Irrigation	10	10	20	I
Education (Illiteracy)	9	8	17	II
Market facility	7	9	16	III
Agricultural land holdings	8	7	15	IV
Unemployment	7	7	14	V
Skill set	6	7	13	VI
Public health	6	6	11	VII
Finance	6	4	10	VIII
Road condition	5	4	9	IX
Drinking water	3	2	5	X

Source: Village Survey, 2012

<sup>44</sup> Overlapping circles indicate their overlap in decision making. Such overlapping takes place when an individual/institution interacts with another one. The overlapping where it is large signifies a greater degree of interaction and the circles which are far off indicate that the institutions/individuals are not in contact with one another.

**3.1. Irrigation:** The total area of Dhangaon Ryt is approximately 109 hectare, out of which 64 hectare is cultivable land. Paddy, Wheat, Kodo kutki, Makka, Chana and Musur dal are main crops. It was observed during discussion with the villagers that most of them grow crops for self-consumption only, because productivity is not enough to fulfill need of the people. Villagers opined that lack of irrigation facilities is a major factor of lesser productivity rate. Some other factors are pest infestation and occurrence of weed in the fields. During transect walk, it was found that there is no mechanised system of farming for cultivation and harvesting in Dhangaon Ryt village.

#### DEMAND-SUPPLY MISMATCH

Irrigation is a major issue to enhance productivity crops. To solve this issue an attempt was made by the NREGA assisted project by construction of wells. Two such wells were constructed in the village. However, due to low level of water, villagers could not utilize those wells to irrigate their lands. These wells are not used by the villagers at present.

*Source: Village Survey, 2012*

A kind of farming equipment was introduced by an agricultural R&D centre for weeding purposes. However, the equipment was not geared to handle the local topography of hard soil. Due to high incidence of breakage in that farming equipment farmers stopped using. Later, a NGO named Action for Social Advancement (ASA) took it further and efforts were made to customize that technology making it more adaptive in the local regional condition.

*Source: Discussion with Team Leader, ASA, Project Office, Mandla, M.P., 2012*

**3.2. Education (Illiteracy):** There is one primary school in the village. In the primary school, present student strength is 30 with 2 teachers of 1 male and 1 female. The school has been provided with mid-day meal facilities for the children under the Sarvashiksha Abhiyan. After class IV, they used to go Kindri/Padri which is nearer to the village for higher education. However, villagers opined that their children generally get maximum education upto 10<sup>th</sup> standard. It may be due to several factors like lack of enthusiasm, lesser motivation towards education, poor quality of educational infrastructural facilities and longer distance in accessing higher educational institutes etc. On the contrary, they are interested in earning pocket money which is the primary reason of higher drop out ratio. During discussion with the village level Community Resource Personnel (CRP), it was observed that literacy rate in Dhangaon Ryt is very poor which is a primary concern of under-development socio-economic condition of the village.

### I DON'T WANT TO PRODUCE MORE!!!

PRADAN took an initiative to motivate one farmer from the village Andiya Dar to adopt System for Rice Intensification (SRI) technique for paddy cultivation. After mobilizing the farmer, PRADAN suggested him to allocate around 2.5 hectare of farmland to set up a field school. The experiment was very successful. The farmer witnessed excess productivity of around 60 quintals of paddy/acre. The production was beyond his expectation. He expressed that though he had been cultivating paddy since ages, he could not remember anyone within and outside of his village been able to achieve it. PRADAN took him as a successful role model to motivate other farmers for greater dissemination of this SRI technique. Many farmers from within his village and adjoining areas showed interest to adopt this technique seeing the results. However, in the next year, PRADAN observed that the farmer whom they developed as a successful role model again switched over to traditional practices of farming. It is interesting to note here that when PRADAN asked about the reason, the farmer said that he does not want to grow more paddy this year. The surplus products of last year still remain in his house due to lack of marketing facilities. If he produces more, it will be a sheer wastage this year.

*Source: Discussion with Team Leader, PRADAN Project Office, Mandla, M. P., 2012*

**3.3. Market facility:** Villagers opined that there is no defined/centralized market place to sale agriculture/forest produces. Market access is one of the key concerns of the villagers and ranked as one the top 5 problems of poverty. Villagers generally used to go to the nearby local market at Paurilinga or Mandla district which is 10 to 22 kms away from the village. During discussion with the Community Resource Personnel and some of the NGO personnel, it was observed that mahua (NTFP) collected in the village is sold either to the middlemen or in the local market at very cheaper price. However, the produce gets much higher price during non-seasonal time. Therefore, they opined that if collection of mahua is given wear- housing/storage facilities and marketing support than the collectors can double their income for their produce by enhancing their negotiating power with the middlemen.

**3.4. Agricultural land holdings:** During discussion with the villagers, it was known that average land holdings of the villagers' ranges from 2-2.5 hectares. However, they opined that non-availability of adequate fertile land is one of the major problems in growing paddy in few part of the land they possess. Villagers opined that due to sloppy nature of the land, high soil erosion during rainy season leads to poor fertility and productivity of soil. It came to know during discussion with the villagers that to overcome the problem, the villagers now engaged themselves in the NREGA project where bunds are being prepared between fields to conserve soil erosion and moisture. It benefited them both the ways by getting regular employment and development of their village.

**3.5. Unemployment:** During discussion with the villagers, it was clear that mono-cropping pattern and non-availability of non-farm employment opportunities are some of the major issues of unavailability of round the year employment opportunities and poor condition of the villagers. During discussion with some village leaders, NGO personnel like CARD, NGO, ASA etc, it was observed that though there exists a vast scope to exploit the natural forest resources, lack of market support mechanism is one of the key factors of under-

development of most the villages. Some other issues which need immediate attention are technological intervention to increase agricultural productivity through drip irrigation, paddle pump, timely pest management, capacity building, awareness generation and skill up-gradation of the villagers.

#### 4. LIVELIHOODS PATTERN OF THE VILLAGERS

During the village survey, around 40 villagers were interviewed to know their livelihoods pattern and appropriate weightage has been assigned to each of the livelihood activity based on their perception.

**4.1. Wage Labour:** Most of the villagers prefer wage labour as preferable livelihood option as it ensures instant money payment, high demand of labour, comparatively remunerative, lesser risk involved and no big investment required etc. Presently the villagers are being benefited through NREGA project being implemented in that village and one member from each household get work as casual labourer on daily wage basis ranging from Rs. 120 to 150/day.

**4.2. Farming:** Villagers opined that farming is not an income generating activity as they have hardly any market surplus and the produce consumed mainly for own survivability. Several reasons like lack of irrigation facilities, low land holding, non-availability of adequate fertile land etc are some of the issues related with it.

**Table 4.** Livelihoods Preference Matrix based on Villagers' Perception

Livelihood	Preference Weight	Villagers' Perception
Wage labour	40%	<ul style="list-style-type: none"> <li>➤ Regular employment with instant daily payment</li> <li>➤ High demand of labour: NREGA being implemented in that village, they get several activities in their own village throughout the year</li> <li>➤ Remuneration is comparatively higher compared to farming</li> <li>➤ Lesser risk involved</li> <li>➤ No big investment required</li> </ul>
Farming	30%	<ul style="list-style-type: none"> <li>➤ Lack of irrigation</li> <li>➤ Land holding is low</li> <li>➤ Non-availability of adequate fertile land</li> <li>➤ Non-remunerative; hardly have their produce for sale</li> </ul>
NTFP	20%	<ul style="list-style-type: none"> <li>➤ Seasonal</li> <li>➤ Labour intensive</li> <li>➤ Return is low</li> <li>➤ Involve risks. For example, in case of hill brooms, there is a risk of snakebite or falling into deep pits</li> </ul>
Gottery	10%	<ul style="list-style-type: none"> <li>➤ Comparatively higher investment</li> <li>➤ Lack of financial support</li> <li>➤ Not quick return</li> <li>➤ Seasonal market demand during religious activities and marriage ceremony.</li> </ul>
Poultry	0%	<ul style="list-style-type: none"> <li>➤ High risk due to frequent disease outbreak</li> <li>➤ Lack of market support</li> </ul>

Source: Village Survey, 2012

**4.3. Non Timber Forest Produce (NTFP):** Apart from agriculture, a large number of villagers (mainly women) collect minor forest produce like tendu leaf and mahua every year. Villagers described that this type of activity is highly seasonal only for 2 months for the lean season. The women expressed their concern that this activity involves higher risk, for example, in case of hill brooms, snake bite or falling into deep pits. Moreover, villagers opined that though they sale their collected produce to the govt departments (in case if it is tendu leaf) or local market, lack of accessibility of the local market (for example, Mandla local market is 22 km far away from the village) and absence of proper market structural facilities are some of the major issues associated with it.

**4.4. Gottery:** Very few villagers earn money through gottery activities. Two households got financial assistance from Madhya Pradesh Rural Livelihood project. However, villagers opined that gottery is not a very preferable livelihood activity as it requires comparatively higher investment. The goat ready for selling need atleast 1 year, therefore, the activity does not ensure quick return. Moreover, market is seasonal, demand is high during religious and marriage ceremony.

**4.5. Poultry:** Most of the village households rear poultry at a very limited scale and it is not being exploited presently from commercial point of view. Villagers non-preference of poultry activity mainly due to two major factors like frequent disease outbreak and lack of market support.

## 5. SITUATIONAL ANALYSIS OF DHANGAON RYT VILLAGE: FACTORS FOR PROMOTION OF MICRO-ENTERPRISES (MEs)

As mentioned earlier, the village is richly endowed with dense forest. The villagers being tribal have strong affinity with forests, therefore, developed requisite skill set in forest related activities. It

was observed during discussion with the villagers that major NTFPs of the village are tendu leaf and mahua flower. NTFPs are collected mostly by the women and the collection is managed by the Forest Department. The collection of NTFPs is highly seasonal for 2 months during non-agricultural lean season only.

Villagers opined that tendu leaf which is collected through “phads” by the Forest

**Table 5.** Situational Analysis Of Dhangaon Ryt to Promote MEs

Existing Problem	Possible ME Intervention
NTFPs are collected mostly by women and the activity involves high risk, for example, in case of hill brooms, snake bite or falling into deep pits.	Formation of SHGs of women forest collectors may benefit to come under insurance coverage.
NTFPs are sold by gatherers without any processing or value addition. There is no processing unit and present skill set for value addition.	Setting up of processing unit in the district; skill up-gradation like packaging, stocking, accounting, marketing and other management may lead to value added product.
NTFPs are seasonal for 2 months during lean non-agriculture season. There is no wear-housing/storage facilities and marketing support available.	Storage and transport infrastructure as wear-houses; Financial support in terms of revolving fund, loans on stored stocks in wear-houses.

*Source: Village Survey, 2012*

Department makes good return to the collectors. Some other NTFPs are mahua, mahol leaf and wild honey etc. Mahua collected by the villagers usually sale to the local market or middlemen. It was observed that most NTFPs are sold by gatherers without any processing or value addition. Villagers said that support system is not available for proper collection, storage and marketing to get better price in time.

### **ECO-FRIENDLY HONEY HARVESTING: A CASE OF SUCCESSFUL MICRO-ENTERPRISE**

Fostering Tribal Communities for Livelihood Promotion through Eco-Friendly Honey Harvesting in the Forest Habitations of Mandla District of Madhya Pradesh was implemented in Ghugri Block by the Centre for Advanced Research & Development (CARD). The initiative was executed through the SHG members at collection stage and through the federation at processing and marketing stage. During the initiative, 22 SHGs of honey hunters had been formed and registered; skill of SHG members upgraded to use improved method of honey processing; market linkage established facilitating strong network among different partners. During this process, SHGs marketing federation, 20 honey collection centres and 5 honey promoting societies had been formed, established and registered. This successful initiative ensured increased income of honey hunters through marketing of branded honey.

*Source: Discussion with Regional Co-ordinator, CARD, Ghugri, M. P., 2012*

**Table. 6.** SWOT Analysis by the Interviewer

<b>STRENGTHS</b>	<b>WEAKNESS</b>	<b>OPPORTUNITIES</b>	<b>THREAT</b>
Endowed with dense forest	No accessibility by Rail; No major metropolitan city on proximity	Extension of irrigation facilities can convert large area falls under single crop into double crop area	The overly rigorous provisions of the Forest Conservation Act.
Various NTFPs like mahua, tendu, mahol patta, wild honey etc.	High soil erosion due to high slope leads to poor fertility and productivity of soil	Adoption of scientific agriculture practice will increase production of crops	Lack of entrepreneurship among the rural mass.
Fair level of average annual rainfall	Poor irrigation facilities	High scope of watershed management and rural livelihoods.	Excessive run off due to undulating topography
Chemical free agriculture produce	Low Agricultural productivity with primitive farming techniques.	Livelihoods opportunities not yet exploited to the full.	District is left wing extremism prone and naxal affected.
Major perennial river, Narmada	No major industries due to poor infrastructure	High movement of agricultural and forest produces out of the district in unprocessed form imply ample opportunities for activities relating to value addition.	The tribes are traditionally abducted of Alcoholism
Active PRIs	Rapid depletion of forest resources	The new quest for organic foods holds opportunities	
Availability of cheap labour	Low level of literacy and technical awareness among the villagers	A strong network of active PRIs facilitates outreach services for training and skill development.	
A large number of women's SHGs	Lack of well organized marketing structure for minor forest produce.	Traditional affinity of tribal with the forest can be used in forest protection & plantation activities.	

**Policies/Programmes/Schemes directly related to MSME (arranged chronologically according to implementing body)**

Sl. No.	Name	Year of Inception	Implementing Body	Types of benefits	Objective
1	Rejuvenation, Modernisation and Technology Upgradation (REMOT) of the Coir Industry	2007	Coir Board	Infrastructure Development	Assistance is provided to spinners and tiny household sector for replacement of outdated ratts/looms and for constructing worksheds so as to increase production and earnings of the workers of workers.
2	<b>Madhya Pardesh Rural Livelihood Programme (MPRLP)</b>	2004	Department For International Development (DFID)	Poverty alleviation	To eliminate rural poverty by empowering rural households mainly in tribal districts of the state
3	<b>Production-cum-training centres under Rural Arts and Crafts Programme</b>	1954	Govt of Bihar	Skill Development	To bring the experience gathered by production-cum-training centres in Bihar to the notice of a wider circle of persons interested in the progress of village industries
4	<b>Vishwa</b>	1991	Govt of Karnataka	Employment Generation	To provide continuous productive employment in rural areas
5	<b>Employment Guarantee Scheme Of Maharashtra</b>	1972	Govt of Maharastra	Employment Generation	To provide employment to all unskilled workers in the rural areas keeping in view that agricultural operation does not affected adversely
6	<b>Antyodaya Programme</b>	1977	Govt of Rajasthan, HP, Oddisha, UP, Bihar, Manipur	Employment Generation	Upliftment of poorest of the poor. First introduced in Rajasthan (1977) then in HP, Oddisha, UP, Bihar, Manipur during 1978
7	Mahila Udyam Nidhi (MUN) Scheme	NA	Industrial Development Bank of India (IDBI)	Infrastructure Development  Equity type assistance for setting up new industrial venture	Provides equity support to women entrepreneurs for setting up projects in Tiny Sector.
8	<b>Khadi &amp; Village Industries Programme</b>	1992	Khadi and Village Industries	Employment Generation	To provide employment opportunities to rural artisans more specifically the socio-economic

			Commission (KVIC)		weaker strata of the society
9	<b>Village and small industries schemes</b>	1968	Khadi and Village Industries Commission (KVIC)	Employment Generation	Measures included the setting up of six all-India Boards, i.e. Handloom Board, Silk Board, Coir Board, Khadi and Village Industries Commission, Handicrafts Board and Small Industries Service Board, formation of a number of community industrial pilot projects, initiation of rural industries projects, organisation of training centres for training the artisans, extension of credit facilities at reasonable terms, setting up of industrial co-operative societies, Small Industries Service Institutes and industrial estates, etc.
10	Scheme Of Fund For Regeneration Of Traditional Industries (SFURTI)	2005	KVIC/Coir Board	Employment Generation	To establish a regenerated, holistic, sustainable and replicable model of integrated cluster based development of traditional industries in Khadi, Village and Coir sectors
11	<b>Gram Sahayak Programme</b>	1957	Min of Community Development & Cooperation	Skill Development	Community Development Programme (in favour of agricultural production) through training and educating village leaders (designated as gram sahayak) ensuring its dissemination to the whole community
12	<b>Swarna Jayanti Shahari Rozgar Yojana (SJSRY)</b>	1997	Min of Urban Development	Employment Generation	Urban self employment and wage employment programme
13	<b>Mahila Samridhi Yojana</b>	1993	Min of Women & Child Development	Social Welfare	Empowering rural women through development of thrift habit and building confidence and self-reliance
14	HRD Mission for Leather	NA	Min. of Commerce	Skill Development	To seed, promote and sustain a technology culture in the entire work force of the Indian leather sector
15	Mega Food Parks Scheme	2008	Min. of Food Processing	Infrastructure Development	To facilitate the establishment of a strong food processing industry backed by an efficient supply chain, which would include collection centres, primary processing centers and cold chain infrastructure
16	Scheme for Cold Chain, Value Addition and Preservation Infrastructure	NA	Min. of Food Processing	Infrastructure Development	To provide integrated and complete cold chain and preservation infrastructure facilities without any

					break, from the farm gate to the consumer
17	Modular Employable Skills (MES) under Skill Development Initiative Scheme (SDIS)	2007	Min. of Labour	Skill Development	The skill level and educational attainment of the workforce determines the productivity as well as the ability to adapt to the changing industrial environment.
18	<b>Integrated Infrastructure Development (IID) Scheme subsumed under MSECDP)</b>	1994	Min. of MSME	Infrastructure Development	Setting up new clusters/ industrial estates; Infrastructural facilities like power distribution network, water, telecommunication, drainage and pollution control facilities etc
19	<b>Market Development Assistance Scheme for SSI exporters (SSI-MDA)</b>	2001	Min. of MSME	Skill Development; Exposure	To increase participation of representatives of participating units in International Trade Fairs/Exhibitions
20	<b>Micro and Small Enterprises Cluster Development Programme (MSECDP)</b>	2009 (Recast)	Min. of MSME	Inter-firm cooperation based on networking and trust	The Micro and Small Enterprises Cluster Development Programme (MSECDP) is implemented for holistic development of clusters of MSEs. The programme sages measures for capacity building, skill development, technology upgradation of the enterprises, improved credit delivery, marketing support, setting up of common facility centres, etc., based on diagnostic studies carried out in consultation with cluster units and their collectives and management of cluster-wide facilities by the cluster collectives.
21	<b>De-reservation</b>	1997	Min. of MSME	Enhancement of capital and labour productivity	The issue of de-reservation has been a subject of animated debate within government for the last twenty years. The Approach to the Eleventh Five Year Plan notes the adverse implications of reservation of products for exclusive manufacture by the MSEs and recommends the policy of progressive dereservation. To facilitate further investments for technological upgradation and higher productivity in the micro and small enterprises, 654 items have been taken off the list of

					items reserved for exclusive manufacture by the manufacturing micro and small enterprises in the last few years – reducing it to 21 at present. This has helped the sector in enlarging the scale of operations and also paved the way for entry of larger enterprises in the manufacture of these products in keeping with the global standards.
22	<b>Development of Backward Areas</b>	1970	Min. of MSME	Promotion of industries in backward districts/areas	Central Investment Subsidy on capital investment for the promotion of industries in backward districts/areas
23	<b>District Industries Centres Programme (DICs)</b>	1978	Min. of MSME	Infrastructure Development	To minimise the bottlenecks and assist the artisans and craftsmen to promote the development of small and village industries
24	<b>Entrepreneurship Development Institution Scheme (EDI)</b>	1993	Min. of MSME	Financial assistance	To render financial assistance to the existing and new Entrepreneurship Development Institutes (EDIs) for training infrastructure development and modernization
25	<b>Growth Centres Scheme</b>	1988	Min. of MSME	Infrastructure Development	To promote industrialisation of backward areas in the country
26	<b>Mahila Coir Yojana</b>	1994	Min. of MSME	Employment Generation	To providing self employment to rural women artisans in regions producing coir fibre
27	<b>Policy Of Reservation</b>	1984	Min. of MSME	Employment Generation	Reservation of products for exclusive manufacture in the SSI Sector has been one of the important policy measures for promoting this sector.
28	<b>Rural Employment Generation Programme (REGP)</b>	1995	Min. of MSME	Employment generation	Employment generation programmes in the unorganised sector
29	<b>Self Employment Scheme for Educated Unemployed</b>	1983	Min. of MSME	Employment generation	For providing Self-employment to Educated Unemployed Youth with an annual target of 2.5 lakh beneficiaries
30	Purchase Preference Policy	1989	Min. of MSME	Income Generation  Government of India and its public sector undertakings are	Marketing assistance to the small scale units through preferential purchase by the Central and State Purchase Organisations was emphasised

				required to purchase 358 reserved products only from the SSI	
31	Price Preference Policy	NA	Min. of MSME	Income Generation  In Government purchase, 15% price preference is given to SSI suppliers	Assistance under Government Stores Purchase Programme in the form of reservation of products for exclusive purchase from small scale sector and price preference is one of the major instruments for providing marketing support to the small scale industries.
32	Policy for Tiny Sector, Cottage & Village Industries, Handicrafts, Khadi & Handlooms	1991	Min. of MSME	Infrastructure Development	To provide financial support measures, infrastructural facilities, promotion of marketing and export, modernization, technological and quality upgradation, promotion of entrepreneurships and simplification of rules and procedures
33	Integrated Technology Upgradation and Management Programme (UPTECH)	1998 (2002)	Min. of MSME	Technology Upgradation	Aims at diagnostic study of the clusters, identification of technological needs, technological intervention and wider dissemination of information and Technology within the clusters. Renamed in 2003-04, as Small Industry Cluster Development Programme
34	Prime Minister's Rozgar Yozna (PMRY)	1993	Min. of MSME	Employment Generation	To create and provide sustainable self-employment opportunities to one million educated unemployed youth in the country during the 8th Plan period.
35	Rajiv Gandhi Udyami Mitra Yojana (RGUMY)	2008	Min. of MSME	Handholding support	To provide handholding support and assistance to the potential first generation entrepreneurs, who have already successfully completed EDP/SDP/ESDP or vocational training from ITIs, through the selected lead agencies i.e. 'Udyami Mitras', in the establishment and management of the new enterprise, in dealing with various procedural and legal hurdles and in completion of various formalities required for setting up and running of the enterprise.
36	Entrepreneurship and skill development scheme	NA	Min. of MSME	Employment Generation	To nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up MSEs

37	Technical & Managerial Consultancy Services	NA	Min. of MSME	Generation of higher exports	To ensure higher level of production and generation of higher exports
38	Assistance to SC/ST Entrepreneurs	NA	Min. of MSME	Skills Development	Mainly intended to provide a wide range of services and facilities required for accelerating the growth of small scale industries in the country
39	Small Entrepreneur Management Assistants Scheme	NA	Min. of MSME	Skills Development through Training	To making readily available to the SSI units suitably trained Management Assistants and Open up employment avenues for graduates particularly from non-technical streams
40	Khadi Reform Development Programme (KRDP)	NA	Min. of MSME	Employment Generation	To revitalize and reform the traditional khadi sector with enhanced sustainability of khadi, increased artisans welfare, increased incomes and employment opportunities for spinners and weavers with lesser dependence on Government grants
41	Entrepreneurship Development Programme	NA	Min. of MSME	Employment Generation	To promote entrepreneurship and create avenues for self-employed ventures capable of generating additional employment
42	Entrepreneurship Skill Development Programmes	NA	Min. of MSME	Skill Development	To provide training to skilled workers engaged in the small scale industries and to equip them with better and improved technologies of production
43	Prime Minister's Employment Generation Programme (PMEGP)	2008	Min. of MSME	Employment Generation	A new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister's Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas
44	Rural Industry Service Centre (RISC)	2004	Min. of MSME	Infrastructure Development	Provide backward forward linkages to Khadi & V.I. activities in a cluster, To provide services like raw material support, skill up-gradation, training, Quality Control, Testing facilities, marketing promotion, design & product development in order to strengthen the rural clusters

45	Scheme for Enhancing Productivity and competitiveness of khadi industry and artisans	2008	Min. of MSME	Employment Generation	To make khadi industry more competitive with more market-driven, profitable, production and sustained employment for khadi artisans and related service providers by replacement of obsolete and old machinery and equipment and repairs to/renovation of existing/operational machinery and equipment; extend an evenly balanced and need-based support in all areas of Khadi activities viz. production, distribution, promotion and capacity building; provide appropriate incentives to shift to market driven approach; the scheme would cover activities up-to cloth stage and may not venture into readymade garments
46	Workshed Scheme for Khadi Artisans	2008	Min. of MSME	Infrastructure Development	To facilitate the development of khadi spinners and weavers essentially belonging to BPL category by providing them financial assistance for construction of workshed
47	Mahatma Gandhi Institute for Rural Industrialization	2003	Min. of MSME	Employment Generation	To accelerate rural industrialization for sustainable village economy so that KVI sector co-exists with the main stream
48	Khadi Karigar Janashree Bima Yojana for Khadi Artisans	2003	Min. of MSME	Insurance	A Group Insurance Scheme for khadi workers. The Scheme covers spinners, weavers, pre-spinning artisans and post-weaving artisans engaged in the khadi sector. This scheme, like other Group Insurance Schemes, does not have any terminal benefit for the beneficiaries as this is not a Life Insurance Scheme. The scheme provides only risk cover for death/disability and the worker is not entitled to get any returns on the premium paid by him or paid on his behalf by KVIC/khadi institutions, if he survives the entire period of insurance
49	Development of village and small industries sector	1997	Min. of MSME	Infrastructure Development	Promotion of SSI sector in north eastern region

50	<b>Integrated Dairy Development Project</b>	1993	Min. of Rural Development	Employment Generation	Aims at increasing milk supplies in project areas by increasing milk production, facilitating its marketing through integration of activities relating to production, collection, chilling, processing and sale of milk, ensuring remunerative prices to milk producers and increasing their income, employment and nutritional standards
51	<b>Integrated Rural Development Programme (IRDP)</b>	1978	Min. of Rural Development	Poverty Alleviation	To raise the levels of the BPL families in the rural areas above the poverty line on a lasting basis by giving them income generating assets and access to credit and other inputs
52	<b>Jawahar Rozgar Yojana</b>	1989	Min. of Rural Development	Poverty Alleviation	Additional gainful employment for the unemployed and under-employed persons in rural areas
53	<b>Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)</b>	2005	Min. of Rural Development	Poverty Alleviation	A legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage of 120 (US\$2.28) per day in 2009 prices.
54	<b>Pradhan Mantri Gram Sadak Yojana</b>	2000	Min. of Rural Development	Infrastructure Development	Providing connectivity by means of properly laid all-weather surfaced roads (with necessary culverts and cross drainage structures) to all unconnected habitations
55	Rural Industries Projects	1962	Min. of Rural Development	Infrastructure Development	
56	Provision of Urban Amenities in Rural Areas(PURA)	2004	Min. of Rural Development	Livelihood opportunities and urban amenities	Holistic and accelerated development of compact areas around a potential growth centre in a Gram Panchayat (or a group of Gram Panchayats) through Public Private Partnership (PPP) framework for providing livelihood opportunities and urban amenities to improve the quality of life in rural areas
57	National Social Assistance Programme (NSAP)	1995	Min. of Rural Development	Welfare Programme	To secure for the citizens adequate means of livelihood, raise the standard of living, improve public health, provide free and compulsory

					education for children etc
58	Special Projects under Swarnjayanti Gram Swarozgar Yojana (SGSY)	1999	Min. of Rural Development	Poverty Alleviation	Organizing the rural poor into self help group (SHG) through the process of social mobilization, training and capacity building and provision of income generating assests
59	Employment Assurance Scheme (EAS)	1993	Min. of Rural Development	Employment Generation	
60	<b>Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY)</b>	2001	Min. of Textiles	Infrastructure development, capacity building	A package of support to the cluster of handicraft artisans, which inter-alia includes basic inputs and infrastructure support in addition to capacity enhancement to cater to target markets
61	Integrated skill development scheme for the textiles and apparel sector including jute and handicrafts	NA	Min. of Textiles	Capacity Building	Capacity building of Institutions providing skill development & training in Textiles Sector including textiles and apparel; handicrafts; handlooms; jute; and sericulture
62	Comprehensive Handlooms Cluster Development Scheme (CHCDS)	2008	Min. of Textiles	Employment Generation	To develop Mega Handloom Clusters that are located in clearly identifiable geographical locations that specialize in specific products, with close linkages and inter dependents amongst the key players in the cluster by improving the infrastructure facilities, with better storage facilities, technology up-gradation in preloom/on-loom/post-loom operations, weaving shed, skill up-gradation, design inputs, health facilities etc. which would eventually be able to meet the discerning and changing market demands both at domestic and at the international level and raise living standards of the millions of weavers engaged in the handloom industry

63	Comprehensive Handicrafts Cluster Development Scheme (CHCDS)	2008	Min. of Textiles	Infrastructure Development	To develop these two clusters with world-class infrastructure. The guiding principle behind the design of clusters would be to create world-class infrastructure that caters to the business needs of the local artisans & SMEs to boost production and export. In brief, the main objective of setting up these clusters is to assist the artisans & entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and HRD inputs coupled with market linkages and production diversification clusters is to assist the artisans & entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and HRD inputs
64	Technology and Quality Upgradation Support to MSMEs (TEQUP)	2010	Min. of Textiles	Competitiveness of the MSME sector	Enhancing competitiveness of the MSME sector, through Energy Efficiency and Product Quality Certification
65	Integrated Handloom Cluster Development Programme	2005	Min. of Textiles	Integrated development	For holistic and integrated development of 20 handloom clusters in a timeframe of four years at a total cost not exceeding Rs. 2 crore per cluster. These clusters are spread in 12 States, including the State of Karnataka each covering about 5000 handlooms
66	Special Handicraft Training Project	NA	Min. of Textiles	Skill Development	
67	Textile Workers' Rehabilitation Fund Scheme (TWRFS)	1986	Min. of Textiles	Welfare	To provide interim relief to textile workers rendered unemployed as a consequence of permanent closure of any particular portion or entire textile unit
68	<b>Integrated Tribal Development Projects</b>	1974	Min. of Tribal Affairs	Poverty Alleviation, Social Welfare	Reducing poverty, improving educational status and eliminating exploitation of the tribal families
69	Scheme of Investment in TRIFED	1987	Min. of Tribal Affairs	Income Generation	Providing marketing assistance and remunerative prices to Scheduled Tribes communities for their Minor Forest Produce (MFP) and Surplus Agricultural Produce (SAP) and to wean them away from exploitative private traders and middlemen

70	Scheme of Marketing Development of Tribal Products/Produce		Min. of Tribal Affairs	Income Generation	Procurement of Minor Forest Produce (MFP) and Agriculture Produce (AP) with the idea of providing remunerative prices to the tribals and also to help member societies in disposing their stocks procured from tribals.
71	<b>Handloom Development Programme</b>	1952	Ministry of Commerce and Industry	Infrastructure Development	The programme covered all aspects of development such as supply of raw materials, production, employment and marketing
72	<b>Priority Sector Lending</b>	1980	Reserve Bank of India	Credit to the MSEs	Credit to the MSEs is part of the Priority Sector Lending Policy of the banks. For the public and private sector banks, 40% of the net bank credit (NBC) is earmarked for the Priority Sector. For the foreign banks, however, 32% of the NBC is earmarked for the Priority Sector, of which 10% is earmarked for the MSE sector. Any shortfall in such lending by the foreign banks has to be deposited in the Small Enterprise Development Fund (SEDF) to be set up by the Small Industries Development Bank of India (SIDBI).
73	<b>Rehabilitation of Sick Units</b>	1987	Reserve Bank of India	Rehabilitation of sick units in the small scale sector	Various measures from time to time to detect sickness at the incipient stage and rehabilitation of sick units in the small scale sector.
74	Technology Development and Modernization Fund Scheme	1995	Small Industries Development Bank of India	Technology Upgradation	Assistance is available for meeting the expenditure on purchase of capital equipment, acquisition of technical know-how, upgradation of process technology and products with thrust on quality improvement, improvement of packaging and cost of TQM and acquisition of ISO-9000 series certification
75	Rural Industries Programme (RIP)	1994	Small Industries Development Bank of India	Employment Generation	Development of viable and self-sustaining tiny / small enterprises in rural and semi urban India by harnessing local entrepreneurial talent. The Programme attempts to address the problems such as rural unemployment, urban migration and under-utilisation of local skills and resources, and is designed as a comprehensive Business

					Development Services programme
76	<b>Micro Credit Scheme</b>	1994	Small Industries Development Bank of India	Assistance for Employment & Income Generation	To meet the requirement of well managed Voluntary Agencies that are in existence for at least 5 years; have a good track record and have established network and experience in small savings-cum-credit programmes with Self Help Groups (SHGs) individuals.
77	<b>Andhra Pradesh Rural Poverty Reduction Project</b>	2003	World Bank through GoI	Poverty alleviation	To enable the rural poor, particularly the poorest of the poor, in Andhra Pradesh to improve their livelihoods and quality of life
78	<b>Bihar Rural Livelihoods Project - "JEEVIKA"</b>	2007	World Bank through GoI	Poverty alleviation	To enhance social and economic empowerment of the rural poor in Bihar
79	<b>Oddisa Rural Livelihood Programme (ORLP)</b>	2008	World Bank through GoI	Poverty alleviation	To enhance the socio-economic status of the poor, especially women and disadvantaged groups, in selected districts of Oddisa
80	<b>Rajasthan Rural Livelihood Programme (RRLP)</b>	2011	World Bank through GoI	Poverty alleviation	To enhance economic opportunities and empowerment of the rural poor
81	<b>Second Madhya Pradesh District Poverty Initiatives Project (MPDPIP-II)</b>	2009	World Bank through GoI	Poverty alleviation	To improve the capacity and opportunities for the targeted rural poor to achieve sustainable livelihoods
82	<b>Tamil Nadu Empowerment and Poverty Reduction</b>	2005	World Bank through GoI	Poverty alleviation	Reduction of poverty among the rural poor and other vulnerable groups

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**QUESTIONNAIRE FOR ME****Part I: Basic Information:**

1. Name of the entrepreneur: Mr./Mrs./Ms. \_\_\_\_\_

2. Address: \_\_\_\_\_

3. Age category (Please tick):

15-25  26-35  36-45  46-55  56-65  66-75

4. Category (Please tick):

SC  ST  Minority  OBC  General

5. Education (Please tick):

Less than primary  Primary  Secondary  Diploma

Higher Secondary  Graduation  Post-Graduation

Technical/ vocational education (pls specify \_\_\_\_\_)

6. Do you remember approximate year of establishment?

\_\_\_\_\_

7. Do you have a registration? What type of registration?

\_\_\_\_\_

8. What are the main products? (> 50% of sales)

\_\_\_\_\_

9. Number of persons engaged \_\_\_\_\_

## Part II: Analysis of Business Operation

### A. Finance

1. How was the enterprise funded?
  - a- Own investment
  - b- Money taken from family members/ friends
  - c- Invested by the support firm (Bigger unit/ raw material supplier/ trader/ etc)
  - d- Machinery support by technical institutions
  - e- Scheme based finance by support institutions (Govt. Dept., etc)
  - f- Bank loan
  - g- Other, Pls specify \_\_\_\_\_
2. What is the principal source of finance for working capital?
  - a- Own investment
  - b- Bank loan
  - c- Money taken from family members/ friends
  - d- Money given by the support firm (Bigger unit/ raw material supplier/ trader/ etc)
  - e- Other, Pls specify \_\_\_\_\_

### 2. Finance- Problem Analysis

**For each of the following potential problems, please state if it is a big, average, small or no problem for your business.**

**5= very big problem; 4= big problem; 3= medium problem; 2 = small problem; 1 = no problem (NA)**

Problems	Severity	Specific reasons
<b>Lack of capital</b>		
<b>Lack of access to working capital loans</b>		<i>(Hints: Reasons-like Lack of basic bookkeeping and accounting skills, high cost of maintaining financial discipline, etc)</i>

<b>Lack of access to loans for acquisition of capital assets, etc</b>		<i>(Hints: - lack of collateral, previous track record of repayment)</i>
<b>No banking account</b>		<i>(Hints: Mistrust on opening up business details)</i>
<b>Procedural complications</b>		
<b>High rate of interest</b>		
<b>Any Other, pls specify</b> .....		

3. In your opinion, what do you want to suggest as most suitable solution to overcome the financial problem in establishing viable enterprises \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**B. Market**

1. Where are the enterprise's main products sold?
  - i. Locally
  - ii. elsewhere in the country
  - iii. export markets
  
2. Sources of order (notice the order of preference given while he shares information)
  - i. production on order
  - ii. own production
  - iii. has a shop
  - iv. mix
  
3. What are the main marketing channels used?
  - (i) Sale directly to the consumer (through own shop)
  - (ii) Sale to other enterprises: manufacturers
  - (iii) Sale to large producers in the cluster, agents, intermediary traders, exporters, etc

- (iv) Mix of any above
- 4. Payment system?
  - i. advance
  - ii. post delivery
  - iii. partly payment
  - iv. any other
- 5. What, apart from orders, do these channels consciously or involuntarily provide
  - (i) General market intelligence
  - (ii) Designs
  - (iii) Market requirements
  - (iv) Technical assistance
  - (v) Training
  - (vi) Credit in money or materials
- 8. Any change in the business line since inception? Yes/No
- 9. If yes, any major changes in the products or product designs?
 

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- 10. Who are your main competitors?
  - a. other MSMEs in the cluster
  - b. other enterprises within the country
  - c. Importers
- 11. How do you attract consumers?
  - a. High quality
  - b. Constant upgrading or modification to customers' needs
  - c. Assured/ rapid delivery
  - d. Reasonable price
- 12. Marketing Problem Analysis

**For each of the following potential problems, please state if it is a big, average, small or no problem for your business.**

**5= very big problem; 4= big problem; 3= medium problem; 2 = small problem; 1 = no problem (NA)**

Problem	Severity	Reason
Lack of marketing skills		
Lack of access to markets		

<b>Weak demand for products being sold</b>		
<b>Market seasonality</b>		
<b>Difficulty in maintaining market share/competition</b>		
<b>Lack of market information</b>		
<b>Limited product range</b>		
<b>Poor product quality</b>		
<b>Competition from other substitutes</b>		
<b>Any Other, pls specify..... .....</b>		

13. In your opinion, what do you want to suggest as most suitable solution to overcome the marketing problem in establishing viable enterprise \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### **C. Production & Technology**

1. Production turnover: \_\_\_\_\_

2. Average capacity utilization: \_\_\_\_\_

3. Is there any change in capacity utilization last 5 years? If yes, what are the reasons?  
 \_\_\_\_\_

4. Factor affecting capacity utilization (internal / external) : \_\_\_\_\_

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5. Reason for non-operation / Closure : Power cut/seasonality factor/labour shortage/  
raw material shortage/market demand/others

6. What are the principal sources of parts, servicing and repairs of the machinery:

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8. Technology Problem Analysis

**For each of the following potential problems, please state if it is a big, average, small or no problem for your business.**

**5= very big problem; 4= big problem; 3= medium problem; 2 = small problem; 1 = no problem (NA)**

<b>Problem</b>	<b>Severity</b>	<b>Reason</b>
<b>Obsolete technology</b>		
<b>Lack of knowledge information on advanced technology</b>		
<b>Few/ No machinery suppliers in the area</b>		
<b>High cost of advanced machines</b>		
<b>No technical experts (BDSPs) in the area</b>		
<b>Lack of R&amp;D and quality control facilities</b>		
<b>Any other, pls specify (e.g.-lack of supportive capital to purchase, which could also be w.r.t installation, maintenance and training of workers on the machine)</b>		

9. In your opinion, what do you want to suggest as most suitable solution to overcome the technological problem in establishing viable enterprise\_\_\_\_\_

\_\_\_\_\_

**D. Raw Materials:**

1. Who gives raw materials? \_\_\_\_\_
2. Terms and conditions of raw materials buying: advance/credit\_\_\_\_\_
3. If credit, what are the terms? \_\_\_\_\_
4. Trend in Raw Material Price (in last 5 years): (Please tick)
  - a) Increased
  - b) Decreased
  - c) Remained stagnant

5. Raw materials Problem Analysis

**For each of the following potential problems, please state if it is a big, average, small or no problem for your business.**

**5= very big problem; 4= big problem; 3= medium problem; 2 = small problem; 1 = no problem (NA)**

Problem	Severity	Reason
<b>Non-availability of raw materials and other inputs</b>		
<b>High cost of raw materials and other inputs</b>		
<b>Poor quality of the raw materials</b>		
<b>Lack of finance to but optimum quality/quantity of raw material</b>		

6. In your opinion, what do you want to suggest as most suitable solution to overcome the raw material related problem in establishing viable enterprise\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## E. Skill

1. Skill related problem analysis:

**For each of the following potential problems, please state if it is a big, average, small or no problem for your business.**

**5= very big problem; 4= big problem; 3= medium problem; 2 = small problem; 1 = no problem (NA)**

Problem	Severity	Reason
Lack of skilled manpower		
Lack of skills of the existing workforce (production and designs)		
Lack of technical skills		
Deficient product packaging and design		
Any Other, pls specify..... .....		

2. Do you envisage requirement of any training facility / program to bridge the required skill gaps?

\_\_\_\_\_

3. In your opinion, what do you want to suggest as most suitable solution to overcome the skill related problem in establishing viable enterprise\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## F. Infrastructure

1. Do you face any problem related to physical infrastructure? Yes / No

If yes, Please give your opinion on the following factors

Physical Infrastructure	Remarks	Benefited from any Govt. scheme (yes/no)	If yes, please mention the name of the scheme
Road			
Power			

Water  (for business use)			
---------------------------------	--	--	--

2. Do you know about Common Facility Centre (CFC)? Yes / No

3. Any presence of Common Facility Centre (CFC) in the cluster? Yes / No

a) If yes, please elaborate on the nature of facility

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b) If no, please elaborate whether CFC is required in your cluster and why?

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c) Also indicate what kind of facilities/machinery/testing instrument needed in the CFC.

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4. Do you face any problem related to business infrastructure? Yes / No

If yes, Please give your opinion on the following factors

Business Infrastructure	Remarks	Benefited from any Govt. scheme (yes/no)	If yes, please mention the name of the scheme
Work shed			
Packaging & storage facility			
Other (mention)			

5. In your opinion, what do you want to suggest as most suitable solution to overcome the infrastructure related problem in establishing viable enterprise \_\_\_\_\_

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### G. Social Capital (Association/Co-operation/SHG/ JLG, etc)

1. Are you a member of any group like Association/Co-operation/SHG? Yes / No

If yes, tick the relevant one

- i. Association
- ii. Co-operation
- iii. SHG
- iv. JLG

v. Specify if other

2. What help or service you receive from the group? \_\_\_\_\_

3. What other support you look forward to from the group? \_\_\_\_\_

4. Efforts made by the association if any, in:

Support	Remarks
Marketing (such as organising buyer-seller meet, exposure visit etc.)	
Infrastructure (such as road, water, drainage etc.)	
Common Facility Centre (such as training facility, testing facility, etc.)	
Problem solving	
Awareness program on Govt. policies	
Raw material bank	
Engaging BDS	
Any other, please specify	

5. In your opinion, what do you want to suggest as most suitable solution to address the social capital related issues in establishing viable enterprise \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## H. Social Need

1. Do you face any of the following social problems in your business? Yes / No

If yes comment on the following

Problem	Remark/ Reason
Health related issues	
Gender problems	
Poor social security for the old aged	
Other (mention)	

2. In your opinion, what do you want to suggest as most suitable solution to address the social need in establishing viable enterprise\_\_\_\_\_

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### Part III

#### Government Schemes:

1. Do you know about the Govt. programmes/schemes (Y/N)

2. If yes, name the schemes/ programmes which do you know

(a)\_\_\_\_\_

(b)\_\_\_\_\_

(c)\_\_\_\_\_

(d)\_\_\_\_\_

(e)\_\_\_\_\_

2. Have you been benefited through any Govt. supported programmes/schemes (Y/N)

3. If yes name of the Govt. programmes and how?

Sl. No.	Name of the Govt programmes/schemes	Remarks (How benefited)
1		
2		
3		
4		
5		

**CHECK LIST-I**  
**(DATA COLLECTION IN NON-EXISTING ME AREAS)**

**I. Demography**

**1.1 Name of the District**

Number of Villages

Major Townships

Total HHs (Gen/ SC/ST/OBC)

Total Population (Gen/ SC/ST/OBC)

Rural Population (Gen/ SC/ST/OBC)

Urban Population (Gen/ SC/ST/OBC)

Working population (Gen/ SC/ST/OBC)

Non-working population

No of BPL HHs

**1.2 Name of the village for the field study**

Total HHs (Gen/ SC/ST/OBC)

Total Population (Gen/ SC/ST/OBC)

Working population (Gen/ SC/ST/OBC)

Non-working population

No of BPL HHs

**2. Infrastructure**

2.1 General infrastructure (Road/ Railways, Electricity, Water, etc)

2.2 Support/ Technical Institutions (Hospital, Post office, Bank, Colleges/ University, including vocational education) and other common infrastructure (like-CFC, Local Haat, R&D center, etc)

- Availability and accessibility to the institutions (*PRA tool-Institutional matrix, Venn diagram*)

### **3. Natural Resources**

- Land under cultivation (Irrigated/ Non-irrigated)
- Forest Coverage
- Water bodies

### **4. Livelihoods**

4.1 Major livelihoods/ occupations- *PRA tools- Livelihood Analysis and Livelihood preference Matrix, preference score and criteria*)

- Farm (Agri and agri-allied)
- Non-farm (Natural resource based)
- Crafts (Skill based)
- Services
- Labour (wage based)

4.2 Supplementary Livelihoods

4.3 Average household income/ poverty gaps

- Poverty/ Well Being Analysis (*PRA tool- Wellbeing Analysis/ YTT*)

### **5. Existing Micro Enterprise**

5.1 Existing Micro Enterprise and Analysis of their Business Operations (AOBO)

- Products
- Number of HHs involved (Principal firms)
- Types of inputs required and their sources
- Technology used and their sources
- Manpower and their skill levels
- Finance and their sources
- Market

5.2 Existing social capital (SHG/JLG/ Association/ Federation, etc) of MEs and their activities

5.3 Types of support received from support institutions/ technical institutions/ financial institutions for developing these enterprises

- The need of support/ services by the entrepreneurs and its present availability (scheme/ program, support services, etc)?
- The initial effects of these support/ services on the enterprises in terms of:
  - increase in the production
  - impact on product/ process development/ technology gain, innovation
  - infrastructure development
  - Skill development
  - Marketing and market development
  - increase in income
  - etc.
- Appropriateness/ Match the support/ services to the needs of the business, in terms of
  - appropriateness of the support/services
  - Accessibility of the support/ services

## **6. Possible MEs in the area**

### **6.1 Factor Conditions**

- Human capital
- Natural Capital
- Financial Capital
- Physical Capital
- Social Capital

### **6.2 Demand conditions**

- Market demand
- Available BDS for market promotion

### **6.3 SWOT Analysis** of the above factor as well as demand conditions

**CHECKLIST-II**  
(INTERACTION WITH THE PERSONNEL FROM IMPLEMENTING ORGANIZATION)

Date of visit:	
Name of Implementing Agency:	
Name/Position of Respondent:	
Location & Address:	
Major areas of work:	
Name of the programme/scheme implemented	

**A. Multiple inputs:** Generally developmental planning process needs various inputs to be merged together to meet the stated objective of some government programmes/schemes for successful implementation. Though in recent time policy makers adopting a holistic approach in designing programme/scheme integrating various inputs necessary from developmental perspective, however, little attention is paid to address the micro inputs associated with each macro inputs. Here multiple inputs are classified as macro and micro and presented in the Table below.

1. Please tick on the type of macro inputs provided through the scheme/programme and comment on the micro inputs which were ignored and required with your remarks.

Sl. No.	Macro Inputs	Micro Inputs		Remarks*
		Ignored	Required	
1.	Finance <i>(Hint of micro inputs: Creation of facilities to link SHG directly to bank, adoption of innovative process to ease procedural complication etc.)</i>			
2.	Market <i>(Hint of micro inputs: Enhancing market information facilities through ICT, exposure to global market through Govt supported exhibition, public procurement system of MEs products, facilitating forward-backward linkages etc.)</i>			
3.	Technology <i>(Hint of micro inputs: Creation of facilities in the R&amp;D laboratory to promote the development of need based/region specific technology suitable for the MEs, facilitating the</i>			

	<i>process of linkage among Industry-R&amp;D laboratory-University, identification of technologies which are suitable and establishment of intermediary organizations to facilitate the process of technology transfer at commercial level etc.)</i>			
4.	<b>Skill</b> <i>(Hint of micro inputs: Training imparted, facilities created to open up vocational institutions locally etc.)</i>			
5.	<b>Infrastructure</b> <i>(Hint of micro inputs: creation of physical (like road, power, water) and business infrastructure (like workshed, CFC and packing and storage facility etc.)</i>			
6.	<b>Social Need</b> <i>(Hint of micro inputs: Health, gender and social security etc.)</i>			
7.	<b>If other mention</b>			

\* To what extent has the programme contributed to reach the actual realization stated in the scheme/programme (give weightage as high, medium and poor). Comment on their relevance and adequacy.

**B. Scope of convergence:** There is a need to optimize efforts through inter-sectoral approaches when the issues like development of micro-enterprises and poverty alleviation are concerned. The broad objective of various programmes/schemes when meet the common goal, convergence of different programmes and of funds from other sources considered as crucial in synergizing different government programmes/schemes in terms of planning, process and implementation.

1. Was it feasible that through one scheme/programme additional (beyond the stated goals) objectives (social or sectoral or livelihood related) could be addressed even if in a partial manner?
2. Was that a positive lesson for future programmes to include related objectives as well?

**C. Beneficiaries-led need-based implementation:** Participation of beneficiaries in the developmental process allowing them to influence/contribute in designing, implementing and monitoring according to their own local need.

1. Who is the beneficiary
2. What role they play in selection, planning, implementation, monitoring and evaluation

**D. Scope of resource augmentation:** Resource augmentation in planning process can have significant impact on the developmental process. Resource augmentation here refers implementation of the developmental programmes through Public-Private-Partnership (PPP) reallocating existing resources to accomplish the actions developed as part of the plans.

1. Was there a possibility of sharing of responsibilities and/or resources with a non-governmental or private agency?
2. Was there any element of beneficiaries' contribution?
3. Did that result in better coordination and outreach?
4. Do you think contribution of beneficiaries/pvt intermediary organization is must for programme implementation

**E. Monitoring and evaluation:** Rigorous Monitoring and Evaluation (M&E) system provides the information needed to assess and guide the programme strategy, ensure effective operations/implementation and inform future programming.

1. What is the monitoring and evaluation mechanism put in place by the donor agency
  - a) Deliverables on activity (like review meeting, annual reports etc)
  - b) Output
  - c) Outcome
  - d) Impact
  - e) Process monitoring
2. Was it based on a format/template that could be easily followed during the post-implementation phase for updating and process-correction purposes?
3. Whether any benchmarks/indicators were created/used for future?

**F. Institutional support:** There is a need for a co-ordinated and comprehensive institutional support mechanism for maximizing results of the various initiatives taken by the government. This institutional support also needs to be extended to the point of delivery with appropriate structures at the district level.

1. Which type of institutional support created?
2. Which institutions/agencies were engaged in it?
3. Did it provide or open up scope for external agencies (public or private) to participate, based on relevant competencies and relative advantages?

**G. Risk sharing mechanisms:** Generally the micro entrepreneurs face various risks not only from the large and medium enterprises but also from global liberalized free trade market. Therefore, to protect the micro-enterprises provision of various risk-sharing mechanisms (viz., incentivized, subsidized and equity based) within a programme helps to mitigate those risks to sustain the micro-entrepreneurs in the competitive market.

1. What steps were taken to identify various risks in business?
2. What mechanisms (viz., incentives, subsidies and equity based) were devised under the programme?

**H. Enabling Legal frameworks:** Sometimes the legal and regulatory structures and provisions affect the micro enterprise sector where disparities between policies and programmes do not support the developmental planning process. Therefore, enabling environment that supports appropriate legal framework need to be ensured where micro-enterprises can sustain and grow.

1. Was there an incidence of incongruence in the legal authority/stipulations between two or more schemes/programmes that would hinder efforts of the new initiative?
2. Are there regulatory provisions which would constrain access to certain key services/facilities (as loan finance, technology, market support, etc.)?

**I. Others**

1. In which manner it promoted microenterprises?
2. Are there other specific experiences that could be seen as positive or enabling factors in it?
3. Do you have any suggestions or ideas to share based on the favourable aspects of it?



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**UNITED NATIONS DEVELOPMENT PROGRAMME  
NEW DELHI**