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**“Role of Entrepreneurship Development  
Programmes in Promoting MSME Sector”**



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## Abstract

Micro, Small and Medium Enterprises have been playing a key role in the Economy of any country. Entrepreneurs are the job creators and are responsible for balanced regional development of a country. Many people have got the entrepreneurial traits but they just need a little bit of guidance and support to realize their dreams of establishing a unit of their own. Realizing the important contribution of entrepreneurs, government has setup various institutes for imparting entrepreneurial education to budding entrepreneurs. The present paper attempts to identify various institutes offering Entrepreneurship Development Programmes. The researcher tries to analyze the role of Entrepreneurship Development Programmes in promoting MSME Sector. This paper is based on extensive review of literature on Entrepreneurship Development Programmes and Entrepreneurship Developing Institutes. The review showed that the Entrepreneurship Development Programmes are becoming popular day by day and are having a positive impact in the growth of MSME Sector.

**Keywords:** *Entrepreneurship Development Programmes, MSME, Training Institutes, Research & Consultancy.*

## Introduction

MSMEs have played a commendable role in transition of India's economy from agrarian economy to an industrialized one. The contribution of MSME Sector is increasing in Indian economy with the passage of time. Now, MSME Sector has become the second largest employment provider in India. According to MSME Annual Report, 2012, MSME Sector makes a contribution of 40% in our exports and 45% in total manufacturing output of India. MSME Sector is also responsible for nurturing the entrepreneurs and helps them in fulfilling their dreams. This sector acts as an engine of growth and plays a very crucial role in generating employment for our country. The main advantage of this sector is that it provides a large employment at a low capital cost. Till 2005, the term SSIs and MSMEs were used interchangeably but in the year 2006, MSME Act was implemented to have a greater clarity in defining this sector.

Both entrepreneurship development and MSMEs have been globally acknowledged as instruments for achieving economic growth and development as well as employment creation (Rebecca, 2009). With its quick responsiveness, adaptability and innovative approaches in the recent years, this sector has shown a commendable endurance to survive the effects of recession.

Van Praag and Versloot (2007) stated that progress in entrepreneurial activities is required for economic growth of a nation. Previous researches have shown a positive correlation between entrepreneurial activities and economic outcomes. Policy makers also believe that increased levels of entrepreneurship can be reached through education (European Commission, 2006) and especially entrepreneurship education. Therefore, such education is promoted and implemented into school curricula in many of the European member countries (European Commission, 2006) and the United States (Kuratko, 2005). A key assumption underlying these programs is that entrepreneurship skills can be taught and are not fixed personal characteristics.

The main motive of the program is that the students should learn to apply the theoretical knowledge into practical applications and to make them understand the time concept of entrepreneurship. This process helps the students in gaining self confidence and motivates

them. It also helps them to be creative, proactive and makes them learn how to work in a team (Junior Achievement Young Enterprise annual report, 2006). Despite the fact that many schools use the program, little is known about its impact on students' entrepreneurial competencies and intentions.

### **Review Of Literature**

Developing entrepreneurial culture has become one of the major issues of concern for every economy. Entrepreneurial activities lead to employment generation and poverty reduction. Government has taken several major steps regarding regulatory norms and legal environment to promote entrepreneurial culture. These issues have been given much more attention in developing nations and many efforts are being done to enhance productivity and reduce constraints of budding entrepreneurs. This is particularly pressing in developing countries where wage and salary employment is limited and the majority of jobs are created and operated in self-employment (Haltiwanger et al., 2010; Ayyagari et al., 2011; Gindling and Newhouse, 2012).

In general, we observe not only more interest in efficiency and innovative modes of business activities but also a thorough interest in the innovativeness of public sector operations (Windrum and Koch, 2008). Against this background, the strategic driving forces of regional development such as education, training, R&D, incubator initiatives, creative city actions are increasingly receiving attention. This merger of public and private sector initiatives as a joint focus on the knowledge and innovation sector is sometimes called the 'triple helix' concept (Shane, 2003). This is a promising policy support concept, as it is possible to engage local entrepreneurship through joint ventures.

Evidence on the effectiveness of entrepreneurship promotion programs is still scarce, and findings from existing impact evaluations are widely heterogeneous. Early evaluations from Latin America's Jovenes programs targeted to vulnerable youth, though not conventional entrepreneurship programs, suggested that vocational and life skills training combined with an internship in private firms could be potentially useful for self-employment promotion as well (Attanasio et al., 2011; Card et al., 2011).

Empirical research on occupational choice in developed economies suggests that individuals' personal characteristics (Kihlstrom and Laffont, 1979) and regional factors (Georgellis and Wall, 2000) play an important role in influencing the entrepreneurial decisions. The decision of individuals to become entrepreneurs is generally modeled in terms of utility maximization, where the economic returns from entrepreneurship are compared to returns of wage employment (Lucas, 1978; Holmes and Schmitz Jr., 1990; Jovanovic and Boyan, 1979). More recent impact evaluations of skills training for self-employment and business development targeted at vulnerable individuals in Malawi, Sierra Leone, and Uganda, for instance, found generally positive effects on psycho-social well-being but mixed results in labor market outcomes (Cho et al. 2012; Blattman et al., 2012; Casey et al., 2011, respectively).

Karlan et al. (2012) also review microenterprise development programs that include business training and capital infusion, and highlight heterogeneity in results. Card et al. (2010) and Kluge (2010), which examine the effectiveness of various active labor market programs in developed countries based on meta analysis.

The complexity increases as the training programs combine other financial and advisory support especially for social assistance beneficiaries (Almeida and Galasso, 2009; Carneiro et al., 2009; Macours et al., 2012).

### **Objectives**

- To highlight the institutes imparting Entrepreneurship Development Programmes in India
- To analyze the role of Entrepreneurship Development Programmes in promoting MSME Sector.

### **Methodology**

The present study is majorly based on secondary data. The data has been mainly collected from various MSME Annual Reports, Statistical Abstracts of India, Reports of Ministry of MSMEs, World Bank & IFC and Development Commissioner (MSME,GOI) etc. Extensive review of the literature provided useful insight about the role of entrepreneurship development programmes in promoting MSME Sector.

### **Institutes Imparting Entrepreneurship Development Programmes in India Entrepreneurship Development Institute of India**

The Entrepreneurship Development Institute of India (EDI) was established in 1983 as an autonomous and not for profit institute. The institute has been sponsored by ICICI Bank Ltd, IFCI Ltd, IDBI Bank Ltd and State Bank of India. Gujarat government promised twenty three acres land for constructing EDI.

EDI since its inception has been constantly working for the promotion of entrepreneurs. EDI has played a commendable role in establishing 12 entrepreneurship developments centres and institutes in Gujarat. Now the concept of entrepreneurship has been taken to schools, colleges, management institutes and technology institutions by including entrepreneurship subject as a part of course curriculum. EDI has been appointed as an expert agency by the University Grants Commission to develop curriculum on entrepreneurship.

EDI has been recognized as an emerging brand for entrepreneurship development in the international arena as well. Its constant efforts towards encouraging entrepreneurs have given it the support of World Bank, UNIDO, Ford Foundation, European Union and other agencies. The institute has been performing the tasks assigned to it in the most efficient manner. Under the guidance of Ministry of External Affairs, it has setup ED Centres in Myanmar, Cambodia, Vietnam, Kazhakistan and Uzbekistan.

### **Indian Institute of Entrepreneurship (IIE)**

The Indian Institute of Entrepreneurship (IIE) was setup at Guwahati in 1993 with an objective of promoting entrepreneurial activities in our country. Over the last two decades, the institute has expanded its activities covering all the facets of MSME sector. The institute has also obtained ISO-9001-2000 certification from the Bureau of Indian Standards. The institute regularly conducts training programmes for budding entrepreneurs and also undertakes research and consultancy services to improve the quality in MSME sector. IIE has been catering the needs of North–Eastern region over the last two decades. The north-east region of our country is economically backward and needs special attention. IIE has been playing a crucial role in promoting entrepreneurial activities in that region.

### **National Institute for Entrepreneurship and Small Business Development**

The National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida was established in 1983 with an objective to promote and support small businesses by imparting training, education, research and consultancy services. The main motive of the institute is to prepare a curriculum for training and development purpose of various target groups, providing training strategies, methodologies, manuals & tools which facilitates government and other agencies to execute various Entrepreneurship Development Programmes related to MSME sector. This institute helps other institutes involved in entrepreneurship development in various ways by developing syllabi in entrepreneurship for different target groups, training of faculty involved in entrepreneurship development and developing training aids.

### **National Institute for Micro, Small and Medium Enterprises (NI-MSME)**

NI-MSME, which was initially known as National Institute of Small Industry Extension Training (NISIET), was setup in 1960 in New Delhi under the ministry of commerce and industry. Later on, it was shifted to Hyderabad from New Delhi in 1962.

NI-MSME has been playing a pivotal role in the promotion of entrepreneurial activities in our country since its inception. It has played a major role in the modernization of SME sector in India. The institute has been catering to the needs of small businesses by providing training, consultancy, education and various other services.

### **Role of Entrepreneurship Development Programmes in promoting MSME Sector**

Entrepreneurship Development Programmes have been playing a commendable role in nurturing the entrepreneurial talent in our country. In the last decade many institutes had conducted various entrepreneurship development programmes and motivated thousands of budding entrepreneurs to start their own ventures. Table-1(Annexure) highlights the performance of NIESBUD over a period of two years (2010-2012).

**Table-1**  
**Performance of NIESBUD**

Type of Programme	2010-11		2011-12				Total	
	No. of Progra-mmes	No. of Partici-pants	From April 2011 to December 2011		From January 2012 to March 2012			
			No. of Progra-mmes	No. of Partici-pants	No. of Progra-mmes	No. of Partici-pants	No. of Progra-mmes	No. of Partici-pants
Trainers'/ Promoters' Programmes	30	504	25	478	7	105	32	583

Small Business Opportunities & Development Programmes for Women/Weaker Sections	12	392	3	139	5	75	8	214
Entrepreneurship Continuing Education Programme	3	37	6	66	2	30	8	96
Seminars, Workshops & Conferences	6	190	6	247	5	125	11	372
E.D.Ps	33	968	42	3528	20	400	62	3928
International Training Programmes	6	83	5	62	2	44	7	106
<b>Total</b>	<b>90</b>	<b>2147</b>	<b>87</b>	<b>4520</b>	<b>41</b>	<b>779</b>	<b>128</b>	<b>5299</b>

Source: Compiled from MSME Annual Report (2012)

Table-1(Annexure) gives an insight about the performance of NIESBUD over a period of two years (from 2010-12). Until and unless the faculty imparting Entrepreneurship education is not well trained and competent, they cannot convey their thoughts effectively. Realizing this, NIESBUD organized 62 different programmes for training the faculties involved in imparting entrepreneurial education. A total of 987 faculty members attended the training session. Apart from this, NIESBUD organized a separate development programme for women and weaker sections of the society like SCs and STs. This class is generally left far behind in entrepreneurial education. Realizing the gap, NIESBUD organized 20 programmes for women and weaker sections of the society and it was attended by 606 participants. NIESBUD not only encourages budding entrepreneurs or faculties but it also encourages the existing entrepreneurs to expand their enterprises. With this motive in view it organized 11 Entrepreneurship continuing education programmes, which was attended by 133 participants. Analysing the data over a period of two years reveals that there has been a considerable amount of increase in the number of programmes organized by NIESBUD. Table-1 reflects that 90 programmes were conducted in 2010-11, which increased to 128 in 2011-12, reflecting an increase of 42.22%. The number of participants attending the program also showed a steep increase. The number of participants who attended the various programmes in 2010-11 was 2147 and it increased to 5299 in 2011-12, reflecting an increase of 146.80%.

**Table-2**  
**Research and Consultancy Projects Undertaken by NI-MSME**

<b>Research and Consultancy Project</b>	<b>Sponsored by</b>
1. Study of Sick Industries in Goa	Government of Goa
2. Status of Women Entrepreneurship in Andhra Pradesh	Department of Science and Technology, Govt. of India

3. Development of Handloom Cluster at Mubarakpur, U.P.	Development Commissioner (Handlooms), Govt. of India
4. Development of Handloom Cluster at Barabanki, U.P.	Development Commissioner (Handlooms), Govt. of India
5. Handholding services to six Khadi Clusters (SFURTI)	Khadi & Village Industries Commission, Govt. of India
6. Feasibility Study for setting up Working Women Hostels in Andhra Pradesh	Andhra Pradesh Women's Cooperative Finance Corporation Ltd., A.P.
7. Survey of EDPs conducted by SISIs (now MSME Development Institutes)	MSME-DO, Govt. of India
8. Evaluation of 10% Rebate Scheme of Handloom Sector	Development Commissioner (Handlooms) , Govt. of India
9. Study of Leather Footwear and other articles manufacturing in Agra	MSME-DO, Govt. of India
10. Technical Services to 12 Coir Clusters (SFURTI)	Coir Board, Cochin
11. Assistance through Financial Services to Readymade Garment MSMEs in Hyderabad, A.P.	GTZ, New Delhi
12. Rehabilitation of Tsunami affected Families	International Labour Organisation, New Delhi

Source: Compiled from MSME Annual Report (2012)

Table-2(Annexure) gives an overview of various projects undertaken by NI-MSME in last 5 years. NI-MSME has completed many Research and Consultancy projects in the span of last 5 years and has contributed immensely in the field of research and consultancy.

## Conclusion

Entrepreneurship is regarded as one of the important determinants of the industrial growth of the country. The dearth of the entrepreneurial and managerial skill is one of the most common problems being faced by all under developed economies. Entrepreneurship is to be promoted to help alleviate the unemployment problem, to overcome the problem of stagnation and to increase the competitiveness and growth of business and industries. Various attempts have been made to promote and develop entrepreneurship. By giving specific assistance to improve the competence of the entrepreneur and his enterprise so as to make him and his entrepreneurial so that more people become entrepreneurs.

In order to meet the global demand and the new challenges thrown to the Indian industry and also to generate employment, entrepreneurship development has to be given a priority. The entrepreneurs should possess required skills, ability to grasp opportunities which offer

economic advantages, orientation towards applying knowledge to maximize gains, business skills, and leadership qualities and above all confidence that one can make things happen. In this context a trained entrepreneur has a number of advantages. In order to accelerate the growth of industries generate employment and utilities the national human potential there is a need to channelize the youth and women of the country for useful and productive purpose. There is also a need to motivate the guide the youth to enable them to take a step forward and take up a carrier of self employment and setup a small or micro enterprise as an entrepreneur. Different studies have indicated that MSMEs act as an engine for growth of any economy and their role in the development of nation cannot be overlooked. Realizing the crucial role played by the MSMEs in nations economy, government setup various Entrepreneurship development institutes which offered various innovative programmes relating to role of Information Technology, Faculty Development Programmes, Special programmes for women, Various seminars & workshops and research & consultancy for budding and existing entrepreneurs. The study considered a period of two years (from 2010 to 2012) for analysis of skill development programmes offered by the entrepreneurship development institutes. The study reveals that there has been a slight increase in the number of programmes being organized over a period of two years. Apart from that Entrepreneurship Development Institutes are also involved in various Research and Consultancy Projects.

Ours is an industrializing economy which has been growing at a substantial rate over the last decade. MSME sector and small entrepreneurs are playing a very crucial role in the GDP of our country. There is no dearth of people with entrepreneurial skills in our country but they just need a little bit guidance and training to utilize their skills in an optimum manner. Entrepreneurship Development Programmes have helped thousands of entrepreneurs in realizing their dreams of setting up a unit of their own. Entrepreneurship education can positively impact a learner at all levels in a wide number of contexts. This may explain why there are such a wide variety of entrepreneurship education programs, all of which can provide important outcomes at various stages of a learner's life. The intensive programme is designed to provide a dynamic, confidence-building environment where participants can unlock entrepreneurial potential as well as develop key communication and creative skills. In addition, participants can learn new ways of thinking about their research, particularly in terms of increasing the impact of ideas and their application to the community.

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