



INCOME GENERATION THROUGH MICRO-ENTERPRISES: RECENT CASES FOCUSSING ON FORWARD LINKAGE

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Abstract

In this article how micro-enterprises i.e. self-employment projects help to earn income of youths have been explained. In a huge country like India wage-employment cannot be provided to all as well as wage employment does not give creativity satisfaction also. On the other hand, self-employment which not only helps to earn income but persons involve with it get satisfaction also for creating new products/ selling products with self-esteem. For encouraging self-employment, the Government of India has initiated Rural Development & Self Employment Training Institute (RSETI), in almost all the districts of the country. As per the statistics (30th September 2017) reveal around 16 lakh youths have been settled through micro-enterprises after trained from RSETI.

Keywords: *Income, mela /exhibition, micro-enterprises, RSETI and youths.*



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Introduction:

In June 2012, the United Nations Conference on Sustainable Development held in Rio de Janeiro had adopted a strategy on sustainable development. The strategy, as outlined in the conference outcome document states that, “the future we want” (and adopted by the UN General Assembly a month later, in July 2012) shows continuing commitment by the United Nations Member States to sustainable development in three dimensions, namely promotion of an economically, socially and environmentally sustainable future for our planet and for present and future generations. Among the three dimensions of sustainable development, economic sustainability is concerned with poverty reduction and more directly related to the Millennium Development Goals (MDGs). Social sustainability concerns equity and has recently been formulated as emphasis on inclusive development. The third dimension, environmental sustainability, concerns the ecological and resource crises faced today which threaten the development prospects of countries around the world. While all three dimensions are relevant, economic sustainability is particularly vital to developing countries as many of them tend to be stuck in poverty or in middle-income traps as their growth is not sustained

To address the issue of economic sustainability, earning of income for the youths who seek employment is sine qua non. And we all know earning of income mainly may be of two types- self-employment and wage- employment. For self-employment promotion ‘Rural Development & Self Employment Training Institute’ (RUDSETI) was established in 1982 jointly by Sri *DharmasthalaManjunatheshwara Educational Trust*, Syndicate Bank and Canara Bank under the leadership of *Dr. D. VeerendraHeggade, Dharmadhikari of Dharmasthala*. Subsequently the Government of India has initiated Rural Development & Self Employment Training Institute’ (RSETI), in almost all the districts of the country. According to 30thSeptember 2017, number of functional RSETIs in the country was 586. Progress of RSETI may be seen from table-1.

Table: 1 Youths trained and settled by RSETIs as on 30.09.2017

Particulars	Cumulative data as on 30 September 2017
No. of Training Programmes organized	88,554
No. of Unemployed Youth Trained	24,60,973
No. of Trained candidates Settled with Bank Credit	6,43,488
No. of Trained candidates Settled with Self Finance	7,99,744

Source: http://www.nacer.in/performance_glance.html

Although table is self-explanatory but most important point is that 66 per cent of the total trained youths were settled and of them 45 per cent were provided with credit for starting the entrepreneur. Another source of employment generation is Micro, Small and Medium Enterprises.

Definitional Aspect of Micro, Small and Medium Enterprises (MSMEs):

The definition of Small Scale Industries has been changed from time to time based on the pace of time as mentioned below. The main criteria for definition were the level of investment and number of employees (Lahiri, Conference/2012_10_15):

Year wise Investment Limit in Small Scale Enterprises

- 1950 Up to Rs. 0.5 million in fixed assets
- 1966 Up to Rs. 0.75 million in Plant & Machinery
- 1975 Up to Rs. 1 million in Plant & Machinery
- 1980 Up to Rs. 2 million in Plant & Machinery
- 1985 Up to Rs. 3.5 million in Plant & Machinery
- 1991 Up to Rs. 6 million in Plant & Machinery
- 1997 Up to Rs. 10 million in Plant & Machinery

- 1999` Up to Rs. 30 million in Plant & Machinery

As mentioned already, a major change took place in 2006 with the enactment of MSME Development Act, 2006. In accordance with the provision of Micro, Small & Medium Enterprises Development Act, 2006 the Micro, Small and Medium Enterprises (MSME) have been classified into two categories.

(a) Manufacturing Enterprises- The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951. The Manufacturing Enterprise is defined in terms of investment level in plant & machinery.

(b) Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment. The following table gives a clear picture.

Classification Manufacturing Enterprises* Service Enterprises**

Classification	Manufacturing Enterprises*	Service Enterprises**
Micro	Rs.25 Lakh	Rs.10 Lakh
Small	Rs.5 crore	Rs. 2 crore
Medium	Rs. 10 crore	Rs. 5 crore

Source: Annual Report of the Ministry of Micro, Small & Medium Enterprises, Government of India, up to 2012-13

- Investment limit in Plant & Machinery ** Investment limit in equipment

The term “village industries’ has been redefined in amended KVIC, Act, 1956 as “any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of artisan or worker does not exceed Rs. one Lakh (Rs. one Lakh and fifty thousand in case of village industry located in a hilly area) or such other sum as may, by notification in the Official Gazette, be specified from time to time by the Central Government”.

Cases of Entrepreneurs:

Few Cases based on the study carried out by the author in December 2017 are presented here. These entrepreneurs from different places of India came to sell in a *mela* organised by the National Institute of Rural Development and Panchayati Raj (NIRD&PR), Hyderabad. In 2017, the *mela* started on 30th November and was concluded on 4th December 2017. It may be mentioned that any *mela*/exhibition/fair is an important source of Forward linkage. Further, for the readers’ point of view a line may be written about NIRD&PR. NIRD&PR is an autonomous organisation under the Union Ministry of Rural Development, a premier national centre of excellence in rural development and *Panchayati Raj*. Recognized internationally as

one of the UN-ESCAP Centres of Excellence, it builds capacities of rural development functionaries, elected representatives of PRIs, bankers, NGOs and other stakeholders through inter-related activities of training, research and consultancy. In addition to the main campus at Hyderabad, this Institute has North-Eastern Regional Centre at Guwahati, Assam to meet the NE-regional needs (www.nird.org.in/overview.aspx).

The entrepreneurs were from Kashmir valley to Tamil Nadu and North-East to Gujarat. And their products *inter alia*, included handicrafts, handlooms and ready-made garments, leather goods, toys, decorative items, processed traditional food items, wood carvings, brassware, fashion and tribal jewellery and solar energy based applications / products etc. The author had the opportunity to interact some of the entrepreneurs to get an idea about their products, its sale, stay at NIRD&PR campus, etc. And all in unison expressed their happiness and few informed that Hyderabad city was free from robbery, pick pocketing, hooligan, violence etc. so they prefer to visit the city again and again. This was repeatedly told by Kashmir Muslim entrepreneurs some of them several times visited the *mela*. All the entrepreneurs were provided with free stay and food for all the days by the NIRD&PR while *mela* was going on. Few cases are presented here based on the discussion carried out with them.

Case 1: Smt. *SandhyaMaiti*, (43 years/8th pass) was from *Dakshin 24 Pargans* district of West Bengal. She participated few years ago in one such *mela* and was joyous to observe the facilities extended by NIRD&PR. After that she never missed the opportunity to attend the same. Her specialty is that in plain white ordinary-cloth, which is used as *saree* normally by Bengali widows, she makes with hand-paint of different colours known as hand-boutique. The activity is carried out at her home where 11 women work and each of them is paid according to her output which on an average stands at Rs. 3500 per month. Her monthly income was Rs. 10,000 which is in addition to her husband's income. Some of the workers were divorcee; few are widow, others' husbands work as daily-labour indicating all are from economically backward class. According to *Maiti*, she could do good business in RTP's *mela*.

Case 2: This case is from Odisha; Sri Sanjay Sahu a young person of 28 years of age studied up to 10th class was from a village of *Puri* district came to NIRD&PR's *mela* with their products. The relevant data were collected from him while he was in *mela* in December 2017. Their family activity is making sketches and paint in palm leaf, *tasar* silk cloth and canvas. And for this, six members of the family- he himself, two of his elder brothers, one sister-in-law, one sister and mother are involved in this traditional activity. This activity is very limited in Odisha as informed by *Sahu*. Their main sources of selling of the products are

in *melas*/exhibition across India. From house also traders and others collect for selling in Kolkata, New Delhi, Mumbai etc. To a query about earning of income, he informed that it was in the range of Rs. 25,000 to Rs. 30, 000 per month for the entire family. The activities are carried out at home so no rent is required and they did not take any loan from Government or did not get any assistance also.

Case 3: The entrepreneurs of Kashmir valley were excited as everywhere situation was calm in Hyderabad and *mela* was well organized as reported by the Kashmiri entrepreneurs. While contacted Md. *Maqbool Malik*, *Gulam Ahmed*, and *Ali Md. Wani*, informed that they made shawl, sleeveless- jacket, etc., as cloth wares at home and sell these in *melas* across India. Thus they could travel almost all the states of India. Further, to enhance their business they bring wall-nut, apple, and other fruits from their garden as each is having little agricultural land. Further, they informed that instead of searching Government job, in 2001 they formed self-help group (SHG) at *Watamagam* village, *Narbal* block of *Budgam* district with 12 male Muslim members. With their monthly saving and Government assistance under *Swarnjayanti Gram Swarajgar Yojana (SGSY)* they could do sustainable business. It is pertinent to mention that SGSY was the major self-employment scheme of rural poor of India. The scheme was started with effect from 1st April 1999 after restructuring of erstwhile Integrated Rural Development Programme (IRDP) and allied programmes namely Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Toolkits in Rural Areas (SITRA), *Ganga Kalyan Yojana (GKY)* and Million Wells Scheme (MWS). The basic objective of SGSY was to bring the assisted poor families (*Swarozgaris*) above the Poverty Line by providing them income-generating assets through a mix of bank credit and governmental subsidy. The scheme aimed at establishing a large number of micro enterprises in rural areas based on the ability of the poor and potential of each area (Chatterjee, 2014). However about earning of income, they informed that each was earning on an average Rs. 12, 000 per month by selling the products.

Case 4: Another entrepreneur group from Kashmir valley came to sell their products in NIRD&PR *mela* was the *Hilal SHG*. The SHG was formed in 2010 by six Muslim male members at *Khag village of Khag block in Budgam* district. The SHG was provided with revolving fund and bank loan totalling to Rs. 25,000 for scaling up of their corpus fund under SGSY. The members were involved in making woollen products like jackets, shawls etc. In 2012, the SHG was provided with an amount of Rs. 1.50 lakh (Rupees one lakh fifty thousand only) as subsidy & bank loan under *Swarnjayanti Gram Swarajgar Yojana (SGSY)*. Of this,

a sum of Rs.1.00 lakh (Rupees one lakh only) was bank loan and rest Rs.50,000 (Rupees fifty thousand only) was subsidy. With this amount, they enhanced their business and started selling their products across the country mainly in *melas/ fairs* etc. This NIRD&PR, *mela* was a great place to sell their products. While contacted *Ali Md.Bhat, Gulam Md. Bhat and Abdul Rashid Bhat* who participated in the *mela* informed that bank loan had been fully repaid and all of them were earning in between Rs. 12,000 and Rs.14, 000 per month. It may be mentioned here that Abdul Rashid Bhat completed his bachelor degree about 21 years back and instead of looking for Government job joined in the SHG to earn income. According to him, he got strength as his other five friends were in the SHG. On the day of study, he happily informed that his two daughters and one son were going to college/school.

Conclusion:

The study evinces that by participating in *mela/fair* etc., the members were not only earning income but they were exposed in various aspects such as availability of raw materials, training organisations, marketing of products in other areas etc. With little knowledge of Hindi and English they could manage everything smoothly indicating ‘where there is will there is a way’ as education, language, geographical area etc. cannot be a barrier for earning of income or managing of micro-enterprises.

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