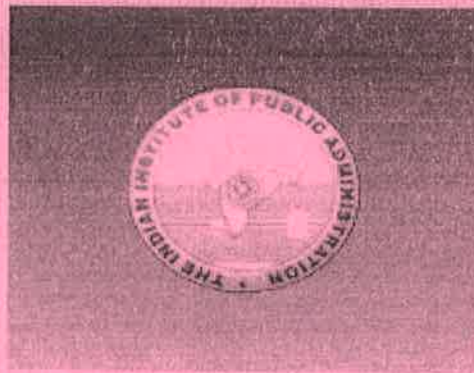


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Report

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



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Inderprasth Estate, Mahatma Gandhi Marg,
New Delhi – 110002.**

PREFACE

For last half a century human capital has been recognized as a critical factor in economic growth and productivity. However, in developing countries, emphasis has been laid on physical capital as it was woefully inadequate in terms of physical infrastructure as well as machinery and equipment. It is well recognized that there is a man behind the machine. So he has to be well trained. We need a work force which is equipped with hard skills as well as soft skills.

At the present juncture India is passing through a phase of transition which can help her realise demographic dividend provided we are able to create a pool of skilled youth power. As the recent data confirms, despite several efforts our education system and vocational training programmes have not been able so far to create skilled manpower in adequate size. In fact, proportion of trained work force (15-59) is one of the lowest in the world. The position of women in regard to vocational training was still worse.

Keeping in view the low proportion of trained youth in our country, Government of India made a renewed effort to carry out an accelerated programme of action. It has planned for a Coordinated Action on Skill Development during the Eleventh Five Year Plan (2007-12). It provides for a three tier governance structure, namely Prime Minister Council on Skill Development as apex body for policy directions to be supported by Nation Skill Development Coordination Board (NSDCB) in Planning Commission for coordinating and synergizing the efforts of the various central ministries that are involved in the skill development, and National Skill Development Corporation for catalyzing private sector efforts in the skill development.

During the Twelfth Five Year Plan (2012-17), 50 million non-farm employment opportunities are proposed to be created and at least equivalent number of people would be provided skills certification. Which means it is expected that during this period a demand for 50 million people would be created and to meet this challenge, we should have at least 50 million people who have skill certification i.e. people trained from different institutions or jobs duly certified. The existing training capacity during this Plan Period is proposed to be doubled from the present 4.5 million per annum to around 9.0 million per annum.

The Micro, Small and Medium Enterprises–Development Organization (MSME-DO) [earlier known as SIDO], headed by the Additional Secretary & Development Commissioner (MSME) is one of the key departments under the Ministry of MSME. It functions through a network of MSME-DIs, Regional Testing Centres, Footwear Training Institutes, Production Centres, Field Testing Stations and Specialized Institutes. One of its important services is developing human resources through training and skill up-gradation. There are 30 MSME Development Institutes (MSME – DIs) set up in the State capitals and other industrial cities all over the country. Some of the DIs are having their branch offices also which are called Branch MSME Development Institutes (Br. MSME DIs).

Ministry of MSME wants on the one side to increase the number of trainees through its various departments including MSME-DIs and on the other side it considers the importance of making the training programs more and more effective through evaluation studies by various agencies having expertise in this field. Keeping this in view, at the request of DC (MSME), Ministry of MSME, Government of India, IIPA has conducted a study on "Evaluation of Skill Development Training Schemes of DC (MSME)".

In the course of study we interacted with so many people from the Ministry of MSME that it is difficult to name everybody individually. Yet the team is beholden to Shri Samarendra Sahu, Additional Secretary and Development Commissioner, who not only entrusted this important study to the IIPA but found time to interact with the team at various stages in the course of study. We would like to especially thank Shri D. Bandypadhyay, Additional Industrial Adviser and Shri Raj Kumar Arora, Assistant Director who were our nodal resource persons in the Ministry to provide us the literature and reports related to the subject as well as help us in conduct of field survey. We would also like to place on record the help rendered by Shri M.P. Singh, Additional Development Commissioner and Shri Yogesh Sharma, Assistant Director. We also acknowledge with thanks help rendered by the field staff at Development Institutes in carrying out our field work.

Dr. Sant Lal Arora, a Consultant in the project, was a solid rock throughout the study. His endeavours to incorporate whatever was worth at every stage are commendable. The team consisted of Research Officer Ms. Nidhi Saxena and Research Assistants, Dr. Pravin Kumar, Shri Naveen Kumar, Miss Maubani Dutta, and Shri Subrat Kumar. They worked hard in field survey as well as tabulation and analysis of data and were available at beck and call for project work on weekends and late evenings. They all deserve my thanks for their cheerful disposition. Ms. Seema Girdhar provided the secretarial assistance and Mr. Dayal Singh provided logistic support. I wish to thank them as well.

We had organised a validity seminar before submitting the Draft Report, in which several officers and officials of the Ministry gave their frank views. The Ministry's comments on the Draft Report were also very helpful.

It was pleasure to carry out this study However, weaknesses that still remain in the report are my monopoly.

P.K. Chaubey
(Project Director)

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Abbreviation

AICTE	: All India Council for Technical Education
ARI	: Agro & Rural Industry
BPL	: Below Poverty Line
BSDP	: Business Skill Development Programme
DC	: Direct General
DI	: Development Institutes
DIC	: District Industries Center
DO	: Development Organization
EDI	: Entrepreneurship Development Institute
EDP	: Entrepreneurial Development Programme
ESDP	: Entrepreneurial Skill Development Programme
ESDP-BT	: Entrepreneurial Skill Development Programme Biotechnology
GDP	: Gross Domestic Product
IIE	: Indian Institute of Entrepreneurship
IIPA	: Indian Institute of Public Administration
IMC	: Industrial Motivation Campaign
KVIB	: Khadi & Village India Board
KVIC	: Khadi and Village Industries Commission
MDP	: Management Development Programmes
MGIRI	: Mahatma Gandhi Institute for Rural Industrialization
MSME	: Micro, Small and Medium Enterprises
MSMED	: Micro Small and Medium Enterprises Development
NBMSME	: National Board for Micro, Small and Medium Enterprises
NCVT	: NATIONAL COUNCIL FOR VOCATIONAL TRAINING
NGO	: Non-government Organization
NIESBUD	: National Institute for Entrepreneurship and Small Business Development
NI-MSME	: National Institute for Micro, Small and Medium Enterprises
NRLM	: National Rural Livelihoods Mission
NSDC	: National Skill Development Corporation
NSDCB	: Nation Skill Development Coordination Board
NSDCB	: National Skill Development Coordination Board
NSIC	: National Small Industries Corporation Ltd
NSQF	: National Skills Qualifications Framework
NSSO	: National Sample Survey Organization
PC	: Planning Commission
RUDSETI	: Rural Development and Self –Employment Training Institute
SGSY-SP	: Swarna Jayanti Gram Swarozgar Yojana
SSC	: Sectoral Skill Councils
STEP	: Support to Training and Employment Programme

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Executive Summary

Objectives

The objectives of the study are to evaluate:

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

Methodology

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

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

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

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

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

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

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

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

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

Recommendations

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

➤ **(A) Role of Development Institutes**

• **Complexion of Courses**

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

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

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

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

• **Effectiveness of Training**

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

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

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

• **Suggestions for Improving the Training**

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

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

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

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

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

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

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

➤ (B) Role of Other Agencies

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

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

➤ **(C) Role of External Factors**

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

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

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

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

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

Chapter I

Introduction

1.1 Background

The prevailing employment strategy emphasizes the need for high growth as a necessary condition for increase in employment. But high growth requires, in the long run, adequate, qualified manpower with appropriate skills as well. Importance of skilled manpower is further increased with the increasing pace of globalization which has intensified the race of competitiveness among the producers world over to deliver the goods at cheaper prices (IIPA, 2011).

Recent data has shown that our education system and vocational training programmes have not been able to provide the adequate size of skilled manpower. As per the NSSO survey conducted in the year 2004-05, among the persons of age 15-29 years, only two per cent are reported to have received formal vocational training and another eight per cent, to have received non-formal vocational training (NSSO, 2006). This indicates that very few young persons with formal vocational training enter the workforce. This proportion of trained youth is one of the lowest in the world (Govt. of India, Planning Commission, 2006).

Keeping in View the low proportion of trained youth in our country, Government of India has planned for a Coordinated Action on Skill Development during the Eleventh Five Year Plan (2007-12). It provides for a three tier governance structure, namely Prime Minister Council on Skill Development as apex body for policy directions to be supported by National Skill Development Coordination Board (NSDCB) in Planning Commission for coordinating and synergizing the efforts of the various central ministries that are involved in the skill development, and National Skill Development Corporation for catalyzing private sector efforts in the skill development (Govt. of India, Planning Commission, 2012).

During the Twelfth Five Year Plan (2012-17), 50 million non-farm employment opportunities are proposed to be created (demand) and at least equivalent number of people would be provided skills certification (supply). Which means it is expected that during this period a demand for 50 million people would be created and to meet this challenge, we should have at least 50 million people who have skill certification i.e. people trained from different institutions for jobs duly certified. The existing training capacity during this Plan Period is proposed to be doubled from the present 4.5 million per annum to around 9.0 million per annum (Govt. of India, Planning Commission, 2012).

Micro, Small and Medium Enterprises (MSMEs), including khadi and village/rural enterprises are credited with generating the highest rates of employment, after agriculture, and account for a major share of industrial production and exports. The Ministry and its various

departments/divisions namely KVIC, Coir Board, DC (MSME), National Small Industrial Corporation and Entrepreneurship Development Institutes are supposed to play a key role in the development of economy through MSMEs with effective, efficient, flexible and innovative entrepreneurial spirit. The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India supplements the efforts of the State Governments through various initiatives. Keeping in view the importance of this Sector, Ministry of MSME in the Govt. of India has increased its target of imparting the skills to about three times during the Twelfth Five Year Plan (43 lakhs) as compared to Eleventh Five Year Plan (15 lakhs), which would be around 9 percent of the proposed national target of about 500 lakhs.

The Micro, Small and Medium Enterprises – Development Organization (MSME-DO) [earlier known as SIDO], headed by the Additional Secretary & Development Commissioner (MSME) is one of the key departments under the Ministry of MSME. It functions through a network of MSME DI's, Regional Testing Centres, Footwear Training Institutes, Production Centres, Field Testing Stations and Specialized Institutes. One of its important services is developing human resources through training and skill up-gradation. During the Eleventh Five Year Plan there was a target of 6.7 lakhs trainees to be trained by the office of DC (MSME), which has been increased to 18.9 lakhs during the Twelfth Five Year Plan.

There are 30 MSME Development Institutes (MSME – DIs) set up in the State capitals and other industrial cities all over the country. Some of the DIs are having their branch offices also which are called Branch MSME Development Institutes (Br. MSME DIs).

Ministry of MSME wants on the one side to increase the number of trainees through its various departments including MSME-DIs and on the other side it considers the importance of making the training programmes more and more effective through evaluation studies by various agencies having expertise in this field. Keeping this in view, at the request of DC (MSME), Ministry of MSME, Government of India, IIPA has conducted a study on "Evaluation of Skill Development Training Schemes of DC (MSME)".

1.2 Objectives of the Study

The objectives of the study are to evaluate:

1. Three Entrepreneurial and Skill Development Training Schemes of the office of the DC (MSME) namely (i) Entrepreneurial Development Programme (EDP/ESDP/MDP) Scheme (ii) Business Skill Development Programme (BSDP) Scheme and (iii) Entrepreneurial Skill Development Programme (ESDP) in Biotechnology (ESDP-BT) for-
 - a. Coverage, Course Content, Quality, Methodology, Duration, Expertise of trainers-motivators;

- b. Effectiveness of monitoring & follow up system, success & efficacy in achieving the objectives; and
 - c. Suggesting improvements/modifications for achieving better success rate of three HR/Skill Development schemes/programmes.
2. Role of Support Systems such as DICs/State Government Agencies, Banks/Financial Institutions etc. in facilitating self-employment of the trainees.
 3. Role of any other important external factors operating at macro level in enhancing success rate of Skill Development Trainings.
 4. Need for continuation of these Training Schemes in the Twelfth Five Year Plan (2012-2017) in existing or modified structure.

1.3 Methodology

The study is based mainly on primary data. It has been supplemented by the secondary data available from various reports or publications of the Government, and other institutions.

The primary data has been collected from the different Stakeholders viz. Trainees, Programme Coordinators in the offices of DIs, District Industries Centers, Lead Bank Managers, KVIC/KVIB and other Resource Centers where the training programmes were organized by the office of MSME. Most of the primary data has been collected through the structured questionnaires designed for each stakeholder with the help of respective DIs under the supervision of IIPA Team. In certain cases the information was obtained by interacting with the Stakeholders directly or through mail.

Before finalizing the questionnaires for different stakeholders, these were pre-tested at Karnal and Sonapat districts which fall under the jurisdiction of the Development Institute, Karnal (Haryana).

The final questionnaires for Trainees, Programme Coordinators in the offices of DIs, District Industries Centers, Banks, KVIC/KVIB and other Resource Centers where the training programmes are organized by the office of MSME, are given in Annexures I to VI.

1.3.1 Selection of Development Institutes (DIs)

Out of 30 DIs situated in different locations of the country, 12 DIs have been selected from five different regions in such a way that three DIs each are selected from the North and West regions separately and two DIs each from the remaining three regions namely East, South, and North-East. Number of DIs selected from the North and West regions are more in comparison to other three regions because persons who got training in these regions during the Eleventh Plan were proportionately higher as compared to other regions. Random Sampling

Method was generally used in selecting the DIs from each Region. While selecting these DIs, it was also observed that each selected DI should be from a different state.

1.3.2 Sample Selection of Trainees

There are around 3,89,000 people who have undergone training in various programmes of the schemes discussed in the section 1.2 during the Eleventh Five Year Plan (2007-08 to 2011-12). It does not include the trainees of one day training programme i.e. Industrial Motivation Campaign (IMC). Out of 3,89,000 trainees 3,71,500 received training under the programmes of scheme I (EDP, ESDP and MDP) and the remaining 17,500 trainees got the training under the programmes of Schemes II (BSDP) and III (ESDP in Biotechnology). Region-Wise Year-wise, DI-wise, and programme-wise (i.e. EDP, ESDP, MDP, BSDP & ESDP-Biotechnology) number of trainees who got the training during the Eleventh Five Year Plan are given in Annexure VII. As per the terms of reference two sets of sample trainees were selected to achieve the three different Aspects (for Terms of Reference see Annexure VIII). Aspect -wise selection of trainees is as discussed below:

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

Under this Aspect selected trainees were asked to give the detailed information at two points of time viz "Before training" and "After training". Detailed information sought from them was sought about their activity status, monthly income, type of Enterprise established (if any), name of activity, number of partners in the enterprise (if any) and number of persons employed in addition to self and partners at two points of time--before and after training. Details of this information sought from the trainees are given in Block 2 of Trainees Questionnaire (Annexure-I).

As per the terms of reference, a total Sample of 20,000 trainees consisted of 18,250 trainees who have done training under the programmes of scheme I and 1750 trainees who have done training under the programmes of schemes II & III. It comes to about 5 percent of trainees under the scheme I and 10 percent of under the schemes II & III during the Eleventh Five Year Plan. Region-wise, DI-wise and Scheme-wise number of trainees who received training during Eleventh Plan and sample size selected is given in Table 1.1

The Sample selected above for each DI under the three schemes is the combined sample for all the five years of Eleventh Plan and for all the five training programmes (EDP, ESDP, MDP, BSDP and ESDP Biotechnology). This sample was further distributed in different years of Eleventh Plan and five programmes on the basis of the number of trainees who got the training from those DIs in respective years and programmes.

Table 1.1

Region-wise, DI-wise and Scheme-wise Number of Trainees during Eleventh Plan and Sample Size Selected

Region	DIs	Total trainees in 11 th Plan			Percentage Distribution		Sample Size Selected		
		Scheme I	Scheme II & III	Total	Scheme I	Scheme II & III	Scheme I	Schemes II & III	Total
EAST	Cuttack	17948	1393	19341	10.50	15.96	1915	279	2194
	Ranchi	9402	503	9905	5.50	5.76	1004	100	1104
	Sub Total						2919	379	3298
NORTH	Delhi	13276	876	14152	7.76	10.04	1417	176	1593
	Ludhiana	5581	227	5808	3.26	2.60	596	46	642
	Agra	16125	718	16843	9.43	8.23	1721	144	1865
	Sub Total						3734	366	4100
WEST	Ahmadabad	17274	553	17827	10.10	6.34	1843	111	1954
	Jaipur	15811	853	16664	9.25	9.77	1687	171	1858
	Indore	16101	608	16709	9.42	6.97	1718	122	1840
	Sub Total						5248	404	5652
SOUTH	Bangalore	14090	870	14960	8.24	9.97	1504	174	1678
	Hyderabad	23936	1268	25204	14.00	14.53	2554	254	2808
	Sub Total						4058	428	4486
NORTH EAST	Agartala	5626	78	5704	3.29	0.89	600	16	616
	Guwahati	15841	782	16623	9.26	8.96	1691	157	1848
	Sub Total						2291	173	2464
Grand Total		155170	7947	163117	100	100	18250	1750	20000

Note: Scheme I includes EDP, ESDP and MDP, Scheme II includes BSDP and Scheme III includes ESDP in Bio-technology

Source: Office of DC (MSME).

Sample was distributed in different years of the Eleventh Five Year Plan keeping in view an understanding that the chance of setting up an enterprise is more for the trainees who have received training in earlier years, as compared to the trainees who have done in the recent years. Sample distributed in this way was selected from some clusters (minimum two) suggested by the DIs. At the same time if the list of trainees was not available from the DIs for selected programme, other programme of the scheme was taken as substitute. But at the time of survey, if the selected trainees were not available they were not substituted by the other trainees. It is observed that out of 18,250 trainees selected, filled in questionnaires were received for 12,684 trainees (70 percent). Percentage of response was highest in case of ESDP (79 percent), followed by MDP (56 percent) and EDP (41 percent). Response rate was pretty high in case of ESDP followed by overall total.

Region-wise and year of training-wise sample selected and received under scheme I (EDP, ESDP and MDP) is given below (Table 1.2).

Table 1.2
Region-wise and Year-wise Sample Size under Scheme-I

Region	Year	Sample Size Selected				Sample Size Received			
		EDP	ESDP	MDP	Sub Total	EDP	ESDP	MDP	Sub Total
East	2007-08	64	278	56	398	0	35	4	39
	2008-09	45	203	40	288	0	91	13	104
	2009-10	115	505	101	721	0	120	133	253
	2010-11	118	516	104	738	39	752	118	909
	2011-12	132	577	116	825	52	1092	111	1255
	Sub-Total	474	2079	417	2970	91	2090	379	2560
North	2007-08	55	266	58	379	0	17	0	17
	2008-09	62	306	68	436	4	61	68	133
	2009-10	146	716	161	1023	27	111	36	174
	2010-11	125	612	137	874	13	648	123	784
	2011-12	125	610	136	871	15	851	21	887
	Sub-Total	513	2510	560	3583	59	1688	248	1995
West	2007-08	85	410	93	588	3	269	4	276
	2008-09	78	385	88	551	4	264	17	285
	2009-10	177	886	203	1266	44	682	135	861
	2010-11	192	959	219	1370	97	734	127	958
	2011-12	209	1040	238	1487	193	618	82	893
	Sub-Total	741	3680	841	5262	341	2567	365	3273
South	2007-08	90	380	75	545	0	0	0	0
	2008-09	65	278	58	401	179	405	53	637
	2009-10	160	690	138	988	151	499	192	842
	2010-11	162	706	150	1018	165	543	48	756
	2011-12	180	788	157	1125	42	251	21	314
	Sub-Total	657	2842	578	4077	537	1698	314	2549
North-East	2007-08	50	220	50	320	21	140	20	181
	2008-09	36	160	33	229	66	237	29	332
	2009-10	90	398	90	578	1	420	38	459
	2010-11	90	405	85	580	0	552	55	607
	2011-12	102	454	95	651	0	627	101	728
	Sub-Total	368	1637	353	2358	88	1976	243	2307
Grand Total		2753	12748	2749	18250	1116	10019	1549	12684

Region-wise and year of training-wise sample selected and received under scheme II (i.e. BSDP) and scheme III (ESDP in Bio-technology) is given in table 1.3. Out of total sample of 1750 selected, only 616 filled in questionnaires (35 percent) were received. Percentage response was lower in case of ESDP-BT (25 percent) as compared to BSDP (37 percent). In this case the response was low because programmes were for final year students of polytechnics, engineering colleges or MBA students. Students in these colleges come from far off places and they were not available at the local addresses given by them

**Table 1.3
Region-wise and Year-wise Sample Size under Scheme-II & III**

Region	Year	Sample Size Selected			Sample Size Received		
		BSDP	Bio-tech	Sub Total	BSDP	Bio-tech	Sub Total
East	2007-08	52	0	52	0	0	0
	2008-09	61	0	61	13	0	13
	2009-10	54	10	64	22	5	27
	2010-11	81	10	91	43	5	48
	2011-12	98	14	112	53	5	58
	Sub-Total		346	34	380	131	15
North	2007-08	31	0	31	2	0	2
	2008-09	44	7	51	16	0	16
	2009-10	79	12	91	34	0	34
	2010-11	79	19	98	41	4	45
	2011-12	76	19	95	47	8	55
	Sub-Total		310	57	367	140	12
West	2007-08	49	0	49	2	4	6
	2008-09	59	10	69	1	1	2
	2009-10	53	21	74	19	3	22
	2010-11	90	17	107	37	3	40
	2011-12	90	15	105	26	3	29
	Sub-Total		345	63	408	85	14
South	2007-08	56	0	56	0	0	0
	2008-09	66	9	75	17	0	17
	2009-10	59	13	72	2	0	2
	2010-11	89	10	99	29	3	32
	2011-12	108	12	120	6	3	9
	Sub-Total		380	44	424	54	6
North-East	2007-08	24	0	24	9	0	9
	2008-09	29	0	29	73	0	73
	2009-10	26	3	29	2	0	2
	2010-11	39	4	43	31	0	31
	2011-12	48	0	48	41	3	44
	Sub-Total		166	5	171	156	3
Grand Total		1547	203	1750	566	50	616

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

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

Under Aspect 2 trainees were asked about the problems faced in getting the Entrepreneurial Memorandum Part-I from DIC, Objections raised by Banks in giving the loans and the objections raised by other Agencies Viz. environment, municipality etc. in setting up their enterprise. They were also asked about their views regarding the training received from the office of DC (MSME) & suggestions for improving the quality of training. Details of the information sought under this objective can be seen in Block 3 of Trainees Questionnaire (Annexure I).

Under Aspect 3, trainees were asked about the usefulness of training in marketing their capabilities. Details of the information sought under this objective can be seen in Block 4 of Trainees Questionnaires (Annexure I).

For this purpose (Aspect 2 and 3), 5 percent of the sample trainees selected for the programmes of scheme I and 10 percent of the sample trainees selected for the programmes of scheme II & III for Aspect I were interviewed. This comes to 910 for scheme I (i.e. 5 percent of 18,250) and 175 for scheme II & III (i.e. 10 percent of 1750).

In this case the sample received was about 72 percent of the total sample selected. Region-wise and Programme-wise distribution of sample selected and received is given in table 1.4.

Table 1.4
Region-wise and Programme-wise Distribution of Sample Size for Aspects 2 and 3

Region	Sample Size Selected						Sample Size Received					
	EDP	ESDP	MDP	BSDP	Bio-tech	Total	EDP	ESDP	MDP	BSDP	Bio-tech	Total
East	24	104	20	34	3	185	6	85	1	8	15	115
North	26	126	28	31	6	217	9	108	5	20	0	142
West	37	184	42	35	6	304	8	188	13	34	0	243
South	33	142	29	38	4	246	9	132	2	7	0	150
North-East	18	82	18	16	1	135	8	116	0	11	0	135
Grand Total	138	638	137	154	20	1087	40	629	21	80	15	785

1.3.3 Selection of other Stake Holders

Besides the trainees, views of other stakeholders (i.e. Programme Coordinators, DIC Office, lead Banks, KVIC and Resource Centres) were also sought regarding the training imparted by the office of DC (MSME). Programme Co-coordinators were asked about their views relating to selection procedure of trades, selection procedure of trainees, minimum qualification of trainees, fees of the courses, TA/DA to poor trainees, outsourcing procedure of programme, duration of the courses, course material, infrastructure at Development Institutes, training aids, sessions of soft skills, adequacy of practicals, follow up after training, incentive to programme co-coordinators, honorarium to guest speakers, and co-ordination with other departments. Similarly other stakeholders were asked about their views relating to the training programmes being conducted by the office of DC (MSME). Besides this they were asked to give the details of their own training programmes to have some comparison with the programmes of the office of DC (MSME). More details of the information sought from these Stakeholders is given in Annexure II to VI. These stakeholders were selected from the selected DIs.

Total number of filled in questionnaires received from different stakeholders were 105 which includes 62 Programme coordinators, 11 DIC officials, 10 Lead Bank Officers, 7 KVIC

Officers and 15 persons from Resource Centers. Stakeholder-wise number of persons interviewed from different regions is given in Table 1.5.

Table 1.5
Stakeholder-wise number of persons interviewed from different regions

Region	Name of Stakeholders					Total
	Programme Coordinators	DICs	Lead Banks	KVIC/KVIB	Resource Centres	
EAST	12	2	2	1	4	21
NORTH	19	2	2	2	5	30
WEST	20	3	2	1	6	32
SOUTH	8	2	2	2	-	14
North-East	3	2	2	1	-	8
Total	62	11	10	7	15	105

1.4 Chapter Scheme

Besides this, chapter there are six more chapters. Second chapter is about the skill development in India. Third chapter gives in brief the activities of the Ministry of Micro, Small and Medium Enterprises (MSME) particularly its Skill Development Training Schemes. Next chapter gives the feedback received from trainees regarding the training they received from the Ministry of MSME. This chapter has five sections namely: (a) Background of trainees (b) Trainees successfulness after receiving the training (c) Difficulties faced by trainees in setting up the enterprise (d) Trainees views regarding the training received and (e) Usefulness of that training in improving their marketability. Chapter five gives the feedback received from other stakeholders (Programme Coordinators, District Industries Centers, Lead Banks, KVIC/KVIB, and Resource Centers where the programmes are conducted) regarding the training imparted. Chapter VI gives the suggestions to make the programmes more effective. Last chapter gives the summary and conclusions of the Report.

Chapter II Skill Development in India

2.1 Introduction

It is now very well recognized that skill and knowledge are the driving forces of Economic Growth and Social Development of any country. As Nobel laureate Paul Krugman said, it is inspiration not so much perspiration that matters in economic growth. Skill building and training contributes significantly for promoting the interests of individuals, enterprises, economy and society. Skill building and vocational training, a central pillar of decent work, is a means to empower people, improve the quality and organization of work, enhance citizens' productivity, raise workers' incomes, promote job security and social equity and help individuals become more employable in rapidly changing internal and external labour markets. In fact systematic development of skills have become more important in the era of globalization because countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of globalization (Government of India, Planning Commission, 2008).

Besides this section on 'Introduction' this chapter has four more sections. Second section is on 'Demographic dividend and Demographic Transition in India', which explains the advantage of demographic dividend we have during the next 15 years. Third section is on "Skill Development: the Challenge". It cautions about the challenge we shall have to face in imparting the skills to the persons. Fourth section gives an overview of the steps taken during Eleventh Five Year Plan and the last section is on "Twelfth Five Year Plan- Strategy to skill the Labour Force". It discusses about this targets, issues and priorities for skilling the labour force during the Twelfth Five Year plan.

2.2 Demographic Dividend and Demographic Transition in India

The demographic dividend is reckoned as a rise in the rate of economic growth due to rising share of working age people in a population. This usually occurs late in the demographic window transition when the fertility rate falls significantly and the youth dependency rate declines. During this demographic window of opportunity, output per capita rises. Low fertility leads for some time to low youth dependency and a high ratio of working age to total population. However as the relatively large working age cohort grows older, population aging sets in. In case of India due to demographic transition there has been continuous increase in the working age population of India and in recent years it has been noticed that population has become more of an asset than a burden.

In the population dividend model, it is the dependency ratio (that is, dependent population relative to the working-age population) rather than the absolute increase (or

decrease) in the size of the working-age population that is the economically most relevant for supply side. If the dependency ratio declines, i.e. if the working-age population as a share of the total population increases, per-capita growth is likely to accelerate. By the same token, a rising dependency ratio is likely to be a "drag" on growth.

As per the projected population by Registrar General and Census Commissioner of India, population growth rate is likely to decrease from 1.6 per cent per annum during 2001-06 to 0.9 per cent during 2021-26. Share of working population to total population is expected to increase from 57.7 per cent in 2001 to 64.3 per cent in 2026 (Table 2.1).

Table 2.1
Projected Population by Broad Age-groups and Dependency Ratio in India

	2001	2006	2011	2016	2021	2026
Population by Broad Age-groups (000s)						
0-14 (Young)	364582	356998	346942	340291	336906	327004
15-59 (Working Age)	593342	671608	747094	810571	859590	899651
60+ (Old)	70686	83580	98470	118099	143244	173182
Total	1028610	1112186	1192506	1268961	1339740	1399837
CAGR (year on year)		1.6	1.4	1.3	1.1	0.9
Median Age (Years)	22.5	23.9	25.5	27.4	29.3	31.4
Dependency Ratio						
Young (0-14)	614	532	464	420	392	363
Old (60+)	119	124	132	146	167	192
Total (Young & old)	734	656	596	566	559	556

Note: Young Dependency Ratio is the Population of Young per 1000 population in the 15-59 years.

Similarly, old age dependency ratio is the population of old per 1000 population in the 15-59 years.

Data Source: RG&CCI, State-wise population projection 2001-2026.

Dependency ratio of India is expected to decrease in future. It includes young dependency ratio and old dependency ratio. Young dependency ratio is the population of young per 1000 population in the 15-59 age-groups. Similarly, old dependency ratio is the population of old per 1000 population in 15-59 years. Total dependency ratio in the country was 73.4 per cent in the year 2001. This is expected to reduce to 65.6 per cent in 2006, 59.6 per cent in 2011, 56.6 per cent in 2016, 55.9 per cent in 2021 and 55.6 per cent in 2026 (Table 2.1). At the same time median age of the country was 22.5 years in 2001 and it is expected to increase to 31.4 years in 2026 (Table 2.1). This is reflected in rising labour force participation rate despite the fact that early youth are now more in educational streams and growing proportion of old-age persons. If properly harnessed demographic potential will result in change in savings and investment behavior, improving financial market growth prospects and finally economic growth prospects.

Age-group wise and sex-wise distribution of population of country is shown for the years 2011 and 2021 by Chart II.1 and Chart II.2. These charts are also showing that young

population of the year 2011 will become slowly the working age population in the year 2026. It will be seen that broad bottom gradually shifts upward and middle ranges start bulging. If population growth rate does not drastically fall as a result of sudden drop in birth rate, we can stretch population dividend a little longer.

Chart 2.1
Age Pyramid of India in 2011

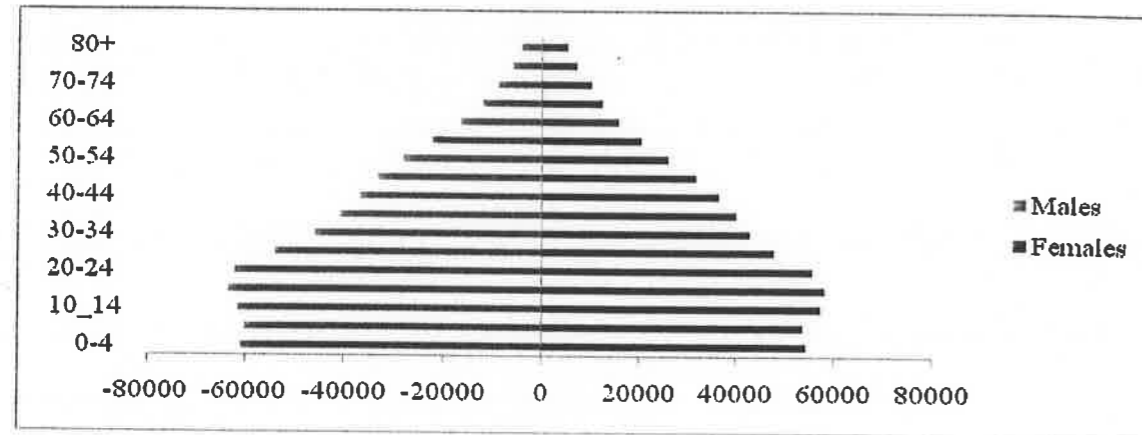
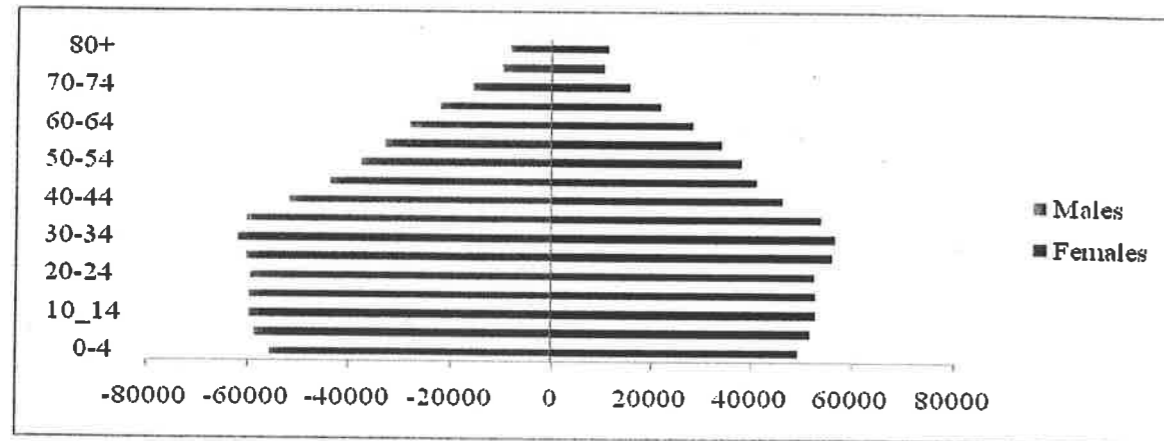


Chart 2.2
Age Pyramid of India in 2026



2.3 Skill Development: The Challenge

The demographic window of opportunity available to India would make India the skill capital of world. India would be in position to meet the requirement of technically trained manpower not only for its growing economy but also of the aging advanced economies of the world. Boston Consultancy Group's study in 2007 had clearly indicated that by 2020 while India will have surplus of 56 million working people, the rest of the world will encounter a shortage of 47 million working people. But this young population would be an asset only if it is educated, skilled and finds productive employment. Skilling this large and growing young population from

an exceedingly small base would be a big challenge for India. The skill strategy for the Twelfth Plan would have to accordingly plan for these skill challenges in terms of outreach, quality, systemic/institutional setups, current status of skill development efforts and various economic policies proposed in the Twelfth Plan (Govt. of India, Planning Commission, 2012).

Structure shifts in the economy in terms of increase in contribution of secondary and tertiary sectors to GDP would have implications for skill development strategy. Similarly with the increase in the share of working-age population there would be increase in the demand for decent employment opportunities. It all depends on generation of adequate decent employment opportunities in secondary and tertiary sectors and up gradation of skills of existing as well as new entrants to the workforce.

2.4 An Overview of the Eleventh Five Year Plan

The Eleventh Five Year Plan while focusing on utilisation of the human resources for economic growth, recognized that skill building is not a static process and that individual's skills needs to be upgraded continuously for workforce to remain relevant and employable. To realize this Coordinated Action on Skill Development was initiated in 2008 which provides for a three tier governance structure, namely Prime Minister's Council on Skill Development as apex body for policy direction to be supported by National Skill Development Coordination Board (NSDCB) in Planning Commission for coordinating and synergizing the efforts of the various central ministries that are involved in the skill development and National Skill Development Corporation for catalyzing private sector efforts in the skill development. During the Eleventh Plan most of the states have set up state skill development missions for focused and synergized approach for scaling up of skill efforts in respective states. A National Policy on Skill Development was also formulated in 2009 which focuses on policy coherence, inclusivity, improving the quality with emphasis on employment outcomes (Govt. of India, Planning Commission, 2012).

2.4.1 National Skill Development Policy, 2009

This National Skill Development Policy envisages empowering all Individuals through improved skills, knowledge, nationally and internationally recognized qualifications to gain access to decent employment and ensure India's competitiveness in the global market. It aims at promoting the following forms of delivery of skills: (1) institution-based skill development including ITIs/Private ITIs/vocational schools/technical schools/polytechnics/professional colleges; (2) learning initiatives of sectoral skill development organized by different ministries/departments; (3) formal and informal apprenticeships and other types of training by enterprises; (4) training for self-employment/entrepreneurial development; (5) adult learning, retraining of retired or retiring employees and lifelong learning; (6) non-formal training including training by civil society organisations, and e-learning, web-based learning and distance learning.

2.4.2 Promoting Public Private Partnerships

The Eleventh Plan has proposed a paradigm shift in skill development strategy wherein Public Private Partnership model has been encouraged in the skill development. Besides involving private sector in upgrading the capacity in the existing institutions both at the ITI and Polytechnic level, an institutional structure in the form of National Skill Development Corporation (NSDC) has been put in place to catalyze the private sector efforts. The NSDC provides soft loans to the private partners for undertaking Skill activity. NSDC works in around 365 districts in 28 states and 2 Union Territories in both organized as well unorganized sectors. NSDC along with its partners have trained over 1.8 lakh people in the year 2011–12 with an aggregate placement rate of around 79 per cent.

The reason for very high placement rate is that NSDC has involved those companies in imparting the skills which can employ in their own companies the candidates after training. Important sectors in which the companies have been involved are: Construction (L&T Construction Company, Rustomjee Group), IT (Bharti, Airtel, Nasscom Foundation), BPOs (Genpect, Wipro), FMCG, Infrastructure, Healthcare and Organized Trade (IIPA, 2011).

To bring together all stakeholders, namely industry, training providers and the Academia, NSDC has been catalysing the setting up of industry led Sectoral Skill Councils (SSCs) for identified priority sectors. Till March 2012, 11 such SSCs have been set up. These SSCs are expected to lay down the national Occupational Standards for different levels of jobs in their respective sectors, formulate certification and accreditation norms, strive to create knowledge repository on current requirement of skill development in the industry, assess the supply of skilled workers, identify the demand and supply gap in each sector, and identify trends and future requirements.

2.4.3 Skill Development in the Informal Sector

Informal Sector has a large size of employment and contributes a big proportion of total GDP in the Indian Economy. So far as the employment is concerned it varies from 88 percent to 93 percent of total employment from different sources (Arora, 2011). This sector is heterogeneous which cut across all economic activities in rural and urban areas. It contributes about 60 per cent of the GDP. It is dominated by workers in micro enterprises, unpaid family members, casual labourers, home based workers, migrant labourers, out of school youth and in need of skills, farmers and artisans in rural areas. These groups form a bottom of skill pyramid who have low skills, poor productivity and low income. The key issues of skill development in informal sector include inadequacy of current training programme to meet the requirement of large workforce in the informal sector. The formal training system because of its entry requirement and urban buyers needs does not offer skills to people with limited education and

when it does, it is not appropriate to those in the rural nonfarm sectors. Most workers continue to learn on the job informally at their place of work from other low skilled qualified people. The Modular Employable Skill Programme of the Ministry of Labour; Support to Training and Employment Programme (STEP) of Women and Child Development; Himayat, Parvaaz and National Rural Livelihoods Mission (NRLM) of Ministry Rural Development; Community Polytechnic Development Programme of Human Resource Development and Programmes of the Ministry of Micro Small and Medium Enterprises Ministry are some of the programmes that are benefitting this segment of the workforce. However, given the scale of the problem much more needs to be done in terms of up-scaling the training capacities, recognition of prior learning, functional literacy and so on.

2.4.4 Training Programme for the Poor and Vulnerable

Ministry of Rural Development has launched schemes for empowering young people from poor and the weaker sections of the society by imparting skills and providing gainful employment including 'Special Projects for Placement Linked Skill Development of Rural BPL Youth' under Swarna Jayanti Gram Swarozgar Yojana (SGSY-SP) and Rural Development and Self-Employment Training Institute (RUDSETI) for setting up a dedicated Skills development infrastructure in each district in the country aimed towards entrepreneurial development. The SGSY has been restructured and called National Rural Livelihoods Mission (NRLM)/ Aajeevika which focusses on harnessing the innate capabilities of the poor and complements them with capacities (such as information, knowledge, skills, tools, finance and collectivisation) to participate in the growing economy of the country.

2.5 Twelfth Five Year Plan: Strategy to skill the Labour Force

2.5.1 The Skill Targets

During the Twelfth Five Year Plan (2012-17), 50 million non-farm employment opportunities are proposed to be created and to meet this demand a supply of at least equivalent number of people would be provided skill certification. The existing training capacity in the country is 4.5 million per annum. It needs to be more than doubled to achieve the target.

2.5.2 Issues and Priorities

There is an urgent need to mainstream skill formation in the formal education system and at the same time innovative approaches for the skill creation outside the formal education system. Although the Coordinated Action on Skill Development has brought about a paradigm shift in addressing the issues of relevance in skill development, the gaps in the skill development are to be identified so as to achieve the objectives in terms of quantity, quality,

outreach and mobility while building on the foundation. The workforce not only needs to be trained to meet the requirement of all sectors and all kinds of jobs but also linking them to job opportunities and market realities. This would facilitate transformation of young population into a productive workforce engaged in economic activities and not unproductive activity (Govt. of India, Planning Commission, 2012). Some of the areas that merit attention are:

- Since over 90 per cent of India's labour force is engaged in the non-formal sector, the most important challenge would be to reach out to this sector. An approach would need to be worked out to cater to the skilling needs of this very large section of workforce. Innovative approaches of working through grass-root level organisations such as panchayati raj bodies would need to be considered.
- Putting in place a National Skills Qualification Framework which lays down different level of skills required by industry, which allows multiple points of entry and exit, which recognises prior learning, and which allows for mobility across different levels, as well as between vocational and technical training on the one hand, and general education on the other.
- To put in place a permanent institutional framework, entrusted with the requisite authority and resources, and which is responsible solely for skill development in the country.
- Students belonging to the economically weaker sections need to be supported in terms of access to bank loans on soft terms that are linked to their placement as is the case in the higher education loans.
- To increase the training capacity in the country by adopting myriad approaches—such as facilitating capacity creation in public private partnerships as being done by NSDC, allowing available government infrastructure to be used for training by both the public and private sector, running training institutions in multiple shifts, increasing the number of trainers by adding to Teachers' Training capacity in the country, and by making it attractive for qualified persons to opt for becoming trainers. As part of this approach, the possibility of using the infrastructure, equipment and manpower of sick public sector units would also be explored.
- Further building on the potential of the Modular Employable Skill Programme by ensuring that combination of modules sufficient to guarantee employability are delivered to the trainees introducing more course modules and strengthening of assessment and certification systems for quick delivery.
- Developing a cogent and sustainable approach to provide for industry participation in skill development, particularly in the field of developing course content which is aligned to industry requirements. Similarly, accreditation and certification standards to be

developed with industry's active participation through the medium of Sector Skill Councils.

- Developing the Labour Market Information System for real time information on sectoral basis to help trainees and make training relevant.
- Making necessary changes to the regulatory framework governing the employment of apprentices so that this avenue is able to contribute significantly to the skill development effort in the country. To achieve this, industry needs to be made an active partner, and a collaborative approach with industry would be adopted. Such an approach would permit using the potential offered by MSME units also. Through the use of policy and other tools, to encourage the creation of training capacity in a manner that dovetails with the population and sectoral requirements. The current lop-sided geographical distribution of training facilities and the concentration of training facilities in only a few sectors would be corrected so that training capacity is created in the areas of high population and in sectors which have been identified to offer skill gaps.
- Making Skills aspirational among youth, through advocacy campaigns aimed at social change. These efforts would be complemented by necessary changes in the regulatory framework to make it economically rewarding for persons to become skilled—such as through providing sufficient differential in the minimum wages for unskilled, semi-skilled and skilled workers.

2.5.3 Priority Sectors Identified

The approach to the Twelfth Five Year Plan has identified some Priority Sectors for employment generation and skill development as given below:

- Sectors that will create large employment; Textiles and Garments, Leather and Footwear, Gems and Jewelry, Food Processing Industries, Handlooms and Handicrafts.
- Sectors that will deepen technology capabilities in Manufacturing: Machine Tools, IT Hardware and Electronics.
- Sectors that will provide Strategic Security: Telecommunications equipment, Aerospace Shipping, Defence Equipment.
- Manufacturing Technology Sectors for Energy Security: Solar Energy, Clean Coal Technologies, Nuclear power generation.
- Capital equipment for India's Infrastructure Growth: Heavy electrical equipment, Heavy transport, earth moving and mining equipment.
- Sectors where India has competitive advantage: Automotive Sectors, Pharmaceutical and Medical Equipment.
- Micro Small and Medium Enterprises Sector: The base for the Manufacturing Sector employment and enterprise generation.

2.5.4 Permanent Institutional Structure for Driving the Skill Development Agenda

There is need for an primary institutional structure that has the authority and responsibility to coordinate the skill development activities of all the other agencies engaged in the same—both at the central and state levels, and to also engage with nongovernment players, including the corporate and NGO sectors. Accordingly, setting up of a National Skill Development Authority is being considered (Govt. of India, Planning Commission, 2012). The proposed Authority may discharge the functions outlined in the Box given below.

Major Functions of Proposed National Skill Development Authority

1. To launch a National Skill Development Mission to, inter alia, skill 8 crore including at least 3 crore persons by proposed Authority during the Twelfth Plan through appropriate strategies, including support to State Governments/State Skill Missions, and for active engagement with the private sector, NGOs and so on.
2. To lay down strategies, financing and governance models to expedite skill development activities and coordinate standards of skill development working in close coordination with regulators concerned like NCVT, AICTE, Sector Skill Councils, and so on
3. To assist Central Ministries in enhancing their skill development capacities.
4. To act as a nodal agency for guiding State Skill Development Missions and providing funds to them to increase level of skill development activities.
5. To act as the nodal agency for the launch and operations of National Skills Qualifications Framework (NSQF) and keeping the NSQF constantly updated and ensuring its implementation of the same.
6. To monitor, evaluate and analyze the outcomes of various schemes and programmes relating to skill development through a technology-enabled national monitoring system, and suggest/initiate mid-course corrections, additions and closure of parts or whole of any particular programme/scheme.
7. Promote greater use of Technology in the area of Skill Development.
8. To oversee the advocacy campaign to ensure that aspirational aspect and enrolment in skill development programmes continue to rise.
9. To advise as well as take required measures in various matters related to skill development like training of trainers, apprenticeship training, assessment, accreditation, certification systems and national occupational standards and so on.
10. Discharge any other functions and assume any other responsibility related to skill development as may be assigned to it by the Government of India.
11. Overseeing and supporting the on-going skill development efforts of Central and State/UTs Ministries and Departments and ensure that the estimated training target of 8 crore during the Twelfth Plan is achieved.

CHAPTER-III

Ministry of Micro Small and Medium Enterprises

3.1 Background

Micro, Small and Medium Enterprises (MSMEs), including khadi and village/rural enterprises are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. They also play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. This sector contributes 8 percent of country's GDP, 45 percent of manufactured output and 40 percent of its exports. The MSMEs provide employment to about 60 million persons through over 26 million enterprises producing over six thousand products. The labour to capital ratio in MSMEs and the overall growth in the MSME sector is much higher than in the large industries (Govt. of India, DC-MSME, 2013). The socio-economic policies adopted by India since the Industries (Development and Regulation) Act, 1951 have laid stress on MSMEs as a means to improve the country's economic conditions and livelihood for millions of its citizens (Govt. of India, Ministry of MSME, 2012).

Although MSMEs account for a major share of industrial production and exports in our country, still a lot needs to be done. Arun Maira, an industry veteran has expressed his concern by saying that imports from China of IT and Telecom equipment have surged on the back of telecom boom. In next five years, we expect ICT hardware imports to cross the amount we spend on petroleum imports. This should be of concern. Today, China's machine tools industry is 55 times that of India -- 25 years ago they were at the same level (E.T, November, 2010).

The Ministry of Small Scale Industries and Agro and Rural Industries was first created on 14th October 1999 and, on 6th September 2001, further bifurcated into two separate ministries, namely, the Ministry of Small Scale Industries and the Ministry of Agro and Rural Industries. Micro Small and Medium Enterprises Development (MSMED) Act addressing policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector was notified in 2006.

Subsequent to enactment of MSMED Act, 2006 by the Parliament, the President under Notification dated 9th May, 2007 has amended the Government of India (Allocation of Business) Rules, 1961. Pursuant to this amendment, Ministry of Agro and Rural Industries and Ministry of Small Scale Industries were merged into a single Ministry, namely, "Ministry of Micro, Small and Medium Enterprises." This Ministry designs policies and promotes/ facilitates programmes, projects and schemes and monitors their implementation with a view to assisting MSMEs and helps them scale up their operations. Classification of Micro, Small and Medium enterprises is

done on the basis of Investment criteria (Table 3.1), which differ according to the characteristics of the enterprise whether it is engaged in manufacturing goods or providing service. It may further be noted that investment is reckoned as cumulative expenditure on plant and machinery in the case of manufacturer enterprise and on equipment in case of service enterprise.

Table 3.1
Investment Criteria for Micro, Small and Medium Enterprises (Rs. in Lakhs)

S.No	Type of Enterprise	Manufacturing (Plant & Machinery)	Service (Equipments)
1	Micro	$X \leq 25$	$X \leq 10$
2.	Small	$25 < X \leq 500$	$10 < X \leq 200$
3	Medium	$500 < X \leq 1000$	$200 < X \leq 500$

Source: Govt. of India, Ministry of MSME, Annual Report 2011-12

The role of the Ministry of Micro, Small and Medium Enterprises (M/o MSME) and its organisations is to assist the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes/programmes undertaken by the Ministry and its organizations seek to facilitate/provide: i) adequate flow of credit from financial institutions/banks; ii) support for technology up-gradation and modernization; iii) integrated infrastructural facilities; iv) modern testing facilities and quality certification; v) access to modern management practices; vi) entrepreneurship development and skill up gradation through appropriate training facilities; vii) support for product development, design intervention and packaging; viii) welfare of artisans and workers; ix) assistance for better access to domestic and export markets and x) cluster-wise measures to promote capacity building and empowerment of the units (Govt. of India, Ministry of MSME, 2012).

Under its programme of "entrepreneurship development and skill up-gradation through appropriate training facilities" training target of M/o MSME has been increased from 15.2 lakh persons during Eleventh Five Year Plan to 42.7 lakh persons during the Twelfth Five Year Plan. Distribution of these targets for its various organizations is as given below (Table 3.2). It is observed that among the various organizations, target of Twelfth Five Year Plan is highest in case of DC (MSME) followed by KVIC, NSIC, EDIs and Coir Board.

Table 3.2
Training Targets of the Ministry of MSME during the
Eleventh and Twelfth Five Year Plans

(in Lakh persons)

Sl. No	Organizations	Eleventh Plan	Twelfth Plan	% Increase
1	DC (MSME)	6.65	18.91	184
2	KVIC	4.05	11.79	191
3.	NSIC	2.42	6.41	165
4.	EDIs	1.53	4.09	167
5.	Coir Board	0.52	1.45	179
	Total	15.17	42.65	181

Source: Office of DC (MSME), M/o MSME, Govt. of India.

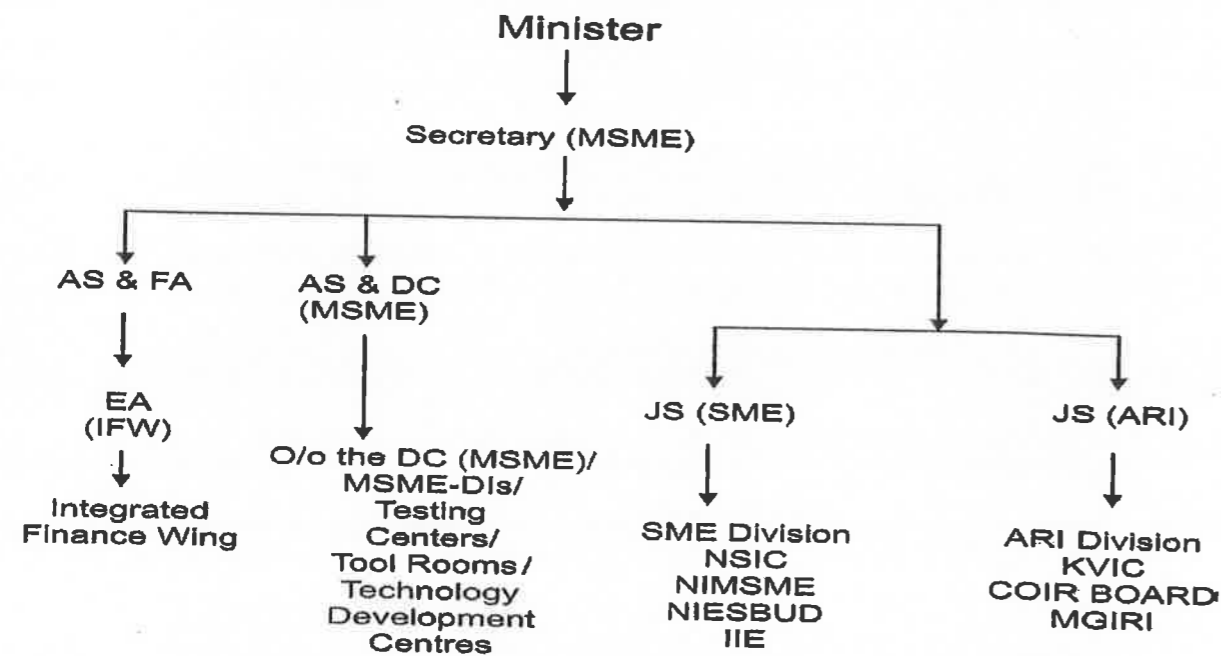
3.2 Organizational Set-up

Secretary (MSME) who is the administrative head of the Ministry is assisted by Financial Advisor and Development Commissioner (MSME) who are at the level of Additional Secretaries. Beside this he is assisted by the two Joint Secretaries who have the independent charge of two different departments called Small & Medium Enterprises (SME) Division and Agro & Rural Industry (ARI) Division. (Chart-3.1)

The implementation of policies and various programmes/ schemes for providing infrastructure and support services to MSMEs is undertaken through its attached offices, namely the Office of the (DC-MSME), National Small Industries Corporation Ltd (NSIC), Khadi and Village Industries Commission (KVIC); the Coir Board, and three training institutes viz., National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad, National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA, Indian Institute of Entrepreneurship (IIE), Guwahati and a society Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha registered under Societies Registration Act, 1860.

The National Board for Micro, Small and Medium Enterprises (NBMSME) was established by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made there under. It examines the factors affecting promotion and development of MSMEs, reviews existing policies and programmes and make recommendations to the Government for formulating the policies and programmes for the growth of MSMEs

Chart 3.1
Organizational Structure of the Ministry



3.3 Development Commissioner (Micro, Small and Medium Enterprises)

3.3.1 Activities of DC (MSME)

The Micro, Small and Medium Enterprises – Development Organisation (MSME-DO) [earlier known as SIDO], headed by the Additional Secretary & Development Commissioner (MSME), is an apex body for formulating and overseeing the implementation of the policies for the development of MSME in the country, and playing a very positive and constructive role for strengthening this sector. It functions through a network of MSME DI's, Regional Testing Centres, Footwear Training Institutes, Production Centres, Field Testing Stations and specialized institutes (Govt. of India, Ministry of MSME, 2012).

Over the years MSME-DI's have served a very useful purpose as a catalyst of growth of small enterprises through its vast network of field organizations spread over different parts of the country.

3.3.2 MSME Development Institutes (MSME DIs)

There are 30 MSME Development Institutes (MSME – DIs) and 28 Branch MSME Development Institutes set up in the State capitals and other industrial cities all over the country. The main activities of these institutions are as follows:-

- Assistance/Consultancy to Prospective Entrepreneurs and existing units
- Preparation of State Industrial Profiles, Directory of specific Industries, District Industrial Potential Survey Reports and Market Survey Reports.
- Project Profiles
- Motivational Campaigns, Entrepreneurship Development Programmes, Skill Development Programmes and Management Development Programmes
- Production Index
- Quality Control & Up-gradation
- Export Promotion
- Ancillary Development and Vendor Development Programmes for Ancillarisation
- Common Facility Workshop/Lab.
- Intensive Technical Assistance
- Coordination with DICs and Linkage with State Government Functionaries
- Promotion of handholding programme called Rajiv Gandhi Udyami Mitra Yojana (RGUMY) for micro & small entrepreneurs.

3.3.3 Training Programmes of MSME- DIs

MSME-DIs is conducting various training programmes for first generation potential entrepreneurs, existing industrial workers and managers. The ultimate aim is to promote the MSME sector of the country by inculcating entrepreneurial culture in the respective area as well as to enhance productivity of the existing industries of that State/Area. It also provides various common facilities to existing industries of the area and helps them in improving the techno-managerial skills. Different types of training programmes conducted by these DIs are:

- **Industrial Motivation Campaigns (IMCs):** Industrial Motivation Campaign (one day duration) is organized to identify and motivate traditional /non-traditional entrepreneurs having potential for setting up MSEs so as to lead them towards self-employment. Emphasis is being given to organize the maximum number of programmes in rural /remote areas particularly for weaker sections of the society.
- **Entrepreneurship Development Programmes (EDPs):** Entrepreneurship Development Programmes are being organized as a regular training activity to cultivate the latent qualities of youth by enlightening them on various aspects that are necessary to be considered while setting up Micro, Small & Medium Enterprises. These programmes are conducted generally for technicians /artisans for motivating them towards self-employment. The course contents of such Entrepreneurship Development Programmes are so designed as to provide useful information on product /process design, manufacturing practices involved, testing and quality control, selection and usage of appropriate machinery and equipments, project profile preparation, marketing avenues/ techniques, product / service pricing, export opportunities, infrastructure facilities available, finance and financial institutions, cash flow, etc. In the stipendiary

programmes, conducted for weaker sections (SC/ST/Women and Physically Handicapped participants) no fee is charged, rather a stipend of Rs.125 /- per week per candidate is provided to the participants. Emphasis is being placed to organize special programmes in rural areas particularly for weaker sections of the society.

- **Entrepreneurship Skill Development Programme (ESDPs):** Comprehensive training programmes are organized to upgrade existing skills and to create new skills in workers and technicians of existing units and educated unemployed youth by organizing various technical training courses for them. The basic objective has been to provide training to unskilled/semi-skilled workers engaged in MSE sector and to equip them with better and improved techno-managerial skills of production. Emphasis is being placed to organize maximum programmes in rural areas particularly for weaker sections of the society. Specific tailor-made programmes are organized for the skill development of the socially disadvantaged groups (OBC, SC, ST, Minorities and Women) in remote regions / pockets of the states. These programmes are also called 'Out-Reach Programmes' as these are conducted in rural/less developed areas. Programmes organized included Herbal Cosmetics, High Fashion Garments, Hosiery, Food & Fruit Processing Industries, Information Technology, Hardware Maintenance, Soap and Detergents, Leather Products/Novelties, Servicing of Household Electrical Appliances and Electronic Gadgets, Gem Cutting and Polishing, Engineering Plastics, Tour Operators, Mobile Repairing, Beautician, CAD/CAM etc. 20% of the target ESDPs are conducted as stipendiary programme for weaker sections (SC/ST/Women and Physically Handicapped participants) in which no fee is charged, rather a stipend of Rs.125/- per week to each candidate is provided.
- **Management Development Programmes (MDPs):** The basic objective of imparting training in management subjects is to improve the MSMEs in the decision-making and in enhancing productivity/profitability.
- **Business Skill Development Programme (Tailor Made Course):** Tailor made courses namely Business Skill Development Programme (BSDP) has been introduced for prospective entrepreneurs through select Business schools/Technical institutions etc in the area. The programmes have been devised to encourage educated unemployed youth/students basically from Business Schools/Technical Institutes to start self-employment ventures.
- **Entrepreneurship Skill Development Programme (ESDP) on Biotechnology:** Biotechnology is playing an important role in diverse sectors such as human and animal health care, plant and agriculture sciences, food and nutrition, environment etc. The areas of tissue culture, bio-fertilizers, biopesticides, mushroom cultivation, solid waste management etc. are given priority for ESDPs.

Detailed outline of these programmes is given in Table 3.3

3.3.4 Procedure for selection of candidates

The applications are invited from the candidates through advertisement in Newspapers and websites of office of DC (MSME) as well as MSME-DIs. Selection Committees at MSME-DIs select the candidates taking into considerations their qualification, past experience and suitability for the course. The qualification for the participant for a particular programme is mentioned in the advertisement taking into consideration the subject of the training programme. Preference is given to the candidates from weaker sections (SC/ST/Women/Physically Handicapped) (Govt. of India, DC -MSME, 2010).

3.3.5 Implementation of the Programmes

The Programme is implemented through MSME-DIs and Branch MSME-DIs. The process of implementation of the programmes is as follows (Govt. of India, DC -MSME, 2010):

- In the beginning of every year tentative targets for the various training programmes under the scheme are allotted by the office of DC (MSME) to MSME-DIs as per norms decided on the basis of working age population of the state as well as staff strength and past performance of the MSME-DI. The targets may be further modified keeping in view the performance of the MSME-DI, local demand etc.
- Director of a MSME-DI shall decide topic, location, and schedule for conducting each training programme in consultation with the officers working under him and other stakeholders.
- The complete training calendar for each MSME-DIs shall be uploaded in the website of each MSME-DIs in the beginning of the year in the following format.

Date	Programme/ Topic of Training	Duration	Eligibility Criteria	Course Fee	Venue (Place & District)	Name of Nodal Officer	Name of Resource Person
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- Director of the MSME-DIs shall nominate appropriate number of officers as nodal officers for conducting the training programmes.
- Each nodal officer may be given the targets for conducting training programmes grouped on the basis of topic or location. The nodal officer shall plan in consultation with the Director, the venue, the target group and the dates for conducting the programs.
- The nodal officer shall also identify appropriate faculty/ guest speakers for each programme keeping in view the expertise required and available.
- Guest faculty means outside faculty, other than MSME-DIs / Ministry of MSME officials with special knowledge in particular topics. A particular guest faculty cannot be given more than 30% of the total lectures in a programme. The faculty invited for inaugural / valedictory function will not be given honorarium.
- Course material shall be provided to the participants for their future reference.

- Stipend to the participants of stipendiary programmes: 20 % of the total targeted EDP/ESDPs will be conducted exclusively for weaker sections of the society i.e. (SC/ST/women and PH) with a stipend of Rs.125/- per week per candidate. The stipend will be given to those candidates who have at least 80% attendance and have been given certificate. Candidates absent during some of the training days, but otherwise eligible, will get pro-rata stipend.
- The final Bills for the training programmes shall be submitted by positively within 15 days of completion of the programmes.
- In the website of every MSME-DI, a feedback window shall be opened, where the participants of the training programme and the other stakeholders may post their comments on the training programmes organised. The Director/Nodal Officer shall be responsible for monitoring the feedback received and take appropriate action on the same. An action taken report of the feedback received shall be forwarded by the Directors of the Institutes to the Headquarter every month with the progress report of the training programme.

Month	No. of pending feedbacks	Number of feedbacks received during the month	Number disposed	Number pending
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3.3.6 Monitoring and Evaluation

The progress on training programme will be monitored on monthly basis. Each MSME-DIs will send monthly progress report to Director/DD in-charge of Skill Development Programme in Office of DC (MSME) in the prescribed format and he will monitor/evaluate the progress/effectiveness of the training programmes

Table 3.3
Detailed Outlines of Training Programmes of the Office of DC (MSME)

Name of the Programme							
Sl. No	Details	IMC	EDP	ESDP	BSDP	ESDP on Blotech	MDP
1	Duration	One Day	Two Weeks	Six Weeks	4 weeks	Six Weeks	One week for full time and Two week for part time
2	Intake Capacity	No Limit	20 nos. in each Programme	20 nos. in each Programme	20 nos. in each Programme	20 nos. in each Programme	20 nos. in each Programme
3	Training Fee	No Fee	(1) Rs.100/- for General Candidates (2) No fees for SC/ST and 50% fee from women & physically Handicapped	(1) Rs.200/- for General Candidates (2) No fees for SC/ST and 50% fee from women & physically Handicapped	No Fee	(1) Rs.100/- for General Candidates (2) No fees for SC/ST and 50% fee from women & physically Handicapped	(1) Rs.400/- for General Candidates (2) No fees for SC/ST and 50% fee from women & physically Handicapped (3) Rs.100/- for candidates from Andaman & Nicobar, Lakshadweep, NE States, J&K and Sikkim.
4	Stipend to Trainees	Nil	125/- per week	125/- per week	Nil	125/- per week	Nil
5	Maximum Expenditure	Rs. 8000/-	Rs.20,000/-	Rs.60,000/-	Rs. 100,000/-	Rs. 60,000/-	Rs.20,000/-
6	Age of Participants	18 Years and above	18 Years and above	18 Years and above	18 Years and above	18 Years and above	18 Years and above
7	Qualification	Decided by the Directors of each DI, keeping in view the objectives of the programme and class of the trainees (SC/ST/OBC/GEN).					
8	Honorarium to guest speakers	Rs. 500/- for the session of 1hr 30 minutes.	Rs. 500/- for the session of 1hr 30 minutes.	Rs. 500/- for the session of 1hr 30 minutes.	Rs. 500/- for the session of 1hr 30 minutes	Rs. 500/- for the session of 1hr 30 minutes.	Rs. 700/- for the session of 1hr 30 minutes.
9	Share of Weaker Section	20% of the Targeted EDPs/ESDPs are conducted exclusively for Weaker Sections of the Society i.e. (SC/ST/Women and PH)					

Source: Govt. of India, DC (MSME), 2010

Chapter IV

Feedback Received From Trainees

4.1 Introduction:

This chapter has seven sections. Second section gives the background of sample trainees. Third section has discussed about the successfulness of the trainees after getting the training in terms of employment, earnings per month and setting up of the enterprise. Fourth Section has discussed about the difficulties faced by the trainees in setting up of the enterprises and the difficulties faced by them in getting Entrepreneurial Memorandum from the office of DIC. It also discusses the difficulties faced by them in getting the loans from the banks and problems raised by other departments viz. environment, municipality.

Fifth section gives the views of trainees relating to various aspects of the programme in which they got the training from the M/o MSME. Sixth section deliberates the usefulness of the training in improving their marketability. Last section gives the conclusion of the feedback received from the trainees.

4.2 Background of the Sample Trainees

Two different sets of samples were received from the trainees. This has been discussed in sub-section 1.3.2 on "Sample Selection of Trainees" of chapter I. One set of sample was used to study the successfulness of trainees after receiving the training (i.e. objective I). In this case, 13,300 filled in questionnaires were received. Second set of sample was used to study: (i) Difficulties faced by the trainees in setting up the enterprises and views of the trainees regarding the various aspects of the programmes in which they got the training from the M/o MSME (i.e. objective II) and (ii) Usefulness of training in improving their marketability (objective III). In this case, a total of 785 questionnaires were received.

Second set of sample is a sub-set of the first set. First set is a larger in size and is expected to be better representative of the population. So, the characteristics of this sample comprising of 13, 300 trainees are first discussed below.

4.2.1 Class-wise Distribution of Sampled Trainees

If we look at the class-wise percentage distribution of sample trainees, it was highest for scheduled caste (48 percent). In each of OBC and General Categories, it was 17 percent followed by Scheduled Tribes (14 percent) and others (4 percent) (Table 4.1). Share of SCs in total sample trainees was highest across the regions and programmes. Region-wise distribution

shows that share of SCs within the region was highest in the case of North-East (69 percent) followed by North (53 percent), East (51 percent), West (43 percent) and South (24 percent). Programme-wise distribution shows that share of SCs within the programme was highest in MDP (51 percent) followed by ESDP (48 percent), BSDP (46 percent), EDP (41 percent) and Bio-tech (36 percent). As per the 2001 population census of India, percentage of SC and ST population to total population was only 16.2 percent and 8.2 percent respectively (IAMR, 2007). It shows that the share of SC and ST trainees are higher than the share of SC and ST population in India.

As discussed with Development Institutes higher share of SC and ST Trainees during the last five years is partly due to the fact that many training programmes were mandated exclusively for the SC and ST candidates.

Table: 4.1

Region-wise and Programme-wise Percentage Distribution of Trainee Entrepreneurs

Region	Class	Region					Grand Total
		East	North	West	South	North-East	
All Programme	ST	21	3	25	12	4	14
	SC	51	53	43	24	69	48
	OBC	14	13	12	39	10	17
	GEN	13	26	14	17	17	17
	OTH	1	5	6	8	0	4
	Total	100	100	100	100	100	100
EDP	ST	7	7	33	29	0	25
	SC	54	36	40	35	77	41
	OBC	33	31	9	22	7	18
	GEN	7	17	16	11	16	13
	OTH	0	10	2	4	0	3
	Total	100	100	100	100	100	100
ESDP	ST	25	2	25	9	5	15
	SC	49	57	43	21	69	48
	OBC	12	11	12	39	11	16
	GEN	13	26	14	21	16	18
	OTH	1	4	7	10	0	4
	Total	100	100	100	100	100	100
MDP	ST	11	9	17	0	0	8
	SC	62	35	54	30	75	51
	OBC	19	17	11	70	1	24
	GEN	9	24	8	0	24	12
	OTH	0	15	10	0	0	5
	Total	100	100	100	100	100	100
BSDP	ST	5	6	40	7	0	9
	SC	52	48	27	15	62	46
	OBC	23	19	18	32	22	22
	GEN	18	24	14	28	17	19
	OTH	3	3	1	19	0	3
	Total	100	100	100	100	100	100
ESDP Biotech	ST	0	0	50	17	0	16
	SC	47	42	29	33	0	36
	OBC	7	0	7	50	33	12
	GEN	47	58	14	0	67	36
	OTH	0	0	0	0	0	0
	Total	100	100	100	100	100	100

Undoubtedly, higher percentage of training the SC/ST candidates in comparison to their population percentage in the DIs shows an attempt to the upliftment of Weaker Sections but it

may create difficulties in getting the genuine trainees in selected trades who are really interested in training. This difficulty can be overcome if sufficient awareness among the SC/ST candidates is created through Local Bodies and Trade Associations and the training details are published in local newspapers. Secondly, the districts having high percentage of SC/ST population are given preference in conducting such programmes

4.2.2 Gender-wise Distribution of Sample Trainees

If we look at the gender-wise percentage distribution of sample trainees, percentage of female trainees (61 percent) is much higher than the male trainees (39 percent) (Table 4.2). Share of female trainees in total trainees was higher across the regions and programmes. Region-wise distribution shows that share of female within the region was highest in North-East (77 percent), followed by South (62 percent), West (61 percent), East (58 percent) and North (45 percent). Programme-wise distribution shows that share of female within the programme was highest in BSDP (63 percent) followed by ESDP (62 percent), MDP (59 percent), Bio-tech (58 percent) and EDP (49 percent).

Table: 4.2

Region-wise and Programme-wise Percentage Distribution of Sampled Trainees by Gender

Region	All Programmes		EDP		ESDP		MDP		BSDP		Bio-Tech	
	M	F	M	F	M	F	M	F	M	F	M	F
East	42.5	57.5	18.7	81.3	43.2	56.8	46.7	53.3	32.8	67.2	66.7	33.3
North	55.2	44.8	57.6	42.4	55.8	44.2	51.6	48.4	57.1	42.9	16.7	83.3
West	38.5	61.5	75.4	24.6	31.5	68.5	48.2	51.8	56.5	43.5	50.0	50.0
South	37.5	62.5	45.8	54.2	34.1	65.9	41.7	58.3	38.9	61.1	33.3	66.7
North-east	22.7	77.3	17.0	83.0	25.2	74.8	12.3	87.7	10.9	89.1	0.0	100.0
Grand Total	38.9	61.1	51.0	49.0	37.2	62.8	41.4	58.6	36.9	63.1	42.0	58.0

Increase in the female literacy rate during the last decade was very high. It increased during the period 2001-11 by 11 percent points (i.e. 54 percent to 65 percent) as compared to the 6 percent point (i.e. 76 percent to 82 percent) in male literacy rate (India, Population censuses of India-2001 and 2011). Women have become more conscious and take up vocational skills. They have to perform household duties also, so, they prefer to go for short duration courses. Office of DC (MSME) is also empowering the women by providing skills to higher percent of women as compared to men. But if we want to increase the success rate of training among women then we shall have to look into the specific needs of informal sector workers particularly women.

4.2.3 Education-wise Distribution of Sample Trainees

Percentage distribution of sample trainees by general and technical education shows that most of the trainees were having the general education (98 percent) and a very few persons (2 percent) were having the technical education. If we look at this distribution by region-wise the trend is almost same. Percentage of trainees to with general education total trainees varies from 96 percent (North Region) to 100 percent (North-East Region). In other words percentage of technical trainees to total trainees varies from 0 percent (North-East) to 4 percent (North Region), which is very low (Table 4.3). This is mainly because most of the ESDP programmes are of short duration (i.e. 6 Weeks) and these are generally meant for the persons having general education with some working experience and not for the technical persons who have done longer duration courses.

Table 4.3
Region-wise and Programme-wise Percentage Distribution of
Sampled Trainees by Kind of Education

Region	EDP		ESDP		MDP		BSDP		Bio-Tech		All Programmes	
	Gen	Tech	Gen	Tech	Gen	Tech	Gen	Tech	Gen	Tech	Gen	Tech
East	100	0	98	2	99	1	91	9	93	7	98	2
North	97	3	97	3	94	6	92	8	100	0	96	4
West	94	6	99	1	98	2	99	1	100	0	98	2
South	98	2	97	3	100	0	100	0	100	0	97	3
North-east	100	0	100	0	100	0	99	1	100	0	100	0
Total	97	3	98	2	98	2	96	4	98	2	98	2

Note: Gen= General, Tech=Technical

Percentage distribution of trainees with general education by level of education shows that about one-third of the trainees were having the educational level 'graduation and above'. Eight percent of the trainees are only eight class pass and 23 percent are tenth class pass. It is also interesting to see that there was a significant share of trainees having only eight class qualification. Highest share of persons up to 8th standard was in BSDP (13 percent) followed by EDP (12 percent), ESDP (8 percent), Bio-tech (8 percent) and MDP (4 percent) (Table 4.4).

Basic objective of imparting the training in MDP is to improve the management skills to improve the MSMEs in decision making and in enhancing productivity/profitability. But some of the trainees in this programme are Eighth pass (4 percent) and Tenth pass (22 percent). In this programme, trainees having a minimum qualification of 10th pass with a working experience of two to three years at supervisory level or eight pass with a working experience of minimum five years should be admitted.

Table 4.4
Programme- wise Percentage Distribution of Sample Trainees with
General Education by Level of Education

Programmes	Educational Level						Total
	VIII	X	XII	Graduation	PG	Others	
EDP	12	22	43	18	2	2	100
ESDP	8	23	33	31	4	1	100
MDP	4	22	46	23	6	4	100
BSDP	13	21	31	29	4	2	100
Bio-Tech	8	16	20	53	2	0	100
All Programme	8	23	35	29	4	2	100

Distribution of trainees with technical education (i.e. which is only a low of 2 percent of total trainees) by level of education shows that 53 percent of the trainees were at graduate level followed by 33 percent at post-graduate level and 18 percent were ITI passed only (Table 4.5). Composition of technical trainees is fine but overall share is very low.

Table 4.5
Programme-wise Percentage Distribution of Sample Trainees with
Technical Education by Level of Education

Programmes	Level of Education			Total
	ITI/Polytechnic	B. Tech	M. Tech	
EDP	20	71	9	100
ESDP	21	47	32	100
MDP	13	26	61	100
BSDP	0	84	16	100
Bio-Tech	0	100	0	100
All Programme	18	53	30	100

4.3 Successfulness of the Trainees after Receiving the Training

4.3.1 Change in the Activity Status

As per the activity status, trainees can be classified into two categories viz. (i) Labor Force and (ii) Not in labor Force. Further, 'Labor Force' can be classified into employed and unemployed. 'Not in Labor Force' includes the trainees who are not interested in work--- particularly female trainees who do the household duties. Employed includes regular workers, casual workers and self-employed.

It is observed that share of employed among sampled trainees before training was only 18 percent which increased to 41 percent after training. On the other hand, share of unemployed to total trainees has decreased from 59 percent before training to 39 percent after

training. Similarly, share of trainees who were out of labor force has decreased from 18 percent before training to 14 percent after training. This means that after doing the training some of the unemployed persons have got the employment and some of the persons who were not interested in job have joined the workforce and become employed (Table 4.6).

Table: 4.6

Region-wise Percentage Distribution of Sampled Trainees by Activity Status Before & After Training: All Programmes

Region	Activity Status before Training				Activity Status after Training			
	Labour Force (LF)		Out of Labour Force (LF)	Total	Labour Force (LF)		Out of Labour Force (LF)	Total
	Employed	Unemployed			Employed	Unemployed		
East	14.7	67.6	17.7	100	36.7	49.4	13.9	100
North	23.9	46.3	29.9	100	35.2	42.9	21.8	100
West	25.5	64.1	10.4	100	57.3	30.9	11.8	100
South	13.7	32.1	54.2	100	49.8	6.2	44	100
North-east	9.7	80.2	10.1	100	19.5	70.8	9.7	100
Total	17.8	58.6	23.6	100	41.1	39.2	19.8	100

If we look at the region-wise distribution, percent point increase in share of employed within the region was maximum in South (14 percent to 50 percent) followed by East (15 percent to 37 percent), West (26 percent to 57 percent), North-East (10 percent to 20 percent), and North (24 percent to 35 percent).

Programme-wise percent point increase in the employed after training as compared to before training was maximum in case of MDP (6 percent to 34 percent) followed by EDP (14 percent to 43 percent). In other three programmes (ESDP, BSDP and Bio-tech) also there was an increase in percentage of employed after training as compared to before training, but the increase was more or less same in all the three programmes (Tables 4.7).

Table: 4.7

Programme-wise Percentage Distribution of Sampled Trainees by Activity Status Before and After Training

Programmes	Activity Status before Training				Activity Status after Training			
	Labour Force (LF)		Out of Labour Force	Total	Labour Force (LF)		Out of Labour Force	Total
	Employed	Unemployed			Employed	Unemployed		
EDP	13.7	70.9	15.4	100	42.5	37.8	19.7	100
ESDP	19.8	55.1	25.1	100	41.8	38.4	19.9	100
MDP	6.4	68.5	25.1	100	33.6	40.8	25.6	100
BSDP	21.6	70	8.5	100	45.8	51.1	3.2	100
Bio-Tech	18	60	22	100	38	62	0	100
All	17.8	58.6	23.6	100	41.1	39.2	19.8	100

If we look at the year-wise percentage distribution of sampled trainees by activity status, in this case also, it is observed that share of employed is higher after doing the training as compared to before training in all the years (Table 4.8).

Although the main objective of imparting the training is to motivate the unemployed youths, wage employees to launch their own enterprise, and to motivate the existing entrepreneurs to manage their enterprise efficiently. But all the trainees may not be able to do so. At the initial stage some of unemployed youth may prefer to get the wage employment and some of the existing employees may prefer to increase their earnings. So if the share of employment after the training as compared to the share of employed before training has increased, it should also be considered a success of training. One can expect that after having a working experience as an employee in the enterprise, they can go for launching of the enterprise.

Table 4.8
Year-wise Percentage Distribution of Sample Trainees by
Activity Status Before and After Training

Year	All Programme							
	Activity Status Before Training				Activity Status After Training			
	Labour Force (LF)		Out of Labour Force (LF)	Total	Labour Force (LF)		Out of Labour Force (LF)	Total
	Employed	Unemployed			Employed	Unemployed		
2007-08	76.0	21.1	2.8	100	82.5	13.4	4.2	100
2008-09	44.0	32.9	23.1	100	67.1	15.5	17.4	100
2009-10	7.5	62.7	29.7	100	45.4	25.6	29.0	100
2010-11	12.1	62.3	25.6	100	38.2	44.0	17.8	100
2011-12	12.7	66.9	20.4	100	26.2	55.0	18.8	100
Sub Total	17.8	58.6	23.5	100	41.1	39.2	19.8	100

4.3.2 Increase in the earnings:

In estimating the weighted average monthly earnings it is assumed that 'unemployed' and 'Out of Labor Force' persons are having zero earnings. It is different from the average earnings which may include only employed persons.

If we compare the weighted average monthly earnings of the trainees before training (Rs. 1,037) with those of after training (Rs. 2,687), it has increased to about two and half times (Table 4.9), partly reflecting the change in the composition.

Table 4.9
Region Wise Programmes-Wise Average (Weighted)
Earning Per Month Before and After Training

Region	Programme	Average Earning per month (Weighted)		Maximum Earning per month	
		Before Training	After Training	Before Training	After Training
East	EDP	1364	524	15000	20000
	ESDP	995	2508	15000	25000
	MDP	434	1885	18000	20000
	BSDP	2412	4560	11000	15000
	ESDP (Bio-tech)	4400	5600	6000	8000
	TOTAL	995	2457	18000	25000
North	EDP	1332	6034	10000	75000
	ESDP	1684	3142	16000	25000
	MDP	2244	3221	8500	16666
	BSDP	525	4304	10000	15000
	ESDP (Bio-tech)	5583	6000	7000	15000
	TOTAL	1658	3322	16000	75000
West	EDP	10	257	3500	8000
	ESDP	1530	3283	18000	20000
	MDP	11	1908	2000	13500
	BSDP	996	3453	5500	12000
	ESDP (Bio-tech)	4493	5636	5000	12000
	TOTAL	1198	2835	18000	20000
South	EDP	1061	4157	7000	15000
	ESDP	569	3388	7000	23000
	MDP	895	1235	4000	4200
	BSDP	1333	1593	7000	7000
	ESDP (Bio-tech)	4000	4625	6000	8000
	TOTAL	616	3093	7000	23000
North-east	EDP	0	6307	0	15000
	ESDP	860	1561	12000	16000
	MDP	0	996	0	14000
	BSDP	1250	2846	12000	15000
	ESDP (Bio-tech)	0	0	0	0
	TOTAL	768	1754	12000	16000
Total	EDP	694	2957	15000	75000
	ESDP	1150	2772	18000	25000
	MDP	468	1577	18000	20000
	BSDP	1310	3575	12000	15000
	ESDP (Bio-tech)	5678	8498	7000	15000
	TOTAL	1037	2687	18000	75000

If we compare the average monthly earnings of different programmes, highest increase was in the case of EDP—(about 4 times), followed by MDP (about 3 times), ESDP and BSDP (about two and half times) and Bio-technology (about one and half times). Similarly, if we compare the average monthly earnings of different regions, highest increase was in the south region (about 5 times) followed by East & West regions (about two and half times), and North & North-East (about two times) (Table 4.9).

Although weighted average earnings of trainees after training as compared to before training have increased but still these are very low. The increase in earnings would be low if the share of 'Unemployed' or 'Not in Labor Force' in total trainees are higher. So, to increase the weighted average earnings, we shall have to identify the trades which have employment potential and the trainees get the employment after training. It will lower the share of 'Unemployed' or 'Not in Labor Force' and increase the share of employed in total trainees.

If we compare the maximum earnings per month, it has increased to more than four times after training (Rs. 75,000/- pm) as compare to before training (Rs. 18,000/- pm). The increase has taken place in all the programmes, across the regions.

4.3.3 Launching of Their Own Enterprise:

It is observed that only 2.9 percent of the sample trainees were having their enterprise before training, but after training this percentage increased to 5.9 percent (Table 4.10). Region-wise percentage share of trainees having their own enterprise after training was maximum in west (7.2) followed by North (6.6), South (5.7), North-East (5.5) and East (4.2). This shows that certainly the training has motivated some of the trainees in setting-up their own enterprise but this percentage share is quite low. For this we shall have to look into the ways by which we can increase this share.

Table: 4.10
Region- wise Percentage Distribution of Sample Trainees who were having their own Enterprise Before and After Training

Region	Before Training			After Training		
	No Enterprise	Enterprise	Total	No Enterprise	Enterprise	Total
East	97.9	2.1	100	95.8	4.2	100
North	96.9	3.1	100	93.4	6.6	100
West	96.3	3.7	100	92.8	7.2	100
South	97.2	2.8	100	94.3	5.7	100
North-east	97.2	2.8	100	94.5	5.5	100
Total	97.1	2.9	100	94.1	5.9	100

An important point worth mentioning is that in our economy informal sector has a large size of employment. It is dominated by the workers who are working in micro enterprises, unpaid family workers, casual labourers, home based workers, farmers and artisans in rural areas. They have low skills, poor productivity and low income. It may be difficult for them to spare the investment required for launching the enterprise.

Financial institutions have their own reservations viz. limited funds, low recovery rate etc. So, in the beginning, we may encourage the trainees to launch the enterprises which require less amount of investment. Once, they have got some experience of running the enterprise and established the rapport in returning their loans they may apply for higher amount of loans from the financial institutions. Trainees who come from the informal sector are from low income group. They may not join the training if they have to forgo their earnings. So the poor trainees should get a reasonable amount of stipend during the training.

4.3.4 Enterprises by type of Industry:

If we look at percentage share of enterprises by type of Industry before training, it was highest for service (49.9 percent) followed by manufacturing (32.0 percent) and business (18.2 percent). But after training, this percentage distribution has changed. It was highest for service (43.3 percent), followed by business (41.5 percent) and manufacturing (15.2 percent) (Table 4.11). Patterns of change, after training in the enterprises by industry are almost same across the regions.

Table: 4.11
Region- wise Percentage Distribution of Enterprises by
Type of Industry Before and After Training

Region	Type of Industry Before Training				Type of Industry After Training			
	Manufacturing	Service	Business	Total	Manufacturing	Service	Business	Total
East	20.7	55.2	24.1	100	13.9	39.1	47.0	100
North	26.9	55.2	17.9	100	12.0	45.1	43.0	100
West	34.7	47.6	17.7	100	16.0	42.8	41.2	100
South	35.1	48.6	16.2	100	16.0	43.3	40.7	100
North-east	38.2	45.6	16.2	100	17.0	45.9	37.0	100
Total	32.0	49.9	18.2	100	15.2	43.3	41.5	100

It shows that trainees are not going for manufacturing enterprises. Manufacturing sector is most desirable sector for India. It has been discussed in the previous chapter that in next five years, we expect that ICT hardware imports may cross the amount, we spend on petroleum imports. Today China's machine tools industry is 55 times that of India---25 years ago they were at the same level. So we shall have to look into the ways by which we can encourage them in manufacturing sector.

The Approach to the Twelfth Five Year Plan has identified some priority sectors for employment generation and skill development. Some of those priority sectors which can be encouraged for micro, small and medium enterprises are:

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

4.3.5 Enterprises by type of Ownership:

Percentage of enterprises on partnership basis has increased from 23.3 percent before training to 31.3 percent after training (Table 4.12). In other words, the percentage of self-managed enterprises has decreased from 76.5 percent before training to 68.7 percent after training. It shows that risk-pooling capacity of trainees has increased. If we look at the region-wise distribution, increase in the partnership enterprises was very high in North Region (before training: 17.9 percent and after training 31.7 percent). Important observation is that, generally the trainees are having self-managed micro enterprises.

Table: 4.12
Region-wise Percentage Distribution of Enterprises by
Type of Ownership Before and After Training

Region	Before Training			After Training		
	Partnership	Self	Total	Partnership	Self	Total
East	24.1	75.9	100	30.4	69.6	100
North	17.9	82.1	100	31.7	68.3	100
West	23.4	76.6	100	30.5	69.5	100
South	28.4	71.6	100	31.3	68.7	100
North-east	23.5	76.5	100	33.3	66.7	100
Total	23.5	76.5	100	31.3	68.7	100

4.3.6 Enterprises managed by Family Members:

If we look at the enterprises before training and after training, there is a minor shift in the enterprises managed by 'only family members' and 'both family members and hired workers' (Table 4.13). Percentage of enterprises managed by 'only family members' has increased from 62.9 percent before training to 66.8 percent after training. Out of five regions, in three regions (viz. West, South and North-East) percentage of enterprises managed by 'Only Family Members' has increased after training as compared to before training. In other two regions (viz.

East and North) percentage of enterprises managed by 'Only Family Members' has decreased after training as compared to before training (Table 4.13). Here, again it is observed that most of the enterprises launched by the trainees are managed by the family members only. These are mainly micro enterprises which have no regular workers.

Table: 4.13

Region- wise Percentage Distribution of Enterprises having 'only Family Members' and 'Both Family Members & Hired Workers' Before and After Training

Region	Before Trainees			After Trainees		
	Only Family Members	Both Family Member & Hired Workers	Total	Only Family Members	Both Family Member & Hired Workers	Total
East	60.3	39.7	100	56.5	43.5	100
North	70.1	29.9	100	68.3	31.7	100
West	61.3	38.7	100	67.5	32.5	100
South	63.5	36.5	100	68.7	31.3	100
North-east	60.3	39.7	100	70.4	29.6	100
Total	62.9	37.1	100	66.8	33.2	100

4.4 Difficulties Faced by the trainees in Setting-up the Enterprises

It is observed that only 3.6 percent of the sample trainees have filed for the Entrepreneurial Memorandum (EM) Part-I in the office of DIC after getting the training. However, all the trainees who filed the EM part-I got the EM number also (Table 4.14). Percentage of persons who filed and got the EM number was highest in East (6.1 percent) followed by North-East (3.7 percent), South (3.3 percent), West (3.3 percent) and North (2.1 percent)

Table: 4.14

Region- wise Percentage Distribution of Sample Trainees who filed and Received the Entrepreneurial Memorandum (EM) Part- I

Region	Filed EM Part-I		EM Number Received (if filed).	
	Yes	No	Yes	No
East	6.1	93.9	100.0	0.0
North	2.1	97.9	100.0	0.0
West	3.3	96.7	100.0	0.0
South	3.3	96.7	100.0	0.0
North-east	3.7	96.3	100.0	0.0
Total	3.6	96.4	100.0	0.0

Getting EM number is a kind of listing of the enterprise in the office of DIC. For this the person has to give three documents viz. (a) Land agreement proof, (b) Project Proposal and (c) ID proof. The procedure of getting the EM number has been made simpler. This is the reason

that most of the trainees who applied for EM number have got this number. But the moot question is why only 3.6 percent of the trainees have applied for EM number.

If a person has got the EM number he can apply in different state government schemes which are meant for micro small and medium enterprises. Some of the schemes are exclusively for SC, ST, physically handicapped or other disadvantaged groups. Under these schemes a person can get some financial help or subsidy in loan. If a person wants loan from the bank and avail some benefit under the scheme then he/she will have to apply through DIC but if he/she does not want to avail that benefit, he/she can apply directly to the bank. Low percentage of persons who have applied for EM number (3.6 percent) shows that they are not confident in getting the benefit under the schemes. It also depends upon the available schemes with the DIC and number of persons who can get the benefit under that scheme.

After getting the EM number from the office of DIC, it is not necessary that he would get the loan from the bank. Banks see the viability of the project from their own perspective. Percentage of sampled trainees who applied for the loan is also very low (12.6 percent). Within the regions, it was highest in East (18.6 percent) followed by West (12.3 percent), North-East (11.9 percent), North (12.6 percent) and South (11.3 percent) (Table 4.15). All the persons who applied for the loan from the bank did not get the loan. It was only 14.6 percent of the persons who applied for loan. In other words, out of the total persons who applied for loan in the bank majority of them (85.2 percent) did not get the loan (Table 4.15).

Table: 4.15

Region-wise Percentage Distribution of Sampled Trainees who Applied and Received the Loan from Banks

Region	Applied for Loan from Bank		Received Loan (if applied).	
	Yes	No	Yes	No
East	18.3	81.7	14.3	85.7
North	10.6	89.4	20.0	80.0
West	12.3	87.7	26.7	73.3
South	11.3	88.7	31.3	68.8
North-east	11.9	88.1	6.3	93.8
Total	12.6	87.4	14.8	85.2

This shows that a small percentage of trainees (12.6 percent) apply for the loans from the bank. Out of these 12.6 percent trainees who apply for loan, only 14.6 percent get the loan. This discourages trainees to apply for loan. Actually less than two percent of the trainees get the loan from the banks.

Banks have their own limitations of giving the loans to the beneficiaries viz. limited funds available for loans, shortage of manpower and perceived apprehension of low rate of recoveries. However, an effort has to be made by MSME and other stakeholders to look into the

ways by which the trainees get confidence in applying for loan and they get it without much difficulty. Details of this have been discussed in next chapter on "Feedback from other stakeholders (i.e. DIC, Banks, KVIC etc.)".

4.5 Trainees' Views Regarding the Training Received

Trainees were asked to give their views regarding different aspects of the programmes. Their views regarding the twelve different aspects were obtained. These aspects are: Selection Procedure of Trainees, Duration of the Course, Practical Sessions, Course Material, Quality of Trainers, Infrastructure of the Institute, Training Aids, Soft Skills (Communication Skills, Business Etiquettes), Fees of the Course, Stipend, Accommodation, Guidance after Training. They were asked whether they were satisfied in respect of above aspects. Further, they were asked to give their suggestions on the above aspects to improve the programmes. Although majority of them said that they were satisfied with the various aspects of the programme but there is enough scope for the improvement. Important suggestions made by them are given below:

- Duration of ESDP course should be increased.
- Practical sessions should be increased.
- More sessions of soft skills (i.e. communication skills, business etiquettes etc.) should be organised.
- Women candidates suggested that no fees should be charged.
- Some stipend should be made available.
- More guidance after training for employment or for launching the enterprise should be provided.

It shows the competency of the programme coordinators, who are organizing their programmes. But to increase the success rate of trainees in launching the enterprises we shall have to look into the suggestions given by the trainees as well as other stakeholders (i.e. including the Programme Coordinators) which have been discussed in the next chapter.

4.6 Usefulness of Training in Improving the Marketability of Skills

Trainees were asked about the response of different stakeholders (viz. DICs, Banks, Employees, Customers and Suppliers) in market/society after receiving the training. In this case, views were not very encouraging but there is still a scope for the improvement. Only about two-fifths accepted that they could increase their marketability skills among various other stakeholders (Table 4.16). Region-wise data shows that there was not much variation across regions in the percentage distribution of persons who could improve their marketability skills. It varied from 39.0 percent (North-East) to 43.5 percent (North). See Table 4.16.

Table 4.16
Region-wise Percentage Distribution of Sampled Trainees by usefulness of Training Programmes In Increasing their Marketability Skills In Various Stakeholders

Stakeholders	Comment	Region						Grand Total
		All India	East	North	West	South	North-East	
DICs	No Change	25	25	20	26	23	27	59
	Improved	76	75	80	74	77	73	41
	Total	100	100	100	100	100	100	100
Banks	No Change	18	19	15	19	17	18	61
	Improved	82	81	85	81	83	82	39
	Total	100	100	100	100	100	100	100
Employers	No Change	74	89	85	87	86	43	57
	Improved	12	11	16	13	14	07	44
	Total	100	100	100	100	100	100	100
Customers	No Change	77	77	75	77	77	81	58
	Improved	23	24	25	23	23	19	42
	Total	100	100	100	100	100	100	100
Suppliers	No Change	71	77	70	63	73	79	59
	Improved	29	24	30	37	27	22	41
	Total	100	100	100	100	100	100	100
Society	No Change	77	83	74	77	76	76	61
	Improved	23	17	26	23	24	24	39
	Total	100	100	100	100	100	100	100

Low percent of trainees, who could increase their marketability skills among the various stakeholders, is a matter of concern. Although in the previous section (i.e. views regarding the training received), a large percentage of trainees have expressed their satisfaction but their marketability skills can be improved by certain crucial aspects (viz. soft skills, guidance after training and providing more benefits to disadvantaged groups— poor trainees from rural areas and female trainees).

4.7 Conclusion:

The shares of SC and ST trainees to total trainees are much higher than the share of SC and ST population in India. Undoubtedly, higher percentage of the SC/ST candidates in training in the DIs in comparison to their population percentage shows an attempt to the upliftment of

weaker sections but it may create difficulties in getting the genuine trainees in selected trades who are really interested in training. This difficulty can be overcome if sufficient awareness among the candidates is created through Local Bodies and Trade Associations and the training details are published in local newspapers. Secondly, the districts having high percentage of SC/ST population are given preference in conducting such programmes.

Percentage of female trainees (61 per cent) is much higher than the male trainees (39 per cent). Women have become more conscious and take up vocational skills. They have to perform household duties also, and therefore they prefer to go for short duration courses. Office of DC (MSEME) is empowering the women by providing skills to a higher percentage of women as compared to men. But if we want to improve their success rate we shall have to look into the specific needs of informal sector workers particularly women.

Basic objective of imparting the training in MDP is to improve the management subjects to improve the MSMEs in decision making and in enhancing productivity/profitability. But some of the trainees in this programme are only Eighth pass (4 percent) and Tenth pass (22 per cent). In this programme, trainees having a minimum qualification of 10th pass and a working experience of 2 to 3 years of supervisory level should be admitted. Eight pass may also be allowed if they have a working experience of minimum five years.

It is observed that share of employed among sampled trainees before training was only 18 per cent which increased to 41 percent after training. Although the main objective of imparting the training is to motivate the unemployed youths, wage employees to launch their own enterprise, and to motivate the existing entrepreneurs to manage their enterprise efficiently. But all the trainees may not be able to do so. At the initial stage some of unemployed youth may prefer to get the wage employment and some of the existing employees may prefer to increase their earnings. So if the share of employment after the training as compared to the share of employed before training has increased, it should be considered a success of training. One can expect that after having a working experience as an employee in an enterprise, they can go for launching of an enterprise by themselves.

Although weighted average earnings of trainees after training as compared to before training have increased but the earnings still are very low. The increase in earnings would be low if the share of 'Unemployed' or 'Not in Labour Force' among the trainees is high. So, to increase the weighted average earnings, we shall have to identify the trades which have employment potential and the trainees get employment after training. It will lower the share of 'Unemployed' or 'Not in Labour Force' and increase the share of employed in total trainees.

An important point worth mentioning is that in our economy informal sector has a large size of employment. It is dominated by the workers who are working in micro enterprises, as unpaid family workers, casual labourers, home based workers, farmers and artisans. They have low skills, poor productivity and low incomes. It may be difficult for them to spare the investment required for launching an enterprise. Financial institutions have their own reservations viz.

limited funds, low recovery rate etc. So, in the beginning, we may encourage the trainees to launch the enterprises which require less amount of investment. Once, they have got some experience of running an enterprise and established their rapport with financial institutions by returning their loans they may apply afresh for higher amount of loans from the financial institutions. Trainees who come from the informal sector are from low income groups. They may not join training if they have to forgo their earnings. So the poor trainees should get a reasonable amount of stipend during the training.

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

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

A small percentage of trainees (12.6 percent) apply for the loans from the bank. Out of these 12.6 percent trainees who apply for loan, only 14.6 percent get the loan. This is the main reason that very low percent of trainees apply for the loan. Thus, less than two percent of the trainees get the loan from the banks.

Banks have their own limitations of giving the loans to the beneficiaries viz. limited funds available for loans and shortage of manpower and apprehension of low rate of recoveries. But promoters shall have to look into the ways by which the trainees get confidence in applying for loan and see that they secure it without much difficulty.

Important suggestions given by the trainees are: (i) Duration of ESDP course should be increased. (ii) Practical sessions should be increased. (iii) More sessions of soft skills (i.e. communication skills, business etiquettes etc.) should be arranged. (iv) Women candidates suggested that no fees should be charged. (v) Some stipend should be also be provided in deserving cases. (vi) More guidance after training for employment and for launching the enterprise should be provided.

Low percent of trainees, who could increase their marketability skills among the various stakeholders, is a matter of concern. Their marketability skills can be improved by certain crucial aspects (viz. soft skills, guidance after training and providing more benefits to disadvantaged groups like poor trainees from rural areas and female trainees).

Chapter V

Feedback Received from Other Stakeholders

5.1 Introduction

Various stakeholders of the Entrepreneurship and Skill Development Training Programmes can be classified into six different categories viz. (i) Trainees, (ii) Programme Coordinators, (iii) DIC Offices, (iv) Banks, (v) KVIBs/ KVICs and (vi) Other Institutions/Departments, which includes the Resource Centers—where the programmes of the office of DC (MSME) are conducted. Views and suggestions of the trainees have been discussed in the previous chapter on “Feedback Received from Trainees”. Views and suggestions of the remaining stakeholders have been discussed in two different sections of this chapter. Last section is on the conclusion of the chapter.

Views discussed in this chapter are primarily based on the information received by interviewing the programme Coordinators, DIC officials, Lead Bank Managers, KVIB/KVIC officials and Programme Coordinators of the Resource Centers of the DIs. Interview was conducted through the structured questionnaires and the copies of these questionnaires have been attached herewith (Annexures II to VI).

5.2 Programme Coordinators

About sixty programme coordinators were interviewed from different divisions. They were asked about their views relating to selection procedure of trades, selection procedure of trainees, minimum qualification of trainees, fees of the courses, TA/DA to poor trainees, outsourcing procedure of programme, duration of the courses, course material, infrastructure at Development Institutes, training aids, sessions of soft skills, adequacy of practical sessions, follow up after training, incentive to programme co-coordinators, honorarium to guest speakers, and coordination with other departments. Besides this, they were asked to suggest new courses/programmes (if any) which should be started during the Twelfth Plan (More details of information sought from them is given in Annexure II).

At each Development Institute programme coordinators are the officers at different levels viz. Investigators, Assistant Directors and Deputy Directors, working under the overall supervision of the Director of the institute. Number of officers in the Institute depends primarily on the area covered by the institute and the work assigned to the institute by the office of DC (MSME). In addition to training activities, these officials have to perform other activities also. Some of the important activities are: (a) Assistance/consultancy to prospective and existing entrepreneurs of MSME units, (b) ancillary development and vendor development programme for ancillarisation (c) preparation of state industrial profiles, directory of specific industries, district industrial potential survey reports and market survey reports, (d) production index, (e)

common facility workshop/labs, (f) quality control & up-gradation, and (g) co-ordination with DIC's and linkage with state government functionaries.

Various districts under a development institute are allotted to the programme coordinators and they act as Nodal Officers of the allotted districts. Some programme coordinators are the Nodal Officers of one district and some are the Nodal Officers of two districts, depending upon the number of districts in the State and the staff at the institute.

Important observations on the basis of views and suggestions given by the programme coordinators have been discussed below.

Majority of the programme coordinators pointed out that in recent years the targets allotted to them by the M/o MSME for conducting the training programmes have increased so much that it is affecting the quality of training as well as the other activities assigned to them. Study Team is also of the opinion that other important activities assigned to them particularly reviving the sick units, assisting the entrepreneurs in launching the units, developing ancillary activities and coordination with other departments are not being attended properly. Moreover because of the high priority given to training during the 12th plan and thereafter the targets of conducting the training programmes are expected to increase. The existing training capacity in India is 4.5 million per annum. It has been proposed to be doubled during the Twelfth Plan. Similarly under its programme of "entrepreneurship development and skill up-gradation through appropriate training facilities" training target of M/o MSME has been increased from 15.2 lakh persons during Eleventh Five Year Plan to 42.7 lakh persons during the Twelfth Five Year Plan. Distribution of these targets for its various organizations shows that among its various organizations, target of Twelfth Five Year Plan is highest in case of DC (MSME) followed by KVIC.

In a financial year, starting from April month, the development institutes receive the sanction orders of the training programme after 2-3 month. In other words the programme coordinators start conducting the training programme from the months of June-July in the year. If a programme coordinator is conducting 8 to 10 training programme in a year then the last month of the year (i.e. March) he is busy in clearing the pending bills relating to the programmes. In this way he conducts all these programmes during the 9 months of the year (i.e. June to February). If he is the Nodal Officer of a far off district it becomes more difficult to conduct 8-9 programmes (some of the programmes with duration of six weeks) in the 9-month period of the year. This type of bunching should be avoided and the programmes should be conducted continuously throughout the year.

Study team feels that DIs should outsource these programmes to other Pvt. or Govt. institutes as done by NIESBUD, Noida, NI-MSME, Hyderabad and IIED, Guwahati, so that their other activities are not affected. They may select some partner institutions from their jurisdiction and prepare guidelines for the allotment of different programmes. Guidelines of outsourcing may

be liberally borrowed (and adapted) from the outsourcing guidelines of three national institutes under the Ministry of MSME mentioned above.

The Eleventh Five Year Plan of India has also proposed a paradigm shift in skill development strategy where in Public Private Partnership model has been encouraged in skill development. Ministry of MSME has also been supporting the efforts of state governments, Industry Associations, Technical/Management Institutions and other NGOs for strengthening of the infrastructure of their existing training institutions.

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

Tailor made courses namely Business Skill Development Programme (BSDP) are being conducted for prospective entrepreneurs through select Business Schools/Technical Institutions in the area. Similarly, ESDP on Bio-technology are being conducted through select Technical Institutions. The areas of tissue culture, bio-fertilizers, bio-pesticides, mushroom cultivation, solid waste management etc. are given priority for Bio-technology programmes. BSDP and ESDP on Bio-technology both are important programmes and generally the final year students of the Business Schools/Technical Institutions take up these programmes. But the Business Schools/Technical Institutions have their own prescribed syllabus for their students. It becomes difficult for those institutions to adjust these programmes of 4 to 6 weeks duration. Study team feels that BSDP and ESDP on Bio-technology may be discontinued by the office of DC (MSME). These programmes may be given to the interested institutes directly by the Ministry of MSME.

About the selection procedure of trainees, majority of the Programme Coordinators expressed some difficulty in getting the trainees—particularly SC and ST trainees. Study team feels that DIs should create more awareness about the programmes by sending the details of the programmes well in advance to different offices (i.e. DICs, Lead Banks, Local Bodies (Block Panchayats and District Panchayats) and other institutes which are conducting similar types of programmes, and Industrial Associations in the district. Extending the details of the programmes to other institutes of the district, which are conducting similar courses is beneficial to all the institutions. Secondly, more SC/ST programmes in the DIs may be conducted in the districts having higher concentration of SC/ST population.

At present a nominal registration training fee of Rs. 100 to Rs. 400 is charged from the general candidates for different programmes (i.e. EDP: Rs. 100, ESDP: Rs. 200, and MDP: Rs. 400). In case of SC/ST candidates, no fee is charged and 50 percent fee is charged from women & physically handicapped. Besides this, in some programmes (EDP and ESDP) a stipend of Rs. 125 per week is also given to SC/ST candidates. It is a good practice and may be continued to encourage the skill development programmes. But in the programmes which are

conducted in urban areas, candidates commuting from rural areas may be encouraged by giving a travelling allowance of Rs. 125 per week.

Guidelines giving course contents of various courses were issued to all DIs from the office of DC (MSME). But some of the programme coordinators are not following those guidelines with the result that some important topics viz. (i) Communication, (ii) Dealing with customer attitudes like skepticism, indifference, stalling etc. (iii) Marketing strategy and management, (iv) Market survey regarding customers, sellers, dealers and retailers etc. are not emphasized. It is recommended that Programme Coordinators may follow these good guidelines while preparing Training Programmes Schedule for various courses.

Most of the DIs have a poor infrastructure facilities due to which limited number of workshop based programmes can be conducted. DIs are conducting 5 programmes per machine for a batch of 20 students [Table 5.1]. Development Institute, Ludhiana has 12 machines but number of courses likely to be conducted during the year 2012-13 are 60. Similarly DI, Jammu and DI Srinagar are supposed to conduct the programmes which are five times the number of machines they have.

**Table 5.1
Number of machines and target of workshop based ESDP Programmes at the three DIs during the year 2012-2013**

SI No	MSME-DI	Name of course	Duration and hours	No. of machines	No. of courses likely to be completed in 2012-13
1	Ludhiana	Certificate course in CNC milling	6 weeks -240 h	2	10
		Certificate course in conventional turning	6 weeks-240 h	2	10
		Certificate course in conventional milling	6 weeks-240 h	1	5
		Certificate course in CNC turning	6 weeks-240 h	1	5
		Certificate course in conventional grinding	6 weeks-240 h	6	30
		Total		12	60
2	Jammu	Certificate course in conventional turning	6 weeks-240 h	1	5
		Certificate course in conventional milling	6 weeks-240 h	2	10
		Total		3	15
3	Srinagar	Certificate course in conventional turning	6 weeks-240 h	1	5
		Certificate course in conventional milling	6 weeks-240 h	2	10
		Total		3	15

On a single machine not more than 3 trainees can be deputed at a time to undergo the training and for a batch of 20 trainees not more than one and half an hour of training per trainee will be imparted on a day to day basis. In other words each trainee during the period of 5 weeks (excluding one week for EDP) with 25 working days will get the practical training of 37 and 1/2 hours only. If we add 40 hours for one week with five working days (i.e. 5 x 8 = 40) then the total training time for which the trainees are getting the training comes to 67 and 1/2 hours. But as per the guidelines of the programme the trainee should be trained for 240 hours in the programme of 6 weeks duration. This means that in these workshop based programmes trainees are being trained for about 1/4th of the total training time.

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

As per the existing practice, coordinating officers are getting 35 percent advance of the total amount sanctioned for conducting EDP/ESDP/MDP programmes. Parties which supply the material or provide the services and the faculty who deliver the lecture, demand their payment immediately. Normally guest faculty and other parties receive the money after 40 to 45 days. It includes (i) About 2 weeks by coordinating officers in preparing and submitting the bills to Pay & Accounts offices (which are stationed at Regional offices viz. Delhi, Bombay, Chennai) from the date of completion of the programme. (ii) About 2 weeks by Pay & Accounts offices in processing and sending the payments and (iii) Rest of the time is consumed in postage & delivery.

Delay in payment particularly to faculty members creates difficulty in getting good teachers. Study team is of the view that instead of 35 percent, an advance of 70 percent of the total sanctioned amount for conducting the programmes may be given to the programme Coordinators. However, all payments above Rs. 500/- be made through cheques by the coordinating officers to avoid any kind of malpractice or misuse of government money. Keeping this in view the existing guidelines for giving advance to the programmes coordinators may be revised in order to optimise the outcome.

Internal monitoring, evaluation and follow-up of trainees is very important. Database of passed out trainees maintained by the DIs is very weak. At the time of starting this study, some of the DIs could not even provide the sampling frame of trainees (who have completed their training during the Eleventh Five Year Plan) for selecting the sample. Follow-up of trainees who have completed the training is needed to know the success rate of the training programmes. It is also not done in the DIs. Moreover there is no sanctioned budget for the follow-up activities by the DIs.

Under the "Scheme for Assistance to Training Institutions (SATI)," of Ministry of MSME, follow-up work of all pass out trainees is being done at a centralized place through Call Center. Feedback of passed out trainees is taken at regular intervals of time and following questions (besides their background) are asked.

- Are you satisfied with the Trainer Quality?Yes/No
- Whether the training is imparted as per schedule?Yes/ No
- Whether the training covered all Course Content?Yes/ No
- Are you employed?Yes/ No
- If Yes then where you employed: - Service Business Unemployed

- Overall Rating of the Training (Rank between 1 to 10)
- Any other Feedback about the Course

It is a good practice and similar attempt may be expedited for the skill development training programmes under the EDP scheme of the office of DC (MSME) also. It is very important to monitor, evaluate and analyze the outcomes of various schemes and programmes relating to skill development through a technology-enabled national monitoring system, and suggest/initiate mid-course corrections, additions and closure of parts or whole of any particular programme/scheme.

5.3 District Industries Centers (DICs), Lead Banks, KVIC/KVIB Offices and other Institutions

Eleven officers of Districts Industry Centers (DICs), ten lead bank officers, ten officers from the offices of KVIC/KVIB and fifteen officials of Resource Centers were interviewed from different divisions. DIC, Lead Bank and KVIB/KVIC officials were asked about their awareness and associations with the skill development programmes of the office of DC (MSME). Then, they were asked to give their suggestions (if any) to improve the training programmes of the office of DC (MSME). Information was also sought about the other institutes/departments which conduct short duration courses on skill development in the district. Finally, they were asked to give the details of any such programmes conducted by their office (More details of information sought from them is given in Annexure III, IV and V).

Resource centers are the institutions--- government/private, where the programme coordinators conduct their programmes. These are selected by the coordinators and located in the districts where the programmes are to be conducted. While selecting these centers, other facilities available at the center (Faculty, Machines and other infrastructure) are also kept in view. However, these centers get the rent, honorarium for the faculty etc for the services they offer to DIs.

They were also requested to give their suggestions relating to selection procedure of the courses, selection procedure of Trainees, fees of the courses, minimum qualification of trainees, TA/DA to poor trainees, course material, sessions of soft skills, sessions of practical's, follow up after training and charges received from the office of DC (MSME) for providing the different services provided by them. They were also asked to name the new trades/courses having the demand in the area (More details of the information sought from Resource Centers is given in Annexure VI).

Important observations on the basis of views and suggestions given by the stakeholders have been discussed below:

All the officers who were contacted were aware about the EDP programmes conducted by the office of DC (MSME). Majority of them pointed out that their involvement in the

programmes was as a guest faculty only. Their involvement was not in any other decision making activities of the DIs. They suggested that to increase the success rate of trainees by the office of DC (MSME), percentage of sessions by the successful entrepreneurs as faculty members in the programmes should be increased. Secondly, the trainees should have a field visit to some industries of the same trade. Thirdly, more emphasis on communication skills be given in the programmes.

There is a hand-holding scheme in Rajiv Gandhi Udyami Mitra Yojna (RGUMY) under the ministry of MSME. At the midcourse of training itself the programme coordinators should find out about the intention of the trainees, whether they are interested to set up units or not. The trainees having entrepreneurial aptitude may be identified and given extra guidance and support in launching the enterprise under the scheme of RGUMY. Such entrepreneurial trainees may also be explained that National Credit Guarantee Trust can take the guarantee on their behalf for the loan which they take from the financial Institutions.

Regarding the Entrepreneurial Memorandum Performa through which the candidates are listed and given an EM number does not have any column which specifies the institute from where the candidates have taken the training. The candidates who apply for EM number are from various institutes. It becomes difficult to separate out the candidates, who have done their training from a particular institute. Entrepreneurship Memorandum Part I should include the name of Institute from where the candidate has got the training so that we can identify the institutes from which the candidates are applying for EM number. It would reflect the institutes which are encouraging more in launching the enterprises as compared to others.

It was suggested that more emphasis may be given to select the trainees having the aptitude of launching the enterprise. Awareness among the local panchayats may be created so that more candidates can join the courses. They also suggested that either their own successful candidates or some other successful entrepreneurs may be invited for interaction with the trainees about the ways they went ahead in setting-up their units. However, they should be paid like other faculty members.

There are many institutes/departments at the district level which give training but there is no co-ordination. Some government department (i.e. DIC, Employment Exchange) may act as Guidance Bureau for self-employment. Every institution/department may give to the Guidance Bureau the details of the programme in advance so that they can circulate the information among different institutes/departments including local panchayats.

Twelfth plan document has also emphasized that there is need for an primary institutional structure that has the authority and responsibility to coordinate the skill development activities of all the other agencies engaged in the training activity—both at the central and state levels. Accordingly, setting up of a National Skill Development Authority is being considered by the government of India.

Some of the employees of micro, small and medium enterprises may be interested to do the EDP and ESDP programmes but they may not be in a position to forgo their wages. Some flexibility in timing may be given to such candidates so that they can take the training along with their jobs. In case of MDP programmes already two types of programmes are there. One is full time programme of one week duration and another is part-time programme of two weeks duration. Similar arrangement may be made in case of EDP and ESDP programmes also. Such programmes should be exclusively for the employees of micro, small and medium enterprises.

In MNREGA scheme most of the projects are taken which require unskilled manpower. In days to come emphasis may have to be given in projects which need skilled manpower so that the demand for skilled persons is increased.

Generally, the trainees are from the poor families. They are unable to invest higher amount of money in the enterprises. So they should be encouraged to set up only those units which need lower investment. Once they have established their rapport with the banks they can either expand the existing units or go for new units which need higher investments.

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

5.4 Conclusion

Majority of the programme coordinators pointed out that in recent years the targets allotted to them by the M/o MSME for conducting the training programmes have increased so much that it is affecting the quality of training as well as the other activities assigned to them. Study Team is also of the opinion that other important activities assigned to them particularly reviving the sick units, assisting the entrepreneurs in launching the units, developing ancillary activities and coordination with other departments are not being attended properly. Keeping this in view DIs should outsource these programmes to other Pvt. or Govt. institutes as done by NIESBUD, Noida, NI-MSME, Hyderabad and IIED, Guwahati, so that their other activities are not affected. They may select some partner institutes from their jurisdiction and prepare guidelines for the allotment of different programmes. Guidelines of outsourcing may be liberally borrowed (and adapted) from the outsourcing guidelines of three national institutes under the Ministry of MSME mentioned above.

Regarding the selection procedure of the topics of ESDP courses they have to choose the topics out of the 41 suggested by the office of DC (MSME). But if they feel that there are

some courses which have local demand, they can start those courses also after taking due permission from the office of DC (MSME). This is a good practice and may be continued.

Tailor made courses namely Business Skill Development Programme (BSDP) are being conducted for prospective entrepreneurs through select Business Schools/Technical Institutions in the area. Similarly, ESDP on Bio-technology are being conducted through select Technical Institutions. But the Business schools/Technical Institutions have their own prescribed syllabus for their students. It becomes difficult for those institutions to adjust these programmes of 4 to 6 weeks duration. Study team feels that BSDP and ESDP on Bio-technology may be discontinued by the office of DC (MSME)..

About the selection procedure of trainees, majority of the Programme Coordinators expressed some difficulty in getting the trainees—particularly SC and ST trainees. Study team feels that DIs should create more awareness about the programmes by sending the details of the programmes well in advance to different offices (i.e. DIC, Lead Banks, industrial associations, Local Bodies (Block Panchayats and District Panchayats) and other institutes which are conducting similar types of programmes), and Industrial Associations in the district. Extending the details of the programmes to other institutes of the district, which are conducting similar courses is beneficial to all the institutions. Secondly, more SC/ST programmes in the DIs may be conducted in the districts having higher concentration of SC/ST population.

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

Guidelines giving course contents of various courses were issued to all DIs from the office of DC (MSME). But some of the programme coordinators are not following those guidelines with the result that some important topics viz.(i) Communication, (ii) Dealing with customer attitudes like skepticism, indifference, stalling etc. (iii) Market strategy and management, (iv) Market survey regarding customers, sellers, dealers and retailers etc. are not emphasized. It is recommended that Programme Coordinators may follow these good guidelines while preparing Programmes Schedule for various courses.

Most of the DIs have a poor infrastructure facilities due to which limited number of workshop based programmes can be conducted. It is affecting the quality of the training. Development Institutes may be promoted as the model training centers for workshop based programmes, not only for the trainees but also for the trainers. It is recommended that each DI should have the workshops with sufficient number of machines and a computer lab. Sufficient funds should be allotted to DIs for the purchase of machines.

As per the existing practice, coordinating officers are getting 35 percent advance of the total amount sanctioned for conducting EDP/ESDP/MDP programmes. Parties which supply the material or provide the services and the faculty who deliver the lecture, demand their payment immediately. Normally guest faculty and other parties receive the money after 40 to 45 days. Delay in payment particularly to faculty members creates difficulty in getting good teachers.

Study team is of the view that instead of 35 %, an advance of 70 % of the total sanctioned amount for conducting the programmes may be given to the programme Coordinators. However, all payments above Rs. 500/- be made through cheques by the coordinating officers to avoid any kind of malpractice or misuse of government money. Keeping this in view the existing guidelines for giving advance to the programme coordinators may be revised to optimise the outcomes.

Database of passed out trainees maintained by the DIs is very weak. Internal monitoring, evaluation and follow-up of trainees are very important. It is also not done in the DIs. Moreover there is no sanctioned budget for the follow-up activities by the DIs. Under the "Scheme for Assistance to Training Institutions (SATI)," of Ministry of MSME, follow-up work of all pass out trainees is being done at a centralized place through Call Center. It is a good practice and similar attempt may be expedited for the skill development training programmes under the EDP scheme of the office of DC (MSME) also.

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

Regarding the Entrepreneurial Memorandum Performa through which the candidates are listed and given an EM number does not have any column which specifies the institute from where the candidates have taken the training. Entrepreneurship Memorandum Part I should include the name of Institute from where the candidate has got the training so that we can identify the institutes from which the candidates are applying for EM number. It would reflect the institutes which are encouraging more in launching the enterprises as compared to others.

It was suggested that more emphasis may be given to select the trainees having the aptitude of launching the enterprise. Awareness among the local panchayats may be created so that more candidates can join the courses. They also suggested that either their own successful candidates or some other successful entrepreneurs may be invited for interaction with the trainees about the ways they went ahead in setting-up their units. However, they should be paid like other faculty members.

There are many institutes/departments at the district level which give training but there is no co-ordination. Some government department (i.e. DIC, Employment Exchange) may act as Guidance Bureau for self-employment. Every institution/department may give to the Guidance Bureau the details of the programme in advance so that they can circulate the information among different institutes/departments including local panchayats.

Some of the employees of micro, small and medium enterprises may be interested to do the EDP and ESDP programmes but they may not be in a position to forgo their wages. Some flexibility in timing may be given to such candidates so that they can take the training along with

their jobs. In case of MDP programmes already two types of programmes are there. One is full time programme of one week duration and another is part-time programme of two weeks duration. Similar arrangement may be made in case of EDP and ESDP programmes also. Such programmes should be exclusively for the employees of micro, small and medium enterprises.

Generally, the trainees are from the poor families. They are unable to invest higher amount of money in the enterprises. So they should be encouraged to set up only those units which need lower investment. Once they have established their rapport with the banks they can either expand the existing units or go for new units which need higher investments.

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

Chapter VI Summary and Conclusions

6.1 Background

It is now very well recognized that skill and knowledge are the driving forces of Economic Growth and Social Development of any country. As Noble laureate Paul Krugman said, it is inspiration not so much perspiration that matters in economic growth. Skill building and training contributes significantly for promoting the interests of individuals, enterprises, economy and society. Skill building and vocational training, a central pillar of decent work, is a means to empower people, improve the quality and organization of work, enhance citizens' productivity, raise workers' incomes, promote job security and social equity and help individuals become more employable in rapidly changing internal and external labour markets. In fact systematic development of skills has become more important in the era of globalization because countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of globalization.

In India due to demographic transition there has been continuous increase in the working age population of India and in recent years it has been noticed that population has become more of an asset than a burden. Dependency ratio of India is also expected to decrease in future. It includes young dependency ratio and old dependency ratio. Young dependency ratio is the population of young per 1000 population in the 15-59 age-groups. Similarly, old dependency ratio is the population of old per 1000 population in 15-59 years. Total dependency ratio in the country was 73.4 per cent in the year 2001. This is expected to reduce to 65.6 per cent in 2006, 59.6 per cent in 2011, 56.6 percent in 2016, 55.9 percent in 2021 and 55.6 per cent in 2026.

Recent data has shown that our education system and vocational training programmes have not been able to provide the adequate size of skilled manpower. Keeping in View the low proportion of trained youth in our country, Government of India has planned for a Coordinated Action on Skill Development during the Eleventh Five Year Plan (2007-12).

During the Twelfth Five Year Plan (2012-17), 50 million non-farm employment opportunities are proposed to be created and at least equivalent number of people would be provided skills certification. The existing training capacity during this Plan Period is proposed to be doubled from the present 4.5 million per annum to around 9.0 million per annum.

The Micro, Small and Medium Enterprises – Development Organization (MSME-DO)[earlier known as SIDO], headed by the Additional Secretary & Development Commissioner (MSME) is one of the key departments under the Ministry of MSME. It functions through a network of MSME DI's, Regional Testing Centres, Footwear Training Institutes, Production Centres, Field Testing Stations and Specialized Institutes. One of its important services is

developing human resources through training and skill up-gradation. During the Eleventh Five Year Plan there was a target of 6.7 lakhs trainees to be trained by the office of DC (MSME), but it has been increased to 18.9 lakhs during the Twelfth Five Year Plan.

Ministry of MSME wants on the one side to increase the number of trainees through its various departments including MSME-DIs and on the other side it considers the importance of making the training programs more and more effective through evaluation studies by various agencies having expertise in this field. Keeping this in view, at the request of DC (MSME), Ministry of MSME, Government of India, IIPA has conducted a study on "Evaluation of Skill Development Training Schemes of DC (MSME)".

6.2 The Objectives of the Study

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

6.3 Methodology

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

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

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

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

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

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

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

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

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

6.4 Feedback Received from the Trainees

The shares of SC and ST trainees to total trainees are much higher than the share of SC and ST population in India. Undoubtedly, higher percentage of training the SC/ST candidates in comparison to their population percentage in the DIs shows the upliftment of weaker sections but it may create difficulties in getting the genuine trainees in selected trades who are really interested in training. This difficulty can be overcome if sufficient awareness among the candidates is created through Local Bodies and Trade Associations and the training details are published in local newspapers. Secondly, the districts having high percentage of SC/ST population are given preference in conducting such programmes.

Percentage of female trainees (61 percent) is much higher than the male trainees (39 percent). Women have become more conscious and take up vocational skills. They have to perform household duties also, so, they prefer to go for short duration courses. Office of DC (MSEME) is empowering the women by providing skills to higher percentage of women as compared to men but if we want to increase their success rate we shall have to look into the specific needs of informal sector workers particularly women.

Basic objective of imparting the training in MDP is to improve the management subjects to improve the MSMEs in decision making and in enhancing productivity/profitability. But some of the trainees in this programme are only Eighth pass (4 percent) and Tenth pass (22 percent). In this programme, trainees having a minimum qualification of 10th pass and a working experience of 2 to 3 years of supervisory level or eight pass with a working experience of minimum five years should be admitted.

It is observed that share of employed among sampled trainees before training was only 18 percent which increased to 41 percent after training. Although the main objective of imparting the training is to motivate the unemployed youths, wage employees to launch their own enterprise, and to motivate the existing entrepreneurs to manage their enterprise efficiently. But all the trainees may not be able to do so. At the initial stage some of unemployed youth may prefer to get the wage employment and some of the existing employees may prefer to increase their earnings. So if the share of employment after the training as compared to the share of employed before training has increased, it is also a success of training. One can expect that after having a working experience as an employee in the enterprise, they can go for launching of the enterprise.

Although weighted average earnings of trainees after training as compared to before training have increased but still these are very low. The increase in earnings would be low if the share of 'Unemployed' or 'Not in Labor Force' in total trainees are higher. So, to increase the weighted average earnings, we shall have to identify the trades which have employment potential and the trainees get the employment after training. It will lower the share of 'Unemployed' or 'Not in Labor Force' and increase the share of employed in total trainees.

An important point worth mentioning is that in our economy informal sector has a large size of employment. It is dominated by the workers who are working in micro enterprises, unpaid family workers, casual labourers, home based workers, farmers and artisans in rural areas. They have low skills, poor productivity and low income. It may be difficult for them to spare the investment required for launching the enterprise. Financial institutions have their own reservations viz. limited funds, low recovery rate etc. So, in the beginning, we may encourage the trainees to launch the enterprises which require less amount of investment. Once, they have got some experience of running the enterprise and established the rapport in returning their loans they may apply for higher amount of loans from the financial institutions. Trainees who come from the informal sector are from low income group. They may not join the training if they have to forgo their earnings. So the poor trainees should get a reasonable amount of stipend during the training.

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

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

A small percentage of trainees (12.6 percent) apply for the loans from the bank. Out of these 12.6 percent trainees who apply for loan, only 14.6 percent get the loan. In other words, less than two percent of the trainees get the loan from the banks. This is the main reason that very low percent of trainees apply for the loan.

Banks have their own limitations of giving the loans to the beneficiaries viz. limited funds available for loans, shortage of manpower and low rate of recoveries but we shall have to look into the ways by which the trainees get confidence in applying for loan and they get it without much difficulties.

Important suggestions given by the trainees are: (i) Duration of ESDP course should be increased. (ii) Practical sessions should be increased. (iii) More sessions of soft skills (i.e. communication skills, business etiquettes etc.) should be there. (iv) Women candidates suggested that no fees should be charged. (v) Some stipend should be there. (vi) More guidance after training for employment or for launching the enterprise should be there.

Low percent of trainees, who could increase their marketability skills among the various stakeholders, is a matter of concern. Their marketability skills can be improved by certain crucial aspects (viz. soft skills, guidance after training and providing more benefits to disadvantaged groups- poor trainees from rural areas and female trainees).

6.5 Feedback Received from Program Coordinator, District Industries Centre, Banks and Other Institutions

Majority of the programme coordinators pointed out that in recent years the targets allotted to them by the M/o MSME for conducting the training programmes have increased so much that it is affecting the quality of training as well as the other activities assigned to them. Study Team is also of the opinion that other important activities assigned to them particularly reviving the sick units, assisting the entrepreneurs in launching the units, developing ancillary activities and coordination with other departments are not being attended properly. Keeping this in view DIs should outsource these programmes to other Pvt. or Govt. institutes as done by NIESBUD, Noida, NI-MSME, Hyderabad and IIED, Guwahati, so that their other activities are not affected. They may select some partner institutes from their jurisdiction and prepare guidelines for the allotment of different programmes. Guidelines of outsourcing may be liberally borrowed (and adapted) from the outsourcing guidelines of three national institutes under the Ministry of MSME mentioned above.

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

Tailor made courses namely Business Skill Development Programme (BSDP) are being conducted for prospective entrepreneurs through select Business Schools/Technical Institutions in the area. Similarly, ESDP on Bio-technology are being conducted through select Technical Institutions. But the Business schools/Technical Institutions have their own prescribed syllabus for their students. It becomes difficult for those institutions to adjust these programmes of 4 to 6 weeks duration. Study team feels that BSDP and ESDP on Bio-technology may be discontinued by the office of DC (MSME)..

About the selection procedure of trainees, majority of the Programme Co-ordinators expressed some difficulty in getting the trainees---particularly SC and ST trainees. Study team feels that DIs should create more awareness about the programmes by sending the details of the programmes well in advance to different offices (i.e. DIC, Lead Banks, industrial associations, Local Bodies (Block Panchayats and District Panchayats) and other institutes which are conducting similar types of programmes), and Industrial Associations in the district. Extending the details of the programmes to other institutes of the district, which are conducting

similar courses is beneficial to all the institutions. Secondly, more SC/ST programmes in the DIs may be conducted in the districts having higher concentration of SC/ST population.

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

Guidelines giving course contents of various courses were issued to all DIs from the office of DC (MSME). But some of the programme coordinators are not following those guidelines with the result that some important topics viz.(i) Communication, (ii) Dealing with customer attitudes like skepticism, indifference, stalling etc. (iii) Market strategy and management, (iv) Market survey regarding customers, sellers, dealers and retailers etc. are not emphasized. It is recommended that Programme Coordinators may follow these good guidelines while preparing Programmes Schedule for various courses.

Most of the DIs have poor infrastructure facilities due to which only a limited number of workshop based programmes can be conducted. It is affecting the quality of the training. Development Institutes may be promoted as the model training centers for workshop based programmes, not only for the trainees but also for the trainers. It is recommended that each DI should have the workshops with sufficient number of machines and a computer lab. Sufficient funds should be allotted to DIs for the purchase of machines.

As per the existing practice, coordinating officers are getting 35 percent advance of the total amount sanctioned for conducting EDP/ESDP/MDP programmes. Parties which supply the material or provide the services and the faculty, who deliver the lecture, demand their payment immediately. Normally guest faculty and other parties receive the money after 40 to 45 days. Delay in payment particularly to faculty members creates difficulty in getting good teachers. Study team is of the view that instead of 35 %, an advance of 70 percent of the total sanctioned amount for conducting the programmes may be given to the programme Coordinators. However, all payments above Rs. 500/- be made through cheques by the coordinating officers to avoid any kind of malpractice or misuse of government money. Keeping this in view the existing guidelines for giving advance to be programme coordinators may be revised to optimise the outcome.

Database of passed out trainees maintained by the DIs is very weak. Internal monitoring, evaluation and follow-up of trainees is very important. It is also not done in the DIs. Moreover there is no sanctioned budget for the follow-up activities by the DIs. Under the "Scheme for Assistance to Training Institutions (SATI)," of Ministry of MSME, follow-up work of all pass out trainees is being done at a centralized place through Call Center. It is a good practice and similar attempt may be expedited for the skill development training programmes under the EDP scheme of the office of DC (MSME) also.

There is a hand-holding scheme of Rajiv Gandhi Udyami Mitra Yojna (RGUMY) under the ministry of MSME. At the midcourse of training itself the programme coordinators should find out about the intention of the trainees, whether they are interested to set up units or not.

The trainees having entrepreneurial aptitude may be identified and given extra guidance and support in launching the enterprise under the scheme of RGUMY.

Regarding the Entrepreneurial Memorandum Performa through which the candidates are listed and given an EM number does not have any column which specifies the institute from where the candidates have taken the training. Entrepreneurship Memorandum Part I should include the name of Institute from where the candidate has got the training so that we can identify the institutes from which the candidates are applying for EM number. It would reflect the institutes which are encouraging more in launching the enterprises as compared to others.

It was suggested that more emphasis may be given to select the trainees having the aptitude of launching the enterprise. Awareness among the local panchayats may be created so that more candidates can join the courses. They also suggested that either their own successful candidates or some other successful entrepreneurs may be invited for interaction with the trainees about the ways they went ahead in setting-up their units. However, they should be paid like other faculty members.

There are many institutes/departments at the district level which give training but there is no co-ordination. Some government department (i.e. DIC, Employment Exchange) may act as Guidance Bureau for self-employment. Every institution/department may give to the Guidance Bureau the details of the programme in advance so that they can circulate the information among different institutes/departments including local panchayats.

Some of the employees of micro, small and medium enterprises may be interested to do the EDP and ESDP programmes but they may not be in a position to forgo their wages. Some flexibility in timing may be given to such candidates so that they can take the training along with their jobs. In case of MDP programmes already two types of programmes are there. One is full time programme of one week duration and another is part-time programme of two weeks duration. Similar arrangement may be made in case of EDP and ESDP programmes also. Such programmes should be exclusively for the employees of micro, small and medium enterprises.

Generally, the trainees are from the poor families. They are unable to invest higher amount of money in the enterprises. So they should be encouraged to set up only those units which need lower investment. Once they have established their rapport with the banks they can either expand the existing units or go for new units which need higher investments.

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

6.6 Recommendations

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

➤ (A) Role of Development Institutes

• Complexion of Courses

1. In order to attract good candidates from among the SC/ST candidates DIs should generate more awareness among such candidates by sending the details of the programmes well in advance to different offices (i.e. DIC, Lead Banks, Local Bodies (Block Panchayats and District Panchayats) and other institutes which are conducting similar types of programmes), and Industrial Associations in the district. Secondly, more SC/ST programmes in the DIs may be conducted in the districts having higher concentration of SC/ST population.
2. In MDP programme, trainees having a minimum qualification of 10th pass and a working experience of 2 to 3 years of supervisory level or eighth pass with a working experience of minimum five years should be admitted. The basic objective of MDP is to teach management subjects to improve the MSMEs in decision making and in enhancing productivity of the enterprises.
3. Programme Co-ordinators should follow the guidelines issued to DIs from the office of DC (MSME) regarding course contents of various courses. While preparing the schedule or sessions for various courses some of them are not following some good guidelines with the result that some important topics viz.(i) Communication, (ii) Dealing with customer attitudes like skepticism, indifference, stalling etc, (iii) Market strategy and management, (iv) Market survey regarding customers, sellers, dealers and retailers etc, are not emphasized.
4. In case of MDP programmes there are two types of programmes. One is full time programme of one week duration and another is part-time programme of two weeks' duration. Similar arrangement may be made in case of EDP and ESDP programmes also. Some of the employees of micro, small and medium enterprises may be interested to do the EDP and ESDP programmes but they may not be in a position to forgo their wages. Therefore, part-time courses for EDP and ESDP may be considered.

• **Effectiveness of Training**

5. Regarding the selection procedure of the topics of ESDP courses Programme Coordinators have to choose the topics out of the 41 suggested by the office of DC (MSME). But if they feel that there are some courses which have local demand, they can start those courses also after taking due permission from the office of DC (MSME). This is a good practice and may be continued.
6. An advance of 70 per cent of the total sanctioned amount, instead of present 35 per cent, for conducting the programmes may be released to the Programme Co-ordinators. As per the existing practice all payments above Rs. 500/- are to be made through cheques by the co-ordinating officers to avoid any kind of malpractice or misuse of government money. Parties which supply the material or provide the services and the faculty, who deliver the lecture, demand their payment immediately. Normally guest faculty and other parties receive the money after 40 to 45 days. Delay in payment particularly to faculty members creates difficulty in getting good teachers. Keeping these facts in view the existing guidelines may be modified so as to optimize the outcomes.
7. Under the "Scheme for Assistance to Training Institutions (SATI)" of Ministry of MSME, follow-up work of all pass out trainees is being carried out at a centralized place through Call Center. It is a good practice and similar attempt may be expedited for the skill development training programmes under the EDP scheme of the office of DC (MSME) also. A separate budget for this work may be allotted. Database of passed out trainees maintained by the DIs at present is very weak. Follow-up work of trainees is also not done in the DIs. Moreover there is no sanctioned budget for the follow-up activities by the DIs. This is likely to give a lot of insight for improvement in conduction of training.

• **Suggestions for Improving the Training**

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

may be liberally borrowed (and adapted) from the outsourcing guidelines of three national institutes under the Ministry of MSME mentioned above.

9. In the programmes which are conducted in urban areas, candidates commuting from rural areas may be encouraged by a travelling allowance of Rs. 125 per week.
10. Development Institutes may be promoted as the model training centers for workshop based programmes, not only for the trainees but also for the trainers. Each DI should have the workshops with sufficient number of machines and a computer lab. Sufficient funds should be allotted to DIs for the purchase of machines. Most of the DIs have a poor infrastructure facilities due to which limited number of workshop based programmes can be conducted.
11. There is a handholding scheme of Rajiv Gandhi Udyami Mitra (RGUMY) under the ministry of MSME. At the midcourse of training itself the programme co-ordinators should find out about the intention of the trainees, whether they are interested to set up units or not. The trainees having entrepreneurial aptitude may be identified and given extra guidance and support in launching the enterprise under the scheme of RGUMY.
12. DIs should invite either their own trainees or otherwise successful entrepreneurs for interaction with the trainees about the ways they went ahead in setting-up their units. However, they should be paid like other faculty members. This will inspire the trainees and create stakeholders in the society to promote the interest of DIs.
13. Maximum Expenditure to be incurred by the Programme Co-ordinators for conducting the EDP, ESDP and MDP programmes are Rs.20,000/-, Rs. 60,000/- and Rs. 20,000/- respectively. These rates were fixed up 5 years earlier by the office of DC (MSME). After that no revision has taken place. Keeping in view the price rise during the last five years these rates may be at least raised by 50 percent. In other words the rates of EDP, ESDP and MDP be raised to a minimum of Rs 30,000/-, Rs 90,000/- and Rs 30,000/- respectively. Besides this these rates may be reviewed every year regularly.

➤ **(B) Role of Other Agencies**

14. In the beginning, we may encourage the trainees to launch the enterprises which require less amount of investment. Once, they have got some experience in running the enterprise and established the reputation in returning their loans they may apply afresh for higher amount of loans from the financial institutions. In our economy informal sector

has a large size of employment. This sector is dominated by the workers who are working in micro enterprises, unpaid family workers, casual labourers, home based workers, farmers and artisans in rural areas. They have low skills, poor productivity and low income. It may be difficult for them to spare the resources required for launching the enterprises which require higher investment. Financial institutions have their own reservations like limited funds and apprehension like low recovery rate. But encouragement from financial institution is necessary and apprehensions are not well founded.

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

➤ **(C) Role of External Factors**

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

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

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

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

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

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Annexure I

Indian Institute of Public Administration

Indraprastha Estate, Ring Road, New Delhi-110002

Evaluation Study of Skill Development Training Schemes of the Office of DC (MSME), Ministry of MSME, Government of India

Questionnaire: About the Views of Trainees

Serial No. DI/BDI.....
State.....

Block 1: Identification Particulars

- Name and Address of the Trainee
.....
.....
- Contact Number
Email.....
- Sex (M/F) Age (in years)
- Physically Handicapped (Y/N), SC/ST/OBC/OTH
.....
- Educational Level: General....., Technical (with trade)
.....
- Work experience (Before Training) (a) Trade (b) Years of
exp.....
- Details of Training Received from the Office of DC(MSME)

Name of the Programme	Source of information (Website, Advertisement others)	Programme Duration (In weeks)	Passing Year of training	Name of Institution

Block 2: Success of Training Received

S.NO	Details	Before Training	After Training
1	Activity Status (Pl. Tick)	<ul style="list-style-type: none"> • Employed • Unemployed • others 	<ul style="list-style-type: none"> • Employed • Unemployed • others
2	Approx Monthly Income(Rs.)		
3.	Details of Enterprise established, if any		
a)	Type of enterprise	<ul style="list-style-type: none"> • Industry • Service • Business 	<ul style="list-style-type: none"> • Industry • Service • Business
b)	Name of activity		
c)	Date of setting up the enterprise		
d)	Whether the enterprise was in partnership	YES NO	YES NO
e)	if Yes ,No. of partners		
f)	No. of persons employed in addition to self and partners	(a)On wages (b) family members (without wages).....	(a)On wages (b)family members (without wages).....

Block 3: Difficulties faced in setting up the enterprise after Training and your views about the Training received:

- Difficulties faced in Setting up the Enterprise

S.NO	Details	Response
1	Have you filed an Entrepreneurial Memorandum Part I with DIC?	YES NO
2	Have you got the Entrepreneurial Memorandum (EM No.) from DIC	YES NO
3	Problems faced in getting the EM No	
4	Time taken for getting EM No.	
5	Objections raised by DIC	
6	Did you apply for any loan from bank	YES NO
7	Did you received any loan from bank: (Y/N), If Yes	YES NO

	a)	Name of Bank	
	b)	Time taken to receive the loan (in weeks)	
	c)	Amount of loan received (Rs.)	
	d)	If No, objections raised by the bank	
8		Objections raised by other agencies VIZ. Environment, Sales Tax, Municipality etc.(if any	

- **Views about the Training Received from the Office of DC (MSME) & suggestions for improving the quality of training (If any, Please tick)?**

S.No.	Aspect	Yes (Y)/ No(N)	Suggestions for Improvement
1	Are you satisfied with the selection procedure of trainees?		
2	Duration of the course		
3	Practical Sessions		
4	Course material		
5	Quality of trainers		
6	Infrastructure of the institute		
7	Training Aids		
8	Soft skills (Communication skills, Business Etiquettes)		
9	Fees of the course		
10	Stipend		
11	Accommodation		
12	Guidance after training		

Block 4: How the Training is Helpful in improving marketing of your capabilities?

- What is the response of stakeholders in market/society after receiving training of DC (MSME)?
 - (a) DIC.....
 - (b) Bank
 - (c) Employer, if employed,
 - (d) Customers
 - (e) Suppliers
 - (f) Society

Annexure-II

Indian Institute of Public Administration

Indraprastha Estate, Ring Road, New Delhi-110002

Evaluation Study of Skill Development Training Schemes of the Office of DC (MSME), Ministry of MSME, Government of India

Questionnaire: Programme Coordinator at MSME Institute

DI/Br DI.....

State.....

- Name and Designation of Programme Coordinator
.....
- Years of experience as a Coordinator
.....
- Contact No.....
Email.....
- Educational Level: (a) General..... (b) Technical
.....
- Specialization
.....
.....
- Details of programmes Coordinated during the year 2011-12

Sl. No	Name of the programmes	Duration of the course	Qualification needed	Number of programmes coordinated during the year		Persons Trained	
				Directly at the Institute	Through other institutions	Directly at the Institute	Through other institutions

- Name the trades covered under above programmes
.....
.....
- Should all the above trades be continued during the Twelfth Five Year Plan? (Y/N)
..... If No, name the trades which should be discontinued?
.....
.....
- Give the names of new trades in which DIs should give training (if any).
.....
.....

Space for Observations by Investigator

- What are your views regarding the following aspects of training being imparted by the Ministry of MSME

Aspect	Satisfied(Y/N)	Give Your Suggestions for the improvement
Selection procedure of Trades		
Selection procedure of Trainees		
Minimum Qualification of Trainees		
Fees of the courses		
T/DA to poor trainees		
Outsourcing procedure of programme		
Duration of the courses		
Course material		
Infrastructure at DI		
Training Aids		
Sessions of soft skills		
Sessions of Practical's		
Follow up after training		
Incentive to Programme Coordinators		
Honorarium to Guest speakers		
Co-ordination with other departments		
Any Other (Pl. specify)		

Annexure-III

Indian Institute of Public Administration

Indraprastha Estate, Ring Road, New Delhi-110002

Evaluation Study of Skill Development Training Schemes of the Office of DC (MSME), Ministry of MSME, Government of India

Questionnaire for DIC

Address of DIC Office

.....

Name and Designation of the Respondent.....

Contact NoE-mail.....

S.No	Details	Response	
•	Are you aware about the Entrepreneurship and Skill Development Training Schemes of the Office of DC (MSME)?	Yes	No
•	Are you associated with training being imparted by MSME office? If Yes then in what way?.....	Yes	No
•	Are you aware about the number & type of programs organized by MSME?	Yes	No
•	While scrutinizing the applications received by your office of the persons who got training from the Office of DC (MSME), what shortcomings were noticed by you?		
•	Any suggestions for improvement of Training program being imparted by Office of DC (MSME)		
•	Is there any agency at district level which co-ordinate all the training program of district?	Yes	No
	• If Yes, please provide Name of Agency		
	b) if No, any suggestions regarding Coordination of training program.....		
•	Other than MSME is there any other government department that provides short term skill development Training programs. if yes, please Mention the Name.....	Yes	No
•	Do you conduct the training program by yourself or through some other Agency? (Please tick/ Mention the Name of other Agency.....)	By yourself	By other Agency
•	Details of training provided by you		

	• Name of the Training program	
	• Duration of the Training Program	
	• Procedure Adopted in selecting the topic of training Program	
	• Procedure Adopted in selection of trainees.....	
	• Difficulties faced in getting the trainees.....	
	• Follow up after Training	Yes No
	• Accommodation facility during Training	Yes No
	• Fees of the program	Yes No
	• Stipend paid (including Meal), If Yes then please mention the Amount.....	Yes No
	• Duration of one Lecture	
	• Honorarium paid to guest speaker (per lecture)	
	• Time taken in giving the honorarium to the guest speaker	After Lecture End of Program Any Other.....
	• Any Incentive paid to Program coordinator	Yes No
	• What Steps should be taken to increase the success rate of Trainees in setting up the enterprise?.....	

Annexure-IV

Indian Institute of Public Administration

Indraprastha Estate, Ring Road, New Delhi-110002

Evaluation Study of Skill Development Training Schemes of the Office of DC (MSME), Ministry of MSME, Government of India

Questionnaire for Banks

Name and Address of the Bank.....

Name and Designation of the Respondent.....

Contact NoE-mail.....

S.No	Details	Response	
•	Are you aware about the Entrepreneurship and Skill Development Training Schemes of the Office of DC (MSME)?	Yes	No
•	Are you associated with training being imparted by MSME office? If Yes then in what way?.....	Yes	No
•	Are you aware about the number & type of programs organized by MSME?	Yes	No
•	While scrutinizing the applications received by your bank of the persons who got training from the Office of DC (MSME), what shortcomings were noticed by you?		
•	Any suggestions for improvement of Training program being imparted by Office of DC (MSME)		
•	Is there any agency at district level which co-ordinate all the training program of district?	Yes	No
	• If Yes, please provide Name of Agency		
	b) if No, any suggestions regarding Coordination of training program.....		

•	Other than MSME, DIC is there any other government department that provides short term skill development Training programs. if yes, please Mention the Name.....	Yes	No
•	Do you conduct the training program by yourself or through some other Agency? (Please tick/ Mention the Name of other Agency.....	By yourself	By other Agency
•	Details of training provided by you		
	• Name of the Training program		
	• Duration of the Training Program		
	• Procedure Adopted in selecting the topic of training Program		
	• Procedure Adopted in selection of trainees.....		
	• Difficulties faced in getting the trainees.....		
	• Follow up after Training	Yes	No
	• Accommodation facility during Training	Yes	No
	• Fees of the program	Yes	No
	• Stipend paid (including Meal), If Yes then please mention the Amount.....	Yes	No
	• Duration of one Lecture		
	• Honorarium paid to guest speaker (per lecture)		
	• Time taken in giving the honorarium to the guest speaker	After Lecture	End of Program
		Any Other.....	
	• Any Incentive paid to Program coordinator	Yes	No
	• What Steps should be taken to increase the success rate of Trainees in setting up the enterprise?.....		

Annexure-V

**Indian Institute of Public Administration
Indraprastha Estate, Ring Road, New Delhi-110002**

Evaluation Study of Skill Development Training Schemes of the Office of DC (MSME), Ministry of
MSME, Government of India

Questionnaire for KVIB/ KVIC

Address of KVIB

Office:.....

Name and Designation of the

Respondent.....

Contact NoE-

mail.....

S.No	Details	Response
•	Are you aware about the Entrepreneurship and Skill Development Training Schemes of the Office of DC (MSME)?	Yes No
•	Are you associated with training being imparted by MSME office? If Yes then in what way?.....	Yes No
•	Are you aware about the number & type of programs organized by MSME?	Yes No
•	While scrutinizing the applications received by your office of the persons who got training from the Office of DC (MSME), what shortcomings were noticed by you?	
•	Any suggestions for improvement of Training program being imparted by Office of DC (MSME)	
•	Is there any agency at State / district level which co-ordinate all the training program of district?	Yes No
	• If Yes, please provide Name of Agency	
	b) if No, any suggestions regarding Coordination of training program.....	

•	Other than MSME, DIC, Bank is there any other government department that provides short term skill development Training programs. if yes, please Mention the Name.....	Yes	No
•	Do you conduct the training program by yourself or through some other Agency? (Please tick/ Mention the Name of other Agency.....)	By yourself	By other Agency
•	Details of training provided by you		
	• Name of the Training program		
	• Duration of the Training Program		
	• Procedure Adopted in selecting the topic of training Program		
	• Procedure Adopted in selection of trainees.....		
	• Difficulties faced in getting the trainees.....		
	• Follow up after Training	Yes	No
	• Accommodation facility during Training	Yes	No
	• Fees of the program	Yes	No
	• Stipend paid (including Meal), If Yes then please mention the Amount.....	Yes	No
	• Duration of one Lecture		
	• Honorarium paid to guest speaker (per lecture)		
	• Time taken in giving the honorarium to the guest speaker	After Lecture	End of Program
		Any	Other.....
	• Any Incentive paid to Program coordinator	Yes	No
	• What Steps should be taken to increase the success rate of Trainees in setting up the enterprise?.....		

Faculty Venue Machines Arranging the Candidatures

Any Other (Pls Specify)

- Name the trades covered under above programmes
- Give the names of new trades in which you feel there is a market demand.

Space for Observations by Investigator

- What are your views regarding the following aspects of training being imparted by the Ministry of MSME

S.No	Aspect	Satisfied (Y/N)	Give Your Suggestions for the improvement
1	Selection procedure of Trades		
2	Selection procedure of Trainees		
3	Fees of the courses		
4	Minimum Qualification of Trainees		
5	TA/DA to poor trainees		
6	Course material		
7	Sessions of soft skills		
8	Sessions of Practicals		
9	Follow up after training		
10	Charges received from MSMSE for providing the different services.		
	• Honorarium to Guest speakers		

• Rent of the Venue		
• Rent of the Machines		
• For arranging the suitable Candidatures		
• Honorarium to the coordinators of your centre/Agency		
• Any Other (Please Specify)		