

STRATEGIC ACTION PLAN FOR 2012-13 TO 2016-17

1. INTRODUCTION

The National Institute for Entrepreneurship and Small Business Development (NIESBUD) was set up in 1983. It is an apex body of Ministry of Micro, Small and Medium Enterprises (MSME) engaged in entrepreneurship development particularly in the area of Micro, Small and Medium Enterprises (MSME) sector.

The major activities of the Institute are:

- Identifying requirements and conducting training programmes aimed at entrepreneurship development for different target groups including members of various Government as well as NGOs engaged in supporting/promoting entrepreneurship.
- Evolving and standardizing field tested strategies, methodologies of developing entrepreneurship to suit the respective locations/target groups including clusters.
- Gathering, analysing and processing information needed for formulation of policies, implementing programmes related to self-employment, entrepreneurship/industrial development.
- Offering consultancy services for improving management efficiency, productivity and technology adopted by existing entrepreneurs.
- Undertaking documentation/disseminating information related to entrepreneurship together with enterprise development.
- Preparing as well as publishing literature, information materials pertaining to entrepreneurship/enterprise development
- Providing concrete forum for interaction, exchange of views/experiences for different groups mainly through seminars, workshops, conferences etc.

- Studying problems viz-a-viz conducting researches/review studies etc. for generating knowledge for accelerating the process of entrepreneurship development culminating into establishment of new economic ventures.

Evolving, designing and helping use of various media for promoting the culture of entrepreneurship among different strata of society.

2. MSME SECTOR OF INDIA

India is one of the fastest growing economies of the world with an average growth rate of above 8% in the recent past. Our economic growth remained on course despite a serious slow down witnessed by the world economy. Even in the uncertain times, the country is aiming at a growth rate of 9% in the 12th Five Year Plan and beyond.

The Micro, Small and Medium Enterprise (MSME) Sector has emerged as an *engine of growth* of the Indian Economy. It would be no exaggeration to state that the Sector has, to an appreciable extent, contributed towards the Indian growth story enabling the country to maintain a steady rate of growth even in the face of worldwide economic decline/meltdown.

Even though adversely affected by the depressing global economic environment especially since 2008, the performance of the Sector has been somewhat consistent. The Sector consisting of 26.1 million units, as of today, provides employment to over 60 million persons. The Sector through more than 6,000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country.

The Sector is expected to perform an equal important role during the XII Five Year Plan Period (2012-13 to 2016-17) in enabling the country to achieve the envisaged overall growth rate of 9% during the Plan. The Government has been providing support and sustenance to the Sector through a plethora of programmes and policies.

The performance of the Sector becomes more striking when viewed in light of almost employment less growth witnessed in the Manufacturing Sector and not up-to-the mark progress on agricultural front. The Sector has also the distinction of creating comparatively much more employment per unit of investment than the Manufacturing Sector.

3. STATUS OF SKILL GAP AND POLICY OF GOVERNMENT OF INDIA

It has been felt that the envisioned growth rate will be difficult to achieve if adequate employment opportunities are not created for the burgeoning work force of the country. This to a large extent can be made possible if these persons can be imparted training in the industry required skills. Presently, there is a serious shortage of skills in the country. Only 6% persons in India are skilled. The comparative figure for Korea is 96%, Japan 80%, Germany 75% and United Kingdom 68%. While there is a large unemployment in India, persons with right skill are not available.

In order to reap the demographic dividend and also to provide gainful employment to the large battery of unemployed youth, the Government has embarked upon an ambitious plan of skilling large number of youth thus improving their employability. A total of 500 million persons are to be trained in relevant skills by 2022. As a part of the massive programme, the Ministry of MSME has taken up skill development on a large scale

4. THE JOURNEY SO FAR

Since its establishment in 1983, NIESBUD has been doing its might in spreading entrepreneurial culture in the society through different interventions including training and research. Through its persistent efforts, the Institute has been able to create a *niche* area for itself in both domestic and international entrepreneurial arena. In this process, the Institute has also transformed itself from a grantee institution to not only a financially self-sustaining one but also creating “surplus” for its future endeavours. The Institute, so far, has provided direct training to about 71,000 beneficiaries belonging to different target groups including about 2,000 participants from more than 125 different countries as on March 31, 2011. The Institute has been conducting regular International Training Programmes for ITEC/SCAPP/Colombo Plan beneficiaries and also tailor made programmes on specific requests.

The journey has not been without glitches/failure as is the case with a new and emerging entity. Nor it is going to be a smooth one in future because of the uncertain times. However, through all these, the Institute has not only been able to create a place of its own but also sustain itself as an enduring entity.

Post liberalization the Government support for recurring grants was slowly withdrawn and after 2003-04 the institute started meeting its own recurring expenditure through market based programmes, research studies and sponsored programmes from other Ministries/State Governments.

5. DEFINING THE ASPIRATION

The core purpose of the Institute is to inculcate an entrepreneurial culture in the country for a strong MSME sector. For fulfilment of this purpose, the Institute is also supposed to guide and mentor Entrepreneurship Development Institutes (EDI) in the country both in the Governmental and Non-Governmental sector. Towards this end, the Institute inter-alia provides consultancy to create EDI, training to trainers, formulates syllabi for different target groups and also develops literature, training aids etc. At macro policy level, NIESBUD would continue to assist Government in understanding „Training Need of the people at large“ and the Skill Gap of the industry and the area/region. The action plan and the strategy to deal with skill gap and training need shall be delivered simultaneously.

6. ASSESSING THE SITUATION

Assessing the situation means examining strengths and weaknesses and also ascertaining impact of external factors such as economic, social, cultural, technological, environmental and political. It also includes identifying all the stake holders and their expectations. The learning agenda has also to be identified for preparing the Strategic Action Plan. Entrepreneurship has been considered as the backbone of economic development. It has been well established that the level of economic growth of a region to a large extent, depends upon the level of entrepreneurial activities in the region. The myth that entrepreneurs are born, no more holds good, rather it is well recognised now that the entrepreneurs can be created and nurtured through appropriate interventions in the form of entrepreneurship development training.

In the era of liberalisation, privatisation and globalisation along with ongoing IT revolution, capable entrepreneurs are making use of the opportunities emerging from the evolving scenario. However, a large segment of the population, particularly in the industrially backward regions/rural areas generally lags behind in taking advantage of these emerging opportunities. Therefore, there is a need to provide skill development and entrepreneurship development training to such people in order to bring them into mainstream of economic growth and ensure that the economic prosperity truly becomes inclusive.

7. THE STRENGTHS OF THE INSTITUTE

The Institute has well qualified and eminent Faculty in the areas of Entrepreneurship Development, Skill Development and Project Formulation and Appraisal. It also has its integrated campus at Noida with well-developed infrastructure in terms of lecture halls, training aids, equipment and furniture. It has a Garment Incubation-cum-Training Centre equipped with latest Japanese

machines. It also has an Embroidery Centre. The Institute also has a well-furnished hostel with 32 double rooms with another 16 twin-sharing rooms being also constructed.

With the help of regular and through contractual staff and Partner Institutions, NIESBUD was able to train about 25,000 persons in 938 programmes during 2010-11. The programmes were conducted throughout India barring southern and north eastern states. Another feature of the programme was that they were conducted both in urban and rural areas. During the year 2011-12, the Institute is expected to impart training to about 35,000 persons.

The success of the Institute can be gauged from the fact that it has been able to establish a name for itself in both domestic and international entrepreneurial arena. The Institute, so far, has provided direct training to about 71,000 beneficiaries belonging to different target groups including about 2,100 participants from more than 125 different countries as on 30th September, 2011. The Institute has also been able to generate revenue from the open market through its value added services and has thus become financially self-sustaining.

The Institute also has the expertise for Cluster interventions for bringing entrepreneurial culture at the grass-root level. It is working in as many as 24 clusters. It has been able to form associations of MSMEs for joint action plan, which is normally known as “Special Purpose Vehicle” in almost all the clusters. Besides undertaking Soft intervention viz. capacity building in the area of skill up-gradation, market exposure, technological gap analysis etc., Common Facility Centres (CFC) are also being planned in few clusters. CFCs would help the concerned entrepreneurs in accessing such machines and technology which cannot be otherwise afforded by them individually or even collectively. Such measures would not only enhance the productivity of the concerned MSMEs but also reduce pollution, hazards and health related problems.

In the era of liberalization, privatization, and globalisation, the MSME sector needs to upgrade its quality through technological up-gradation and higher productivity. The requirement of skilled manpower as well as training need of existing entrepreneurs is the biggest challenge for Government of India. Not only the supply side constraints but the training need awareness by the existing entrepreneurs in the sense that later feel the need for such training is far from reality. In such a situation, role of NIESBUD and other similar institutions shall always be questioned. The challenge to come up to the expectations of industries by way of churning out skilled manpower, expectation of Government to create entrepreneurs (by way of encouraging them to set up enterprises) and expectation of existing entrepreneurs in getting training in right skill is the challenge. This challenge offers opportunities of at least similar magnitude if not greater.

8. WEAKNESSES

The limited Faculty strength of the Institute is expected to be augmented with the newly created posts. The limited outreach of the Institute will be boosted through

the provision of Partner Institutions. The still felt shortage of the staff in view of the future plans will be made good through hiring Consultants/Experts. MSME sector generally lack resources by way of surplus and therefore are not able to afford the resources for meeting their training need. Therefore, NIESBUD will have to depend upon other innovative model for earning revenue while simultaneously fulfilling the noble task of Government in providing training and other support to this sector.

9. OPPORTUNITIES

The Institute has tremendous opportunities in today's developing economy of the country. The GDP of the country has been estimated as Rs. 78, 77,947 Crores (1.750 trillion USD) during 2010-11 (Economic Survey 2010-11). The present share of manufacturing sector is estimated at 15% of the GDP i.e. 11, 79,000 Crores (262 billion USD). It is proposed to increase the share of the manufacturing sector to 25% of the GDP by 2020 as per proposed national manufacturing policy. It is also proposed to create 100 million jobs. Thus the increase in manufacturing sector output between 2010-11 to 2019-20 will be of the order of i.e. Rs. 7,83,000 Crores (174 billion USD). It is estimated that 50% of this will come from MSME sector. It is also estimated that out of this, the major share i.e. 75% will come from Micro Enterprises. Assuming an average annual output of Rs. 5 Lakh per unit, the number of Micro Enterprises to be setup will be about 60 Lakh to achieve the target of 25% manufacturing sector's share in GDP of India.

10. THREATS

In today's Global environment, the Institute needs to be a centre of excellence in its core area. The standard of delivery and outcome are to be compared with the best in the market. The entrepreneurs of today and also prospective entrepreneurs are looking at NIESBUD as a top level Institution in the field of Entrepreneurship and Small Enterprise Management. The challenge also is to contribute towards making the MSME sector competitive in the international market. The threat will assume greater proportions when the Governmental Schemes of providing training to different sections come to an end and the Institute is expected to meet the social objective of providing training to MSME sector and unemployed persons at reasonable rate and at the same time find alternate sources of revenue.

11. EXTERNAL FACTORS

The following external factors do impact the strategic plan of an organization. They are political, economic, socio cultural, technological, environmental and legal. Based on an assessment of the present scenario there impact is given below:

A. Political

The Political situation in the country is stable and politicians across the spectrum are in favour of and committed to a high growth rate of the economy particularly the manufacturing sector.

B. Economic

India is the second largest growing economy in the world. Though there is a recessionary tendency in the world economy particularly in Europe, the Indian economy has shown resilience so far but now succumbing to recession pressure and has slowed down less than 7.3% per annum. While in the five year plan the economy is projected to grow at more than 9%, the actual realization may be less.

C. Socio Cultural

India has changed to a great extent after liberalization of the economy in 1991. Self-employment as a career is getting wider acceptance. Attractions of Govt. Jobs are reducing. Families are encouraging children to opt for self-employment /entrepreneurship.

D. Technological

In the age of information technology, use of Nano Technology, Lean Manufacturing and Expansion of the Services Sector, the scope for new micro enterprises is immense. Any planning has to take into an account this important factor.

E. Environmental

The mood of the country particularly the youth is exciting and full of hope. India also has the largest number of youth in the world in the age group of 18-45 years. The energy of youth has to be channelized towards productive activities.

F. Legal

The legal framework and support system are much more helpful and much easier to approach than in earlier years due to implementation of MSMED Act 2006. Scope of MSME sector has also increased due to use of the word enterprise in place of industry. This has indicated the importance of service enterprises.

12. LEARNING AGENDA

Information available to prepare the strategic plan is broadly listed below:

- Information about rate of economy growth of manufacturing sector.
- Number of youth in the age group of 18-45 years.
- Information about attitude of the youth and attitude of the support system.
- Projected requirement of skilled manpower in different high growth sectors like Construction, IT & ITES, Automobile, Hospitality, Textile and Garment etc.

13. THE STRENGTHENING REQUIRED

- Developing a second or even third line of command in academic/support areas of the Institute.
- Continuous updates / orientation of the Institute's own faculty.
- Strengthening the infrastructure/training facilities at the campus of the Institute.
- Introduction of Quality Management System(s) at the Institute for maintenance / improvement of standards of its services.

14. THE ROAD AHEAD

The challenge before the Institute today and in times to come is to appropriately blend the twin diverse requirements of sustaining the cult of financial self-sufficiency and discharging its true role of a catalyst and facilitator for the process of entrepreneurship development. The need of the hour is to consolidate and further expand on the desired lines so as to be in a position to significantly contribute towards the Government's programmes designed for promotion of MSMEs and skill development.

The future is going to be not only challenging but also throwing opportunities of development of the Institute in the background of emerging economic and entrepreneurial scenario. The Institute plans to orient its energies and strategies towards its development on the desired lines.

The strategic/salient points of the activities of the Institute during the next five years are expected to be on the following lines: -

- Gradual development of the Institute as an apex seat of entrepreneurship.

- Focus on training/orientation of specific / identified target groups of trainers / promoters so as to have a multiplier/cascading effect.
- Strengthening the capacities/capabilities of the Change-agents.
- Emphasis on standardization, quality training and designing & implementing newer formats of training for focused target groups for increased success rate/benefits.
- Conduct of need based/sector specific skill – cum - entrepreneurship training in the emerging and highly employable sectors which is generally not being undertaken by other agencies/organizations.
- Monitoring of post-training activities of the participants for ascertaining the impact of training and providing the required assistance in effective discharge of their respective roles.
- Standardization of identification, selection and certifying processes for attaining higher success rate(s).
- Periodical Review of the course curriculum of different activities for incorporation of contemporary areas/topics in order to make them more relevant.
- Increased effectiveness of the activities through enhanced employability; setting up of large number of micro enterprises or improved post-training performance of the beneficiaries;
- Undertaking of Research, Review and Impact Assessment Studies for making the plans and policies more target-oriented and effective. To promote and develop entrepreneurial environment through training, research, consultancy with an ultimate objective to promote setting up small business in country.
- To mentor / assist / guide programmes for both Government and NGO'S including corporate sector in developing and promoting entrepreneurship and self-employment in the country.
- To coordinate and calibrate with organizations in undertaking training and research activity.
- Providing consultancy and monitoring services to MSME sector.
- In order to sustain its self-sustenance as well as to meet the social responsibilities of promoting entrepreneurial culture in the country, it

is proposed to tap the opportunities in African and Asian countries by providing consultancy services to such countries on commercial terms.

15. THE CASUALITY

- As the Institute intends to concentrate upon critical parameters of its different activities for making them more relevant and purposeful, its energies are expected to be divided between the provision of direct training and other activities.
- The Institute also plans to discontinue organizing of run of the mill programmes which are also being conducted by other agencies and to focus upon the programmes designed for specific target groups.
- As a result, the targets of the Institute for providing direct training to the beneficiaries will witness gradual decrease as amplified below: -

| Sl. No. | Year | Training Programmes |
|---------|---------|---------------------|
| 1. | 2012-13 | 22,500 |
| 2. | 2013-14 | 20,000 |
| 3. | 2014-15 | 17,500 |
| 4. | 2015-16 | 15,000 |
| 5. | 2016-17 | 12,500 |

16. THE ROAD MAP

The above strategic objectives are sought to be achieved through the following: -

- Capacity Building of the officials/functionaries engaged in implementation of different Schemes pertaining to MSMEs;
- Enlarging/expanding the base of Partner Institutions/Associates of the Institute and nurturing their core-faculty through strengthening of their capabilities so as to make provision of training in far-off geographical locations.
- Concentration upon development of linkages with industrial/trade/ export associations/federations, NGOs etc. for identification of the skill sets/trades witnessing deficient skilled manpower supply/availability;

- Greater involvement of practicing entrepreneurs, representatives of industries, financial institutions, associations etc. for modification of the course curriculum, interaction with the participants etc. for better outcome of the training.
- Close co-ordination with the Institutions of Higher Learning like IIMs, IITs etc. and other National and International level EDIs for organizing collaborative activities in the following indicative areas:
 - Undertaking collaborative training and research activities in India & abroad.
 - Exchanging the faculties in the entrepreneurship and allied areas.
 - Learning from each other respective experiences.
 - Revising the existing course content & formulation of new courses in light of the emerging scenario.
 - Developing newer training aids for the larger benefit of the participants.
- Engagement of Professionals for undertaking of quality Research/Review in the connected areas.
- Promoting collaborative arrangements with specialized institutions/ industry leaders for increasing the employability of the participants and provision of post-training hand-holding support especially to first-generation entrepreneurs.
- Strengthening the Publications and Training Aids for making the teaching/ learning more purposeful.
- Tie-ups with Universities, Institutions of Higher Learning etc. for introduction of Entrepreneurship Modules in their respective course curriculum(s) for inculcating a spirit of entrepreneurship among students and catching them young.
- Assist/Learn from the experiences of other developing countries in promotion and development of entrepreneurship and small enterprises.
- Diversification of the Resources of the Institute through location of new sponsorer's so as to meet the eventuality of failure of a few of them and thus sustain the cult of financial self-sufficiency over a period of time.