



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



06718



Distr.
LIMITED

ID/WG.21G/17
10 November 1975

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Meeting on Self-Help Programmes for
Small-scale Industries in Developing Countries
Vienna, Austria, 10 - 14 November 1975

Self-Help Endeavour in India
with Particular Reference to the
Role of the National Alliance of
Young Entrepreneurs (NAYE) ^{1/}

by

G. L. Bansal *

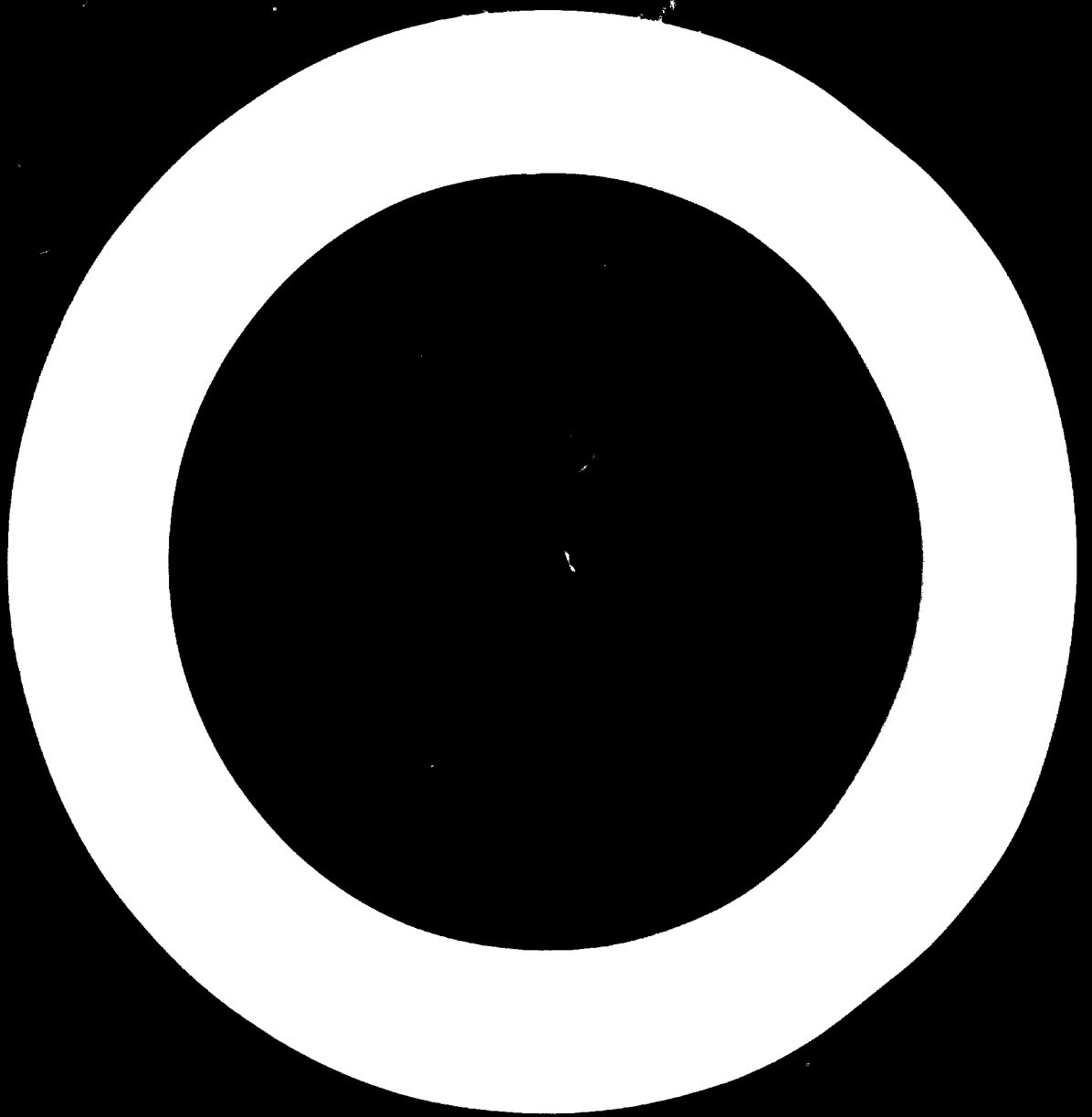
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

* Chairman, National Committee for Backward Areas, NAYE.

^{1/} The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the Secretariat of UNIDO. This document has been reproduced without formal editing.

id.75-8314

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards even though the best possible copy was used for preparing the master fiche.



There are a number of organisations in India at various levels, from local to the national, concerned with development of industry. Broadly these are Chambers of Commerce and Organisations of industry. At the apex, as far as the small enterprises is concerned, is the Federation of Associations of Small Industries in India. There are other organisations too. Prominent among these is the Federation of Indian Chambers of Commerce & Industry (FICCI) and the National Alliance of Young Entrepreneurs (NAYE). While the former has a separate wing to look after the problems and prospects of small enterprises, the latter is devoted to small industries as such and its activities, as the very name indicates, are aimed at promoting young entrepreneurs. Besides, there are other major chambers and organisations of industry which have regular departments to cater to the requirements of small industries.

As far as FICCI is concerned, it has inter_ alia embarked upon some new areas to assist small enterprises. These are

- a) Ancillarisation.
- b) Modernisation and
- c) Training.

As far as ancillarisation is concerned, the idea is to identify products which large industry can farm out to the small, so that the production of both can be dovetailed. The modernisation programme is being evolved in consultation with the Small Industries Development Organisation of the Government. The underlying idea is to bring quality improvement and cost reduction through greater productivity. The critical input in terms of consultants, technical as well as managerial, will be provided by large establishments through FICCI.

The training programme has two sides: one - training personnel from small enterprises, and two - from Government. This will involve both in-plant training as well as training in various aspects of production as well as management. Here again, the FICCI will function as a bridge.

The Federation of Associations of Small Industries is as the name suggests an apex organisation of Small Industries in the country. This federation generally safeguards the interests of its members by keeping close liaison with the various Governments, organising seminars, conventions and Exhibitions of the products of the small industries. It attempts to provide in-plant training to entrepreneurs particularly from backward areas. The federation organises from time to time study tours for young entrepreneurs for benefit. It also has set up an Entrepreneurship Committee which will conduct courses and arrange programmes providing opportunities to small entrepreneurs and to exchange views with the authorities concerned.

NAYE - EXPERIMENT IN SELF-HELP

The National Alliance of Young Entrepreneurs, which was established as a purely voluntary organisation in 1967 has initiated several measures to promote self-help in small sector. The organisation has been so designed that it is self-contained. The membership of the organisation includes a few units from large sector, a few more from medium sector- the essential character of the organisation is of small enterprises. The units from the large and medium sectors do not derive any benefit from the policy postures of the organisation. Of late, the NAYE has taken some interest in the medium sector particularly in respect of the units which have graduated from small sector to medium sector or which are coming up in the designated backward areas of the country.

CONSULTANCY SERVICES

The large and medium units, professional consultants and Chartered Accountants who have become members of the NAYE extend the following assistance to small enterprises:-

- a) Assisting in the identification of investment opportunities;
- b) Assisting in choosing the right type of technology and equipments;
- c) Helping in the marketing of their products and
- d) wherever possible assisting in securing raw material indigenously manufactured.

In over 90 cases, the consultants have offered their free services for assisting the ailing small units in the restoration of their health. These consultants visit the plants at their own expenses, stay there and guide and advise the entrepreneurs. The recent innovation has been

the induction of management consultants in the NAYE Organisation. It has been felt that many units stumble because of poor management practices and / or lack of experience and knowledge particularly because of deficiency in their knowledge of financial management. Large inventories, poor off-take, disorganised cash flow etc. result in sickness of the units.

The NAYE has set up a small unit recently known as Project Service Bureau in Delhi with the active involvement of six consultancy firms and four Nationalised Banks. One of the Banks have offered free accommodation, the core staff, furniture and library (Central Bank). Other Banks have also agreed to place at the disposal of the Bureau one or two technical officers on full-time for investment guidance and project appraisal. This Bureau will also be taking up preparation of feasibility report and if necessary detailed project reports.

The NAYE has also decided to associate retired business executives in its counselling services on the lines of SCORE of USA. It is estimated that there are over 10,000 such retired executives in India proficient in business management, technical managerial capability. Most of them would be willing to give their assistance free or on nominal cost basis.

Two large houses namely Polychem Ltd. and NOCIL have joined hands with NAYE in providing inplant training of one week duration each at their plant in Bombay for two batches of 30 entrepreneurs - each hailing from different parts of the country particularly from economically backward States.

GUIDANCE
BUREAU

The NAYE has also set up Guidance Bureau at Calcutta, Gaya (Bihar), Bhagalpur (Bihar). These Bureaus are utilised for providing literature, latest information about Govt. policy and procedures. The entrepreneurs study project reports, project profiles etc. which have been collected there.

In Calcutta 8 medium sector entrepreneurs devote two hours every week on fixed days to assist the entrepreneurs. This is particularly significant because of the fact that West Bengal did not have a tradition of local entrepreneurship. It is because of the initiative taken by the NAYE in collaboration with State Government, West Bengal, Small Industry Development Corporation and the Punjab National Bank, that over 300 Bengali entrepreneurs including 30 women entrepreneurs have chosen to start small enterprises.

INDUSTRIAL
ESTATES

The latest decision of the NAYE to put up its own four industrial Estates in four backward districts in West Bengal have added to the usefulness of this organisation in the State. The average cost of one industrial Estate would be about 50 lakhs out of which Rs.30 lakhs would be refinanced by the Industrial Development Bank of India, 10 lakhs by the West Bengal Government and the balance by the entrepreneurs.

At Kalyani the detailed lay-out of the Industrial Estate has been drawn up after purchase of land by the NAYE measuring 11.5 acres. Entrepreneurs and their projects have been selected and project reports prepared. All the four Industrial Estates will be managed by the NAYE Trust, which has been constituted and registered with two representatives of the State Govt. besides seven NAYE nominees. If this project succeeds, it is proposed to set up six more Estates in

different parts of the country. It has been decided that other industrial Estates would be functional estates to cater to the requirements of one or two mother units.

The NAYE has also started Entrepreneurs Risk Guarantee Association in Assam to provide seed money to the entrepreneurs. A floating fund of Rs. 5 lakhs have been created for the purpose financed by members of the NAYE.

NAYE-NAYE
SCHEMES

In pursuance of its policy to associate actively with development agencies in the country, NAYE decided to launch an ambitious programme in collaboration with some of the nationalised Banks. The first of this scheme known as BINEDS (Bank of India - NAYE Entrepreneurship Scheme) was launched on the 3rd anniversary of Bank Nationalisation in the year 1972. The various features of this scheme have been so designed as to ensure smooth flow of resources, services and infrastructural facilities to the beneficiaries of the scheme. The scheme is governed by a Governing Committee, which meets every month at different locations in the northern region where the scheme has been put into operation in six states (namely Delhi, Punjab, Haryana, Himachel Pradesh, J&K and Rajasthan). Besides the representatives of the Bank and NAYE, all Directors of Industries and Managing Directors of concerned Corporations in these States and two consultants, Directors of Small Scale Industries, Service Institutes are members of the committee. This large membership has never come in the way of efficient functioning of the committee or to cause delay in decisions. Before a case is referred to the governing committee at the end of the month, a screening committee constituted of technical experts from

the above agencies vet each proposal and if necessary modify it. Where proposal is not considered viable or technically feasible, alternate suggestions are given to the entrepreneurs so that they can come back again with fresh proposal.

The maximum time taken in the clearance of proposals by the governing committee from the date of application is 6 weeks. Only in a few cases where the proposals have to be amended - some delays have taken place. So far 262 schemes with a total financial outlay of Rs.5.14 crores with employment potential of 3229 have been sanctioned as on August 30, 1975. 135 units have gone on stream.

Encouraged with the success of this scheme, it has now been extended to the State of Karnataka eight weeks back. 18 schemes the total outlay of Rs.9 lakhs have been cleared.

Other banks have watched the success of BINEDS with great interest and, therefore, offered to join hands with the NAYE. In Eastern zone i.e. West Bengal and Bihar, NAYE is working in collaboration with the Punjab National Bank. Over 200 schemes with total outlay of about 3.5 crores have been sanctioned. 98 schemes have gone on stream.

The progress in Bihar has not been as satisfactory because of lack of necessary climate and motivating force available with the organisation as in case of West Bengal. Necessary efforts are being made to restructure the organisation.

The NAYE has recently started similar schemes with another nationalised Bank, the Union Bank of India in Tamilnadu and Kerala and the Central Bank of India in Maharashtra. The scheme is known as UBINEPS (Union Bank of India - NAYA Entrepreneurship Promotion Scheme). Within three weeks of its inauguration, UBINEPS has caught the imagination of State Government and small Entrepreneurs. In case of UBINEPS the finance sanction has varied from Rs.300 to Rs.3 lakhs. Even blind persons, widows and other persons seeking self-employment opportunities have been assisted under the scheme. The total schemes sanctioned are 22 with an outlay of Rs.11.5 lakhs. 8 schemes have been cleared under the Central Bank of India - NAYE Assistance Programme in Maharashtra.

NAYE -
EDUCATIONAL
INSTITUTION

The latest innovation is the collaboration of programme worked out with Canara Bank to help create business groups in educational institutions. The NAYE has decided to set up BUSINESS GROUPS in 100 colleges of the country in 4 States (Delhi, Bihar, Tamilnadu & Karnataka) who will start small business enterprises starting with cooperative stores to cater to the needs of the students and the college concerned. In course of time - these stores will also be dispensing essential commodities to the consumers in the command areas of the institutions. The NAYE has also decided to start 1000 NAYE clubs in educational institutions, of the country to motivate and acclimatize students for self-employment activities. A detailed scheme for the starting these clubs in colleges has been drawn up and two such clubs have been set up in Guindy College, Madras and Engineering College Trichur in Kerala. The NAYE has drawn up a plan to induct

students in the stream of entrepreneurship during the final year of their college education so that they can be provided with part time training in the art and science of management of small enterprises, to help them to locate right type of business including industry and arrange for their inplant training in industrial estates during their holidays. During this period of one year NAYE will assist them in preparing applications for submission to the Banks and Development Corporations so that financial sanctions, allotment of shed, power etc. could be made even while the students are studying in institutions. This will cut down very considerably the gest tion period. This programme will have to be carefully nurtured and watched.

The NAYE brings out a monthly Journal 'Young Alliance' on Entrepreneurship , which is the only publication of its kind in the country, and is entirely financed by the members of NAYE. It has brought out 84 publications of different sorts. The entire funds have been financed by its members except for two small grants of Rs.10,000 made by the Ministry of Agriculture for publishing the reports of the National seminars on Agro Services. The entire budget of the organisation is met from the contributions of the members of NAYE. The NAYE has no intention of accepting any grant from Govt. for its activities or administrative expenses. As part of the self help programme of the NAYE, members of the organisation have extended liberal assistance in the organisation of national projects like Seminars, Workshops, Conferences etc. and publication of their reports.

The NAYE is managed by a central executive committee of 21 members as per its constitution. However, four national level committees have been set up under the

chairmanship of eminent persons in their respective fields to give special attention to the various programmes initiated by the NAYE . Special mention may be made of the following four committees :

1) Central Committee for the development of Entrepreneurship.

This Committee was headed earlier by Mr. N.N.Wanchoo for three years. After his appointment as Governor of Kerala, he has been succeeded by Shri B.P.Patel, (ICS-Retd) former Secretary of Ministry of Irrigation and Power and Chairman of the Gujarat Industrial Investment Corporation. 58 National and Regional Institutions including UNIDO (Senior Field Advisor) are members of this Committee. The committee has been entrusted with framing suitable policy for the growth of entrepreneurship in the country and many of the schemes started by the Govt. of India owe to the policy strategy developed by this committee. Broad mention may be made of the setting up of consultancy and marketing services in different parts of the country. This committee meets about four time in a year.

ii) National Committee for Development of Backward Areas.

This committee is headed by Shri G.L.Bansal, former Secretary General of Federation of Indian Chambers of Commerce. He has set up an enterprise of his own in a backward area of Rajasthan. This committee has drawn up elaborate programme of visiting 25 backward areas to examine the constraints and handicaps in the growth of small and medium enterprises in these areas and to make suitable recommendation both to the Govt. and the NAYE for accelerating the pace of industrialisation of these areas.

iii) National Committee of Agro Services

At the initiative of NAYE twenty five agro services centres were set up in different parts of the country to take agricultural and engineering graduates from urban areas to rural areas and establish them there. These centres were to engage in providing custom hiring of tractors, agricultural machines and equipments to the farmers, maintenance of workshops, sale of agricultural input like seed, fertiliser etc. and in a few cases farm counselling like soil and water testing,

use of fertilisers etc. These units are being run now under the administrative guidance of State Agro-Industries Corporations and have been financed by the banks. This is the only scheme in which there is heavy interest subsidy. Entrepreneurs have to pay only 5% rate of interest, the rest is subsidised by the Govt. There are now 3000 such agro-service centres in the country, each having financial outlay of an average of Rs. 2.5 lakhs. These entrepreneurs, who are known as agro entrepreneurs, have been given three months training at the training centres set up by Agro Industry Corporation with the financial aid of the Govt. of India.

This committee is headed by Mr. H. P. Nanda, President, Excoerts Ltd. and comprises Managing Directors of State Agro Industrial Corporation, manufacturers of agricultural inputs and farm equipments, Banks, concerned ministries and a few specialists. NAYE has organised two national seminars on Agro Services so far, besides a National Convention of Young Entrepreneurs.

iv) National Committee of self employment amongst students.

This is the newest committee set up under the chairmanship of Mrs. Tarkeshwari Sinha, former Union Deputy Minister for Finance. This committee comprises of representatives of Universities, Bankers, representatives of Centre and State Govts. and a few specialists. The nature of the work of the committee has already been stated.

NATIONAL CONVENTION OF YOUNG ENTREPRENEURS

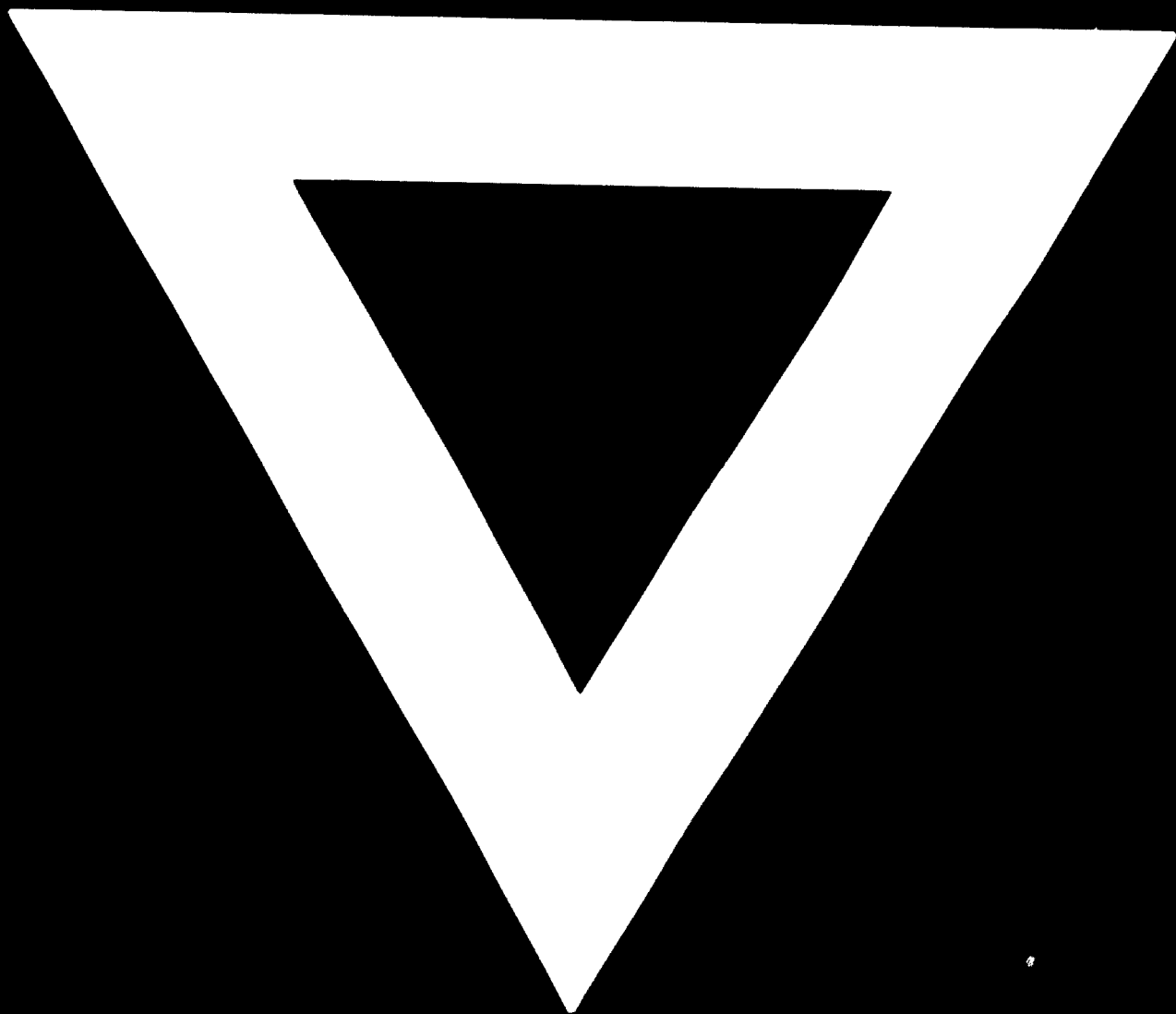
In the coming week, the NAYE is organising the first ever National Convention of Young Entrepreneurs. Over 4000 delegates, out of which 3000 entrepreneurs will be first generation entrepreneurs from different parts of the country including Nagaland, Meghalaya, Mizoram etc. and 200 tribal entrepreneurs would be participating. Six technical sessions would enable these entrepreneurs to sit down with specialist to discuss various problems which affect them. A national Exhibition on Entrepreneurship is also being organised and

the convention will be inaugurated by the President of India on November 19, 75.

NAYE has organised successfully 22 national and regional seminars entirely financed by itself besides convention of entrepreneurs at National, Zonal, State and District levels.

NAYE has 48 branches and it hopes to have 100 by the end of March, 1976.





76.01.16