



Community based Enterprise Models for Sustainable Livelihoods

Micro, Small and Medium Enterprises as Engines for Job Creation and Inclusive Development

Globally, 600 million jobs are required in the next 15 years to absorb a growing workforce, mainly in developing economies of Asia and Sub-Saharan Africa. India, alone, has a growing working population of 12 million per year, with an unemployment rate of 6.1%, a four decade high. High unemployment is likely to result in high economic and societal costs that include growing dependency ratios on the economy, unrealized economic potential, and social unrest owing to impact of joblessness.

Micro, small and medium enterprises are engines of development that boost job creation while fuelling sustainable economic development. With a decline in the potential to create jobs in the agriculture and large industry on the decline with rapid mechanisation, skewed labour capital ratio, MSMEs present the opportunity for job creation in the face of increasing unemployment and jobless growth. There is increasing evidence that most jobs in emerging economies are located within MSMEs, which also create 4 out of 5 new positions. Moreover, as enablers of improved local capacities and jobs, MSMEs are effective for promoting equitable economic growth. Being decentralised in nature, they allow for the development of resilient economic systems as a whole. With high contribution to indicators of sustainable economic development and job creation, these enterprises are referred to as the backbone of an economy – both in developed and developing economies alike.

Inhibited Growth of Micro, Small and Medium Enterprises in India

Despite the crucial role of micro and small enterprises in promoting job creation and inclusive development, the growth of these enterprises in emerging economies is limited owing to the lack of a supportive ecosystem that nurtures their development. Constraints such as access to technical knowledge, finance, market, and poor entrepreneurship capacities limit the development of MSMEs among communities.

The development of MSMEs is crucial for India as inequitable and jobless growth continue to remain a development challenge. In India, there are 46 million MSMEs, out of which 94% units are informal or unorganised in nature owing to inadequate support systems. These enterprises contribute to 45% of India's manufacturing output and employ close to 40% of India's workforce. Despite of being a high employment sector, the MSME economy, contributes to only 8% share in total GDP. It is expected that if provided with appropriate support, they will generate employment levels to the extent of 50% of the overall employment, more than doubling the current MSME workforce of 106 million.

Madhya Pradesh Government's Initiatives for MSMEs (Indian Iris, 2015)

Madhya Pradesh has the second highest growing economy at 10.19%. Experts suggest that MP has become a second most favourable state after Gujarat in terms of attracting bigger industries. In recent years, the state government has been successful in attracting industries to set up their plants. Last year, in Global Investors Summit 2014 held in Indore, investors pledged to invest 80,000 crore in MP. Madhya Pradesh government since the last decade has been very supportive of inclusive growth through special focus on Micro Small Medium Enterprises (MSMEs). The Industrial Promotion Policy (IPP) 2014 provided a special attention to MSMEs. The steps taken by MP government include, but are not limited to skill development programs to fill the gap of skilled manpower required for MSMEs; development of clusters, promotion of establishment of new vendor units nearby mother units, marketing assistance and promotion of sub-contracting to develop local vendors.

Supported by



Organised by



TARAGram Yatra in Orchha, Madhya Pradesh

Efforts have been made over the years by government, civil society and the private sector to promote micro-enterprises. However, these efforts have either been disintegrated or have been marginalised with the onslaught of fair and unfair competition in the face of increasing globalisation and liberalisation. Given this context, this *Yatra* aims to develop a multi stakeholder perspective on promoting micro entrepreneurship for economic development in Bundelkhand. Specifically, ground level practitioners, entrepreneurs, subject matter experts, policy makers, and government representatives will discuss and deliberate some of the following key issues:

- Social, cultural and economic factors that promote or inhibit entrepreneurship among rural communities
- Challenges (especially for key inputs like technology and, finance, market access and business management capacity) are most critical to be solved for creating enabling environment for micro enterprises
- Possible partnerships and collaborations among government and non-state actors that can support the success of micro enterprises

Promoting a culture and enabling ecosystem for entrepreneurship in Bundelkhand

The Bundelkhand region of Madhya Pradesh grapples with undeveloped markets, inaccessibility and the high costs of accessing enterprise information and support services. Further, there is limited financial, technology and market players that are active in this region.

Development Alternatives has implemented initiatives to bridge the information gap, enhance access to support services, and develop an enabling ecosystem - to unleash entrepreneurship. These are aimed at creating local movements that are self-sustaining and are designed to:

- Nurture constructive communities through building safe spaces for women, youth labs, local self-government as centres of influence.
- Unleash entrepreneurial energies through knowledge building, capacity building solutions, and access to technology, credit, and marketing support at the last mile
- Build a robust enterprise ecosystem through joint action with local policy stakeholders and market aggregators

In the last one year, Development Alternatives has reached out to over 10,000 youth and women with information and knowledge on enterprise development and nurtured 200 micro enterprises across Bundelkhand while reaching a network of 100 local stakeholders.

The *Yatris* will be immersed into the nature of entrepreneurship in Bundelkhand region of Madhya Pradesh. There will be field sessions with members of SHGs and federation that have set up agri-enterprises, individual entrepreneurs. The *yatra* will also have sessions of engagement with local finance, technology and government players to experience the culture and social circumstances of entrepreneurship in the region.

Supported by



Organised by

