CHAPTER-VII

CONCLUSION AND RECOMMENDATIONS

Financial inclusion, entrepreneurship and economic development are the most important drivers of local economic development. New firm formation and the activities of small and medium sized Enterprises (SMEs) help drive job creation and economic growth through accelerating innovation and promoting the full use of human, financial and other resources. The vitality of the new and small firm sector is therefore a major determinant of local competitiveness, whilst how local economies perform in this respect in turn influences national economic performance.

Government policies and schemes towards encouraging self-employment and community development have a role to play in leveraging the dynamic nature of entrepreneurship, devising programmes that support market mechanisms that may not be well adapted to entrepreneurship and promoting entrepreneurship in the population at large. Such policies are often more effective when they contain an important local component, enabling them to respond more closely to realities on the ground.

Indeed, local environment is a key influence on entrepreneurship vitality. It influences the degree to which entrepreneurial habits and opportunities emerge and impacts on the availability and quality of the services and resources that entrepreneurs need, such as finance, premises, human resources, networks and communications infrastructure. Local governments and development agencies have an important contribution to make to the provision of a healthy local environment for entrepreneurship, complementing initiatives taken at national level.
In considering a policy intervention it is important to be able to provide a theoretical justification for why the intervention should be able to improve the economic performance of a local economy in comparison with allowing the market to operate unhindered.

One of the most influential frameworks in this respect is the market failure approach. This approach is based on neoclassical welfare economics and uses the benchmark of a Pareto-efficient, perfectly competitive economy, which achieves optimal use of economic resources. Against this benchmark there are a number of potential sources of market failure in the field of entrepreneurship, which may be remedied by policy intervention. Market failures in the areas of selection of beneficiaries, finance, premises and training for entrepreneurs are recommended in this section in line with the findings of the performance of SHG scheme in Dharwad district of Karnataka.
MAJOR FINDINGS FROM THE STUDY

The major findings/conclusions from the study are presented in this section in three categories viz., the NABARD officials, Bank Managers and the beneficiaries.

1.1.1 NABARD Officials

- The officials were satisfied with the working of their team.
- The prominent criterions for the selection of the SHG were age, education, gender, caste, physical disability of the youth, social standing, willingness of the person to start the business and viability of the proposed project.
- They were satisfied with the coordination among the members and generally a period of 1-3 months was taken in the process of selection after submission of the application.
- Compulsory training programme of of varied duration were proposed for the beneficiaries before the disbursement of the loan was made to them had modules on managerial aspects, technical and marketing skills. Management training was proposed to those with no history of any business in their families (first generation) were given management training.
- Fixation of the targets for the disbursements of the loans under the SHG was fixed for the banks in consultation with them on the basis of number of branches in the Dharwad district.
- To create awareness auto-rickshaw with loud speaker giving out information were used for publicity in market places.
- The officials felt that the delay between the actual selection of the groups and the disbursement of the loan can be reduced.
- The officials felt that the amount of loan sanctioned for the business projects under the SHG was adequate run the business successfully.
- SHG was well received at rural level. Response was good and rapidly helped settled business to grow, gave fresh start to those on the verge of decline or closure and
helped aspiring ones to set their new ones. Villages in Dharwad Gramin enjoyed good sustainable progress during SHG scheme.

- The officials identified the following major problems in implementing the SHG scheme in Dharwad District due to the following factors

  - Undue political and official pressure.
  - Indifference of the banks.
  - Increased workload of the Officials
  - Misuse of the loan by the beneficiaries

- Overall the officials at Dharwad District felt that the implementation of the SHG was satisfactory.

1.1.2 Bank Officials

All the bank managers (100%) stated that the targets were fixed by the BANK in consultation with the concerned branches in the Dharwad district.

- Majority of the bank managers (72%) felt that their involvement in the beneficiary selection process was minimum and many of them were not consulted while the beneficiaries were selected for award of loan.
- Majority of the loans (92%) were disbursed within three months from the date of receiving the applications. Very few of them (8%) took more time.
- 72% of the bank managers felt that the loan amount was adequate for starting an entrepreneurial venture. However, around 18% of them felt that the amount should have been increased by Rs. 25000-50000/- more so that the same could stimulate more innovative business ideas.
- 8 percent of the officials reported that the repayment of the loans was being done in regular instalments. It can be observed that most of the banks reported that the percentage of SHG’s repaying the loans in regular instalments was below 25%.
• 75% of self-employment ventures in Dharwad district have been successful whereas 25% of ventures were reported as ill or had been shut down.

• The responses were favourable with most of the bank officials satisfied with the achievements of the SHG scheme. Very few of them felt that the scheme was not able to achieve proposed objectives for which it was implemented.

• Political pressure was identified as the major problem (perceived by 210 managers). Almost all the bank managers mentioned about the external pressure in sanction and disbursement of loan. However, they denied replying further questions on this issue.

• Non recovery of loan was the second most identified problem (68%). Most of them suggested that there should be revised guidelines and stricter action against the defaulters.

• 48 percent of the bank managers stated misuse of loan as the other issue. They stated that most of the beneficiaries were only interested in the subsidy element of the loan and were not really encouraged to start the business.

• Inexperienced and unskilled entrepreneurs as an issue were reported by 24% of the bank Managers. They believed that the amount of training imparted to the beneficiaries was not sufficient and much more intensive training on the technical and entrepreneurial aspects of business was required.

• Bank officials complained about the concealment of the facts and important information pertaining to family income, age, employment etc. they also mentioned about some cases of fraud wherein the selected beneficiary was already an established businessmen and had turnover in lakhs of rupees.

• Bank officials perceived the SHG as a target based scheme wherein the numbers were decided first and then all the efforts were to convert these numbers in actual disbursements
1.1.3 The Beneficiaries

- Majority of the loans are sanctioned for the services business ventures (145 out of 478) followed by trading (126 out of 478) and manufacturing (91 out of 478). The maximum representation of women beneficiaries were for services (80 out of 478).

- The chi-square test for independence to test the influence of the Gender on the selection of the business resulted in a chi-square value of 8.638. This value suggests that the hypothesis stating “There is influence of the gender on the selection of the different type of business” is found to be significant at a significance level of 10%.

- One way Analysis of Variance (ANOVA) was used to test the influence of the type of business on the amount of sanction loan. The test yielded an F-value of 1.467 which suggests that the hypothesis stating “The amount of loan sanctioned by the bank was dependent on the type of business the beneficiary proposed” was found to be insignificant at a significance level of 10%.

- 72 percent of the respondents did not have the necessary documents readily available their efforts to obtain these documents at a later stage.

- 43.4 percent of the beneficiaries were not satisfied with the process of document verification.

- The chi-square test for independence to test the influence of the document availability with the beneficiaries and their satisfaction with the bank Document verification process shows a chi-square value of 4.662. This value suggests that the hypothesis stating “The non-availability of the necessary documents with the beneficiaries led to their dissatisfaction with the bank’s document verification process” is found to be significant at a significance level of 10%.

- Therefore the hypothesis stating that “‘The non-availability of the necessary documents with the beneficiaries led to their dissatisfaction with the bank’s document verification process” is accepted.
316 beneficiaries (66%) had approached the NGO’s for necessary guidance and training for the proposal preparation. 26.7 percent of them had approached banks whereas, the remaining of them had taken help from the local consultants and academic institutions in Dharwad city.

Majority (64.3%) of the beneficiaries had taken training in the business related activities which included manufacturing and technical training. Training in the areas of planning, financial transactions and accounting was taken by almost 50 percent of the beneficiaries.

Family and friends acts as the major source of funding. The same was reported by 64.2 percent and 43.4 percent of the respondents.

Bank as a source of funding (apart from the SHG scheme) was reported by 18.9 percent of the beneficiaries.

57 percent of the beneficiaries were involved in bribing the officials of the banks. However, they refused to divulge the amount paid and the favour requested for that purpose. This finding of this study confirms the general notion of the involvement of corruption in the SHG scheme.

325 out of 478 of the respondents opined that the major problem was related to the financial problem (availability of loans). They experienced that the SHG loans availed for starting the business were not enough and therefore had to also source funds from different sources as identified earlier in the report. This burdened them financially and affected their business growth. The other problem that was identified was of deviations from the loan repayments (153 out of 478). However, they attributed the same to their financial status. There were not many complaints related to availing subsidy. Low sales and poor after sales services as the problems were related to poor product/service design and delivery.

50% of them believed in the quality and competition concept of strategy. Offering wide product and services range was restricted to a size of 30 percent of the beneficiaries.
• Price discounts (49.1%), followed by sales promotions (43.4%) by most of the service firms and trade discounts were listed by 35.8 percent of the beneficiaries as the widely used sales promotion tactics to promote the business.

• 85.77 percent of the beneficiaries have either repaid the loan or paying their instalments regularly. However, it is observed that almost 15 percent of them were finding it difficult to repay the loan and/or discontinued paying the loan instalments.

• Overall the beneficiaries were satisfied to a moderate extent on the objectives of the SHG scheme in the Dharwad district.

• The chi-square test for independence to test the influence of the type of business on the repayment of the loans by the beneficiaries to the bank had a chi-square value = 8.949 this value suggests that the hypothesis stating “The repayment status of the loan is dependent on the type of business run by the beneficiary” was found to be insignificant at a significance level of 10%.

• Therefore the hypothesis stating that “The repayment status of the loan is dependent on the type of business run by the beneficiary was rejected.

1.2 ACHIEVEMENT OF THE OBJECTIVES OF THE STUDY

The present study was taken with the following objectives:

I. To study the MF scenario in India

II. To assess, up to what extent SHG beneficiaries are satisfied with the Micro finance scheme available to them.

III. To study the procedural aspects of SHG Micro financing scheme and evaluate the progress with specific reference to its implementation in Dharwad district of Karnataka.

IV. To analyse the views and perceptions of various players in the SHG’s towards identifying the strong and weak spots in order to enhance the effectiveness of the scheme.
V. To document the views of the Stakeholders to sharpen the implementation of similar schemes in the future.

VI. To suggest measures to improve the implementation of the scheme.

The first five objectives of the study were achieved on the basis of the analysis of the data collected from the bank officials and the beneficiaries of the SHG scheme in Dharwad district through different sources of data collection which included secondary sources, interactions with the bank officials and the SHG beneficiaries. The findings of the same have been discussed elaborately in the chapters 5, 6 and 7.

Chapter 5 presented the views and perceptions of the bank officials, here the bank managers shared that they had good experience while dealing with the Bank officials and were satisfied with the bank official and the basic policy objectives. Chapter 6 presented the views and perceptions of the SHG beneficiaries. The analysis and findings presented the detailed assessments of the extent the people are satisfied with self-employment programmes launched by the Government, the procedural aspects of Self Help Group (SHG) scheme and evaluation of the progress with specific reference to its implementation in Dharwad district of Karnataka. The above findings of the stakeholders can act as a basis to sharpen the implementation of similar schemes in the future.

The various suggestions and improvement measures to improve the implementation of similar schemes are presented in this chapter (Chapter VII)

1.3 RESULTS OF HYPOTHESES TESTING

The results of the various research hypotheses framed in this study have been discussed at the relevant paces in the above sections. However a summary of results of the same is presented below
**HYPOTHESIS-I**

$H_0$: There is no influence of the gender on the selection of the different type of businesses in Dharwad District.

$H_1$: There is influence of the gender on the selection of the different type of businesses in Dharwad District.

The analysis and findings pertaining to this hypothesis is presented in chapter VI. Here influence of the gender on the selection of the different type of business” is accepted, for example service and processing unit.

The chi-square test for independence to test the influence of the Gender on the selection of the business resulted in a chi-square value of 8.638. This value suggests that the Alternate hypothesis ($H_1$) stating “There is influence of the gender on the selection of the different type of business” is found to be significant at a significance level of 10%.

**Result:** $H_0$ is rejected and $H_1$ is accepted

**Hypothesis-II**

$H_0$: The amount of loan sanctioned by the bank is independent of the type of business proposed by the beneficiary.

$H_1$: The amount of loan sanctioned by the bank is dependent of the type of business proposed by the beneficiary.

Here the high standard deviations for these businesses points out that within the business group there exists high variations on the amount of the loan received. So it can be seen that for manufacturing setup the minimum loan amount sanctioned was Rs. 25000 and the maximum sanction was a value of Rs. 300000, as per business need.
One way Analysis of Variance (ANOVA) was used to test the influence of the type of business on the amount of sanction loan. The test yielded an F-value of 1.467 which suggests that the Null hypothesis (H₀) stating “The amount of loan sanctioned by the bank is independent on the type of business the beneficiary proposed” was found to be significant at a significance level of 10%.

Result: H₀ accepted and H₁ rejected.

HYPOTHESIS III

H₀: The non-availability of the necessary documents with the beneficiaries does not influence on their satisfaction/dissatisfaction with the Banks document verification process.

H₁: The non-availability of the necessary documents with the beneficiaries influences on their satisfaction/dissatisfaction with the Bank’s document verification process.

Here, the beneficiaries were not satisfied with the document verification process by the bank and said that the process was slow. When this was informally discussed with the bank officials they revealed that mostly those who didn’t had proper documentations available as per the laid down process complained about the slow process and the beneficiaries were the major reason for slowing down the process.

The chi-square test for independence to test the influence of the document availability with the beneficiaries and their satisfaction bank Document verification process shows a chi-square value of 4.662. This value suggests that the Alternate hypothesis (H₁) stating “The non-availability of the necessary documents with the beneficiaries influences on their satisfaction/dissatisfaction with the bank’s document verification process” is found to be significant at a significance level of 10%.

Result: H₀ is rejected and H₁ is accepted
HYPOTHESIS IV

H₀: The repayment status of the loan is independent on the type of business run by the beneficiary.

H₁: The repayment status of the loan is dependent on the type of business run by the beneficiary.

Because the success of the SHG scheme is dependent on the status of the loan repayment taken by the beneficiaries. During the survey it was felt that most of the beneficiaries were making attempts to repay the loan.

The chi-square test for independence to test the influence of the type of business on the repayment of the loans by the beneficiaries to the bank had a chi-square value = 8.949 this value suggests that the Null hypothesis (Ho) stating “The repayment status of the loan is independent on the type of business run by the beneficiary’ was found to be significant at a significance level of 10%.

Result: Ho accepted and H₁ rejected.

1.4 IMPLICATIONS/RECOMMENDATIONS FOR IMPROVEMENT

OECD (1998) identified supportive cultural attitudes as one of the most important factors contributing to entrepreneurial vitality in an economy. Some localities and social groups seem to have more positive attitudes to entrepreneurship than others, whilst culture and social capital also appear to affect the willingness of entrepreneurs to network and cooperate with each other. Important interventions in this area include promoting entrepreneurship education in schools and higher education, promoting awareness of entrepreneurship as a career option, publicising positive role models and supporting inter-firm networks. Another issue concerns the role of new firm formation and self-employment as a response to unemployment or inactivity, particularly in groups that are disadvantaged in the labour market, including youth, women and ethnic
minorities. This type of approach can be seen as a type of affirmative action or positive discrimination on equity grounds. It is largely based on the belief that whilst new firm formation and self-employment are likely to be a solution to unemployment only for a small proportion of the population, policy could assist more people from these groups to benefit from becoming entrepreneurs than currently do, whilst not seeking to push people into something inappropriate for them. Tackling geographical concentrations of unemployment is also one of the principal motivations for specific area- or zone-based policies, such as tax incentives to stimulate entrepreneurship.

1.4.1 Proper Identification of Beneficiaries

It has been generally observed that identification of beneficiaries under various Government Sponsored Schemes is being done in a very casual manner, without making proper verifications of their antecedents and without properly ascertaining viability of the activities undertaken by the beneficiaries. There is no proper coordination amongst various sponsoring and support agencies as they lack sharing of information regarding the potential available in a particular area for different activities. Generally financing of units under Government Sponsored Schemes results in saturation of the activities thereby rendering them unviable. To overcome the above problems the following recommendations are made.

- The flaws in the way the schemes are being run presently need to be removed and the whole system of operating these schemes needs a revamp. An effective mechanism to sponsor, supervise and monitor the Schemes needs to be evolved. The responsibility for coordination and doing so is entrusted to a single nodal agency dedicated for the purpose.
- Development departments be advised to explore the scope for innovate Self Employment Projects under various sectors and to play more proactive role for
creation of large scale self-employment opportunities ensuring more productive and efficient use of available human resources in the economy.

- Sponsoring departments need to ensure adequate due diligence in selection of beneficiaries. It would be more feasible that the selection of beneficiaries is conducted by the nodal agency that should exclusively deal with the selection process in order to keep a complete track. This will help in preventing multiplicity of loans from different sponsoring agencies to a particular beneficiary. The said agency should maintain the complete database of the district concerned regarding activity-wise potential available, Number of unemployed youth in the area, Number of cases sponsored activity-wise, details and status of existing units in the area etc. which would help in deciding upon the number of fresh beneficiaries to be sponsored under the particular activity. Such an agency should be able to liaise with all the line departments for speedy disposal of the cases.

- There is need to create a proper mechanism to study and ascertain potential of various activities in a particular area and sponsor only such number of cases that are considered to become viable.

- All the Sponsoring Agencies need to have proper coordination with each other and support the activity/enterprise with involvement and with a common objective.

- The agencies should desist from forwarding unviable and un-bankable proposals to the banks to avoid rejection of applications.

- The Bank officials should be involved actively in the selection process duly focusing on the viability and profitability of the units.

- All the Sponsoring Agency should forward applications in phased manner and avoiding bunching of applications in the last quarter of the financial year.

- The Government should extend all possible cooperation in creating conducive credit culture in the State. The Government should involve in monitoring and recovery of loans to generate confidence and stability in the credit delivery mechanism and its intended objective of generating productivity and employment.
The initiative of Government of India to set up Rural Self Employment Training Institutes (RSETIs) for skill building and handholding of the beneficiaries in every district can be expected to tackle the deficiency of training / technical know. This initiative has to be pursued enthusiastically by the State Government and other concerned agencies. The RSETIs must be suitably equipped to cater to all sorts of training needs for beneficiaries of the district. The training curriculum of RSETIs should also include imparting proper education/ awareness to the beneficiaries regarding the marketing techniques, banking procedures for loans and advances. The beneficiaries should be adequately educated about the incentives of the schemes, repayment procedures of the loans, disadvantages of default in repayment of bank dues etc.

There is immediate need that the existing complex documentation system is simplified and an easy and uniform set of loan security documents is obtained.

The nodal agency should act as a catalyst in opening of marketing opportunities for commodities and goods produced in the self-employment ventures.

The Government should formulate area and trade specific strategies for maximizing employment opportunities on a sustainable basis like for forestry, agriculture, communication, horticulture and other emerging sectors.

The Government needs to bring synergy in different development sectors in terms of creation of self-employment opportunities through policy interventions including model law on various activities.

The SHG schemes should be designed as products to suit varied traits, aptitudes and skills of the prospective entrepreneurs.

Increase the overall targets for SHG in States to provide self-employment but it is to be observed that allocations are in proportion to unemployment rates. This also needs to be carried to the district level.

Processing of loan applications has been target-specific with scant attention to the needs. The targets are fixed not with any rationale behind it. Emphasis has to be on the potential beneficiaries belonging to SC/STs and women.
- The Government agencies and Bankers have favoured the involvement of NGOs, mostly for identification of beneficiaries and recovery of loans. Therefore, the NGOs could be involved in identification of genuine beneficiaries and to motivate the beneficiaries in repaying the loans.

- The stakeholders have also indicated necessity of training. At the same time they are not in favour of training to the entrepreneurs, who opt for business activities. In view of this, it is better not to impose compulsory training for the SHG’s with business proposals.

- Industrial sector must receive priority as one beneficiary in this sector will create employment for a few others with spill-over effect. But not many avenues are explored in this sector, therefore, model projects be prepared in each district on successful local activities based on which banks could release the finances.

- SHG schemes should be widely popularised through newspapers and with the help of NGOs.

### 1.4.2 Encourage Innovation

The selection of the projects should also lay emphasis on the innovation component of the business the beneficiary has proposed. Such policies need to consider that the ability of beneficiary to innovate depends in part on knowledge exchange with other parts of the local innovation system. This view, drawing on insights from evolutionary economics, emphasises the role of policy in overcoming what we might refer to as ‘learning failures’ in local economies. Researchers have discussed this issue in the past and provided several good examples of policies to encourage knowledge exchange through promoting alliances by businesses, stimulating knowledge transfers from foreign direct investment ventures, attracting highly-skilled workers from overseas and creating vibrant local innovation systems.
1.4.3 Better Planning for Finance

Theory suggests that a key problem in the finance market for new and small firms is that imperfect and uneven information impedes the ability of lenders to make proper judgements on which projects they should invest in. In debt markets, problems of adverse selection and moral hazard constrain the ability of lenders to respond to different levels of risk by varying the interest rate, leading lenders to ration credit. Equity markets are hampered by the lack of institutions to connect lenders and borrowers and provide liquidity. Empirical evidence is not as clear in its support for the market failure view as is often thought. However, there do appear to be significant problems in funds supply under the SHG scheme for starting a business venture. As found from our study the officials and the beneficiaries felt that the amount of loan was less and had been increased.

We believe that the same can be tackled through initiatives such as supporting mutual guarantee schemes and arranging for venture capital funds by the local government bodies. It is recommended that the banks should arrange seminars and invite the VC’s to showcase the best projects and generate interest for getting funding from them.

1.4.4 Premises

Small business accommodation is essential for the development of new and small firms. Here, theory suggests a divergence between the social and private returns of premises provision. New and small firms provide Entrepreneurship Policy at Local Level important social benefits in terms of income and job generation. However, individual landlords or property developers cannot capture these social benefits through rents or sale values. With strong competition from other uses such as housing, offices and leisure the commercial sector may find little opportunity for profit in small firm premises. The public sector may therefore work in collaboration with the private sector to develop commercial real estate at appropriate price levels. Local governments often have an
advantage over national agencies in this area because they may have significant land holdings themselves, they often hold planning powers and other responsibilities that can complement the property initiative and may also have a better understanding of the local property market. Hence it is recommended that the Government while introducing such schemes in future should take the local bodies (City Corporation) into confidence to allocate premises at reasonable rates to the beneficiaries.

1.4.5 Training

The problem in the field of training is also essentially one of the insufficient of positive externalities, in this case in terms of difficulties for small firms to capture the full benefits of training their staff. Staff trained by a SME may capitalise on their higher productivity once trained by moving to another firm at a higher wage, such that the beneficiary is unable to recover its investment. Training programmes are therefore often provided or subsidised by the public sector, particularly where this concerns generic rather than firm-specific skills. Training for small business managers and employees is an area in which local development agencies have traditionally been involved and the local approach has the advantage of flexibility in responding to the needs of local firms. However, it was observed during the study that such programmes were very generic in nature. It is therefore recommended to form categories of beneficiaries according to their business profile at the state level and devise specific training programmes for them. For example we can make a group of people those who are involved in food processing business and specifically train them on a topic related to their business such as “adding preservatives and colours”.

One of the reasons for poor performance under the Government Sponsored Schemes has been that the beneficiaries generally lack proper skills, expertise, technical know-how and training in the activity they take up. It is therefore suggested to have a proper training mechanism. As most of the banks, in our study have already expressed
this concern that the duration and the content of the training programmes is to be improved. Major recommendations made in this regard include;

- Strengthening the training institutions will go a long way in modifying the scheme, where training should be based on locally important enterprises.

**1.4.6 Effective post-disbursement monitoring /supervision of the units:**

Sponsoring agencies restrict their responsibility only up to the sponsorship of the cases. Similarly, often due to scarcity of staff the lending banks/ institutions are unable to exercise any post-disbursement monitoring/ follow-up of the units, which generally results in diversion of funds / non-existence of the units. Bank branches are usually over-burdened and are unable to pay due attention to the sponsored schemes. They are not properly organizing handholding, monitoring and follow-up of units to ensure end use of the funds. It is recommended to take care of the same by having proper monitoring and evaluation systems in place.

It has been observed that there is some cases beneficiaries generally are not serious in establishing the units under the schemes opted by them and they resort to diverting the loaned funds to other non-productive activities, resulting in default in repayment of the bank dues, which ultimately gives rise to non-performing assets, thereby preventing banks and other lending institutes from being enthusiastic towards lending under Government Sponsored Programmes. Again the same can be tackled through proper monitoring and evaluation systems.

- Scrutiny of the projects should be properly done to make sure that there is demand for the proposed product or services in the market before sanctioning the loan. This will help minimize the number of cases dropping out after the sanctioning of loan by the participating bank.
➢ The estimate of investment for the SHG unit’s needs careful attention as more than half of the beneficiaries reported that they had to mobilize additional funds for investment in the unit.

➢ Officials should assist the beneficiary to start the unit at the earliest and supervise the activity at least at the beginning so that funds are not diverted for some other purposes.

➢ Banks need to develop some package to assist the beneficiary owners of the closed units to revive closed or defunct units.

➢ Recovery drive to be strengthened through awareness programmes but in the case of non-recovery due to genuine reasons, repayment to be rephrased.

➢ Interest should be charged only after the unit starts functioning, which would help the beneficiaries to repay properly. In case of genuine default, a case by case review should be taken up by the banks to revive the enterprise rather than mechanically concentrating on recovery alone.

➢ Most of the units/ventures financed under SHG are owned individually. Banks should make efforts to promote partnership ventures.

➢ Banks should interact periodically with the beneficiaries. This would help keep constant watch on the happening and state of affairs in the unit and improve the rapport between the bank and the beneficiary. This, in turn would also facilitate better recovery of bank loans.
1.4.7 Faster Clearance of applications:

It has generally been observed that Sponsoring Agencies of various Government Sponsored Schemes resort to bunching of applications and forward the same to the banks at the fag end of the year leaving least scope for the banks to process the same, with the result these cases often tend to be rejected by the banks. The same has to be improved.

1.5 Design and Delivery of Local Entrepreneurship Policies

Recommendations for local policymakers involved in the design and delivery of entrepreneurship strategies, programmes and projects, are set out in OECD (2003b). These are summarised below. The same can also act as the guidelines for the policy makers in India too.

1.5.1 Guidelines on Design of the Policy

- Make the strategic policy goals of enterprise support explicit.
- Do not view the promotion of micro-enterprises as a solution to social exclusion for large numbers of individuals.
- Adopt a commercial approach to service provision.
- Promote public awareness of entrepreneurship using a variety of media.
- Ensure that micro-enterprises are given proper attention in the system of enterprise support.
- Identify and redress benefit traps that can discourage enterprise.
- Facilitate access to training as a means of enhancing enterprise performance, job creation and survival.
- Encourage small firm usage of the Internet by taking government online and promoting Information and Communications Technology (ICT) awareness.
• Expect limited short-term employment creation from entrepreneurship promotion, but examine measures to enhance local employment impacts.
• Seek to ensure the availability of business premises offering affordable and flexible rents.
• Make local regulations current and minimise their burden on enterprises.
• Work with local banks and other financial intermediaries to facilitate access to finance for entrepreneurs.
• Consider the promotion of mutual credit guarantee associations.
• Encourage equity investment through education and information, and support networks of business angels.

1.5.2 Guidelines on Delivery of the Policy

• Consider incorporating new objectives into existing institutions rather than creating new organisations.
• Ensure flexibility in the operation of self-employment support programmes.
• Design self-employment and micro-enterprise support programmes such that budgets and capacities can be expanded during economic downturns.
• Aim for visible points of referral to professional advisors, as comprehensive programme outreach by public bodies is costly and unnecessary.
• Ensure access to high-quality pre-start advisory services.
• Carefully select monitoring and performance measures as these shape programme outcomes in diverse and important ways.
• Systematically evaluate programmes and policies and ensure that evaluation findings inform policy.
• To help counter displacement effects, ensure a strong marketing component in assistance programmes and consider restricting the terms of business support.
• Encourage the creation of team-based firms.
• Examine where the public sector can play a catalytic role in establishing private-sector-led networks.
• Implement broad campaigns to introduce the networking concept to businesses.
• Expect to provide some financial support in feasibility work, start-up activities and the costs of network brokerage.
• Work with realistic timeframes.
• Ensure the presence of experienced network brokers.