

## A PRAGMATIC STRATEGY FOR MFIS TO COUNTER RECENT CRISIS IS TO GARNER FUNDS AND ENCOURAGE ENTREPRENEURSHIP:

*Focus On Reticular Activity Trend and Not Be Cauldron for Politicians and Bureaucrats*

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### ABSTRACT

*The present spurt of suicide of farmers and bankruptcy of artisans has shaken the confidence of both funders and lenders to the poor all over the world. In fact lenders are more disturbed as all of a sudden they found that their most popular business like lending to the poor that were yielding huge profit in the recent past now proving highly risky and almost leading them to bankruptcy. This fatal blow has shaken their confidence and despite induction of capital by the private equity funds and institutions like SIDBI to restore confidence and help them to come out from the turmoil almost unscathed; it is surprising to find them still groping in dark to come out of the tunnel which unfortunately self created by them out of sheer greed. An attempt has therefore been made in this paper to conceive a strategy that would help these institutions to come out of this grove and once again become vibrant and healthy institution to restore confidence of people and the market.*

*It is obvious that under economic recession almost all business houses and institutions adopt caution and wait and see policy initiatives of government and regulatory authorities; and MFIs are no exception to it. It is, therefore, not surprising that despite constant cajoling and even offering lollipops to them by financial institutions both government and privately sponsored central agencies of both developing and developed countries of the world, MFIs are in general avoiding lowering of lending rates knowing well that the prime reason for their present downfall is exorbitant rate of interest charged by them under the pretext that farmers and artisans whom they fund need timely fund both for consumption as well as production and do not mind paying high rate for this. It is obvious that such assumptions though held over the years but obviously just a self deception and could never be held as truth. So much so that most of them could not be persuaded or even cajoled to lower the lending rate and extend credit to meet both consumption*

*and production need of rural households and small borrowers. In fact, most of them are in a bind. This phenomenon is not plaguing only in India but could be seen in other countries also. In fact the present global recession has shaken the confidence of all financial institutions and despite heavy doses of bailout offered by central banks and governments of countries, all over the world; these institutions are yet to restore their confidence to lend money in a way as expected and hence the story of depression and gloom still prevails in the financial markets all over the world. In fact there is need of paradigm change in Marketing Strategy of all financial institutions particularly those who are catering loans to rural and urban poor households.*

#### **PAY DUE ATTENTION TO SIGNALS FROM PASSIVE PART OF BRAIN**

It is, however, interesting to note that all these is happening as because we are foxed and overawed with the present financial tsunami, looking around with our eyes only and listening also only through our ears, but ignoring signals from brains. In fact, we are doing nothing worthwhile today to change our thought process to break the traditional beliefs, attitudes and even patterns of thinking to break away from the grooves and allow our brains to change dramatically our perception and thinking which would create creativity and capacity to change and come out from the present depressing mindset and environment. Admittedly, it has been proved that our brains are structured to enhance our intelligence, creativity and also to implement the same in real life.

Our brain by a process known as *reticular activating trend* [RAT] makes this change of mindset and takes important but highly risky decision. It is, therefore, a story of RAT that executives of financial institutions particularly those that are lending to poor have to listen to so that they may come out with innovative strategies and services that would help them to come out successfully from the present financial crisis unscathed.

#### **DEVELOP CONVICTION AND CLARITY IN GOAL SETTING**

It is not just motivation, as it does not stay long. It is conviction and clarity of goal setting by the executives of these institutions that would help them achieve what may otherwise appear to be almost impossible to achieve. In fact, there is an *irresistible force* within us that helps us achieve

what otherwise appears to be unachievable. In this regard it is worth quoting John Assaraf and Murray Smith who in their recent book entitled “The Answer” have rightly said “ the United States today is buried under a staggering mountain of debt—trillions of dollars’ worth. How this country ever is able to get out from under? There is one and only one way that will ever happen: through the efforts of creative and passionate people building the business of their dreams.”

#### *PAY DUE ATTENTION TO ECOLOGY AND ENVIRONMENT*

Further, it has been rightly observed in the above study that ‘the planet’s ecology is also facing some serious threats right now. How will we ever be able to solve our worldwide energy needs without ruining the planet in the process? There is one and only one way: *through the ingenuity and passion of entrepreneurs*. This is exactly what is happening. Germany and China have shown the way by developing most economic energy source from sunshine. India is also going ahead in developing energy source from wind as well as sunshine. These are all evidences that, if they like to change and rewrite the strategy for the good of institution, society and ultimately mankind they can do it. It has been rightly observed that in the 21<sup>st</sup> century, *it is the ‘individual man and woman passionately in pursuit of his/her business dreams will have a positive, transformative impact on everyone’s lives.*

#### *SUBJECT VISION TO FIVE TESTS*

Creating a clear business vision would be the first step of the critical strategy to transform and overcome recession. Of course, it is easier said than done. The key to this could be to subject your vision to following five tests:

- 1. Does it stir your soul?*
- 2. Could you excel in performing the same?*
- 3. Could you recondition your mind to think that it is achievable?*
- 4. Could you perceive that it would generate money?*
- 5. Could you regularly act on it without any immediate gain?*

*ACTIVATE INACTIVE BRAIN*

Obviously, to create and adopt a new vision is not a very simple and easy task. It requires activation of that part of brain which all of us think lying inactive. However, it is interesting to appreciate that this part of the brain when activated leads to many innovations. For example, Thomas Edison would deliberately put himself to sleep to solve some of the intractable problems that he encountered from time to time while working for his invention. This elaboration itself indicates the power of supposedly idle brain and its power of creating infinite possibility that could be available to every individual when the same is put to use. Furthermore, this has happened with many other inventors too in the past Lessons could be drawn from the experiences of commercial banks

*STRATEGY OF RETAIL BANKING DURING ASIAN CRISIS*

One wonders why bank executives could not put this into practice to encounter the challenge of recession. As many are aware, during East Asian crisis when banks were facing similar challenges some of them rose to the occasion and completely changed their strategy from corporate banking to retail banking. One of the illustrious and

A successful example was the initiative taken by Siamese Bank in Bangkok. This bank totally changed its culture by bringing some non-banker (retail head of UNILEVER at Bangkok) to transform and adopt the culture of retail banking. Bank Raykat Indonesia, Unit Desa, sharply focused on rural banking and credit. The World Bank said, "...Further, the vast profits of desa unit have been used to cross-subsidize bank's other divisions' wealthier clients"

*DEVELOPING AND FUNDING ENTREPRENEURS*

In today's scenario, it would be helpful if MFIs could once again change their strategy from *lending to village woman to empower them but also to inculcate entrepreneurial development* to fuel and sustain the economic growth through innovations; and sharing initial risks like venture capital institutions, of new enterprises developed in rural, semi-urban as well as in urban areas by unemployed youths. It is true that a large number of Indians are in general risk averse and look for employment opportunities rather than engaging in business and industry. However, in recent

years some change is visible, particularly in rural and semi-urban areas. It may, also, be mentioned that some sections of Indian people have earned name and fame globally as entrepreneurs of small retail business houses, particularly in provisions, clothes, and gold and silver ornaments' businesses. It is interesting to note that such entrepreneurs could be traced in most of the counties of the world as since time immemorial these people have migrated from India to set up their trading businesses in various parts of the world. It would be, further, interesting to note that most of these people migrated from their villages and towns and stayed over there for several generations. Even in agriculture [like sugarcane, plantation etc] Indian farmers have enriched many backward countries through their entrepreneurial skill. It is, however, equally true that India lagged in *Schumpeterian model of entrepreneurship* for quite some time and of late only this could be seen emerging in metropolitan and also in some developed parts of urban areas.

### ***GLUED TO FARMING***

Most of the Indian villagers remained glued to farming only partly because the traditional farming was seasonal and provided enough time to laze away. It, also, needed no formal education. Moreover, but for monsoon failure, the risk in farming was almost negligible and hence remained attractive for generations. However, with the emergence of risks, besides monsoon [viz. low yielding traditional seeds, attack of pests & diseases and volatility of prices of agricultural products] farmers over the years developed a mindset of fatalist and cursed their fates for any calamities and sought doles, debt waiver and charity from governments and charitable institutions. It would not be exaggerations/wrong to say that successive Governments and publicly elected representatives, even after six decades of independence, followed a policy to keep farmers and artisans under their thumbs by making them dependent on their doles, grants and subsidies etc. as that helped them to build their vote banks. It would be, however, wrong to assume that villagers could not be transformed as entrepreneurs. History records that they have been found developing many innovations even with primitive traditional knowledge for survival and if given proper enabling environment they can surely express their latent potential. It is

necessary and it should be possible to develop an appropriate entrepreneurship model, if rural youths are empowered with marketable skills.

### ***FORTUNE AT THE BOTTOM OF PYRAMID***

Dr k Prahlad of Wharton, in his famous book '*The Fortune at the bottom of Pyramid*', has brought out how poor people in rural India could become employable by adopting new growth models suitable for generation of new employment opportunities and economic growth. In this regard, he stressed that the role of multi national companies has to be re-defined. He emphasized that the present trend of MNCs to cater for mature markets need to be changed and to extend the same even to poorly developed markets in villages and semi-urban areas by introducing some strategic changes like packaging and pricing. It would now not be difficult as the recently developed *supply chain management technique* empowers industries to reach easily and in cost-effective way to the remotest corners of the country. Some initiatives of this nature have already been taken by some consumer goods industries and no doubt these efforts have helped these industries to capture more space on one hand and on the other have helped villagers not only to earn and spend but also to produce and consume these along with people residing in urban and metropolitan towns. These efforts have, however, regretfully led to growth of market for MNCs but have not helped villagers to develop their latent potentiality of becoming full fledged entrepreneurs as manufacturer of goods. It is true some of the resourceful villagers on their own could develop some supply chain management and retail business in the process.

### ***NEED CHANGE IN MINDSET IN FRAMING POLICY***

This confirms that there is need for some paradigm change in our policy thinking as well as our mindset, particularly of our enlightened legislators. In this regard, the vision of our ex- President Dr A.P.J. Kalam for *providing urban facilities in rural areas* (PURA) is worth mentioning as this is possibly one such step that would help transforming agri-business potential through knowledge, institution and technology platform. This would need to be multiplied to help spreading knowledge and technology among rural youths. It may, also, be appreciated, as rightly pointed out by Dr. Mashelkar, that technological innovations could also emerge in the

laboratories of life. Accordingly, this has to be stressed in all efforts to rejuvenate rural youth and transform them as entrepreneurs.

### ***FOCUS ON DISPARITY IN INVESTMENT IN RURAL AREAS***

Despite the fact that Investments have been made extensively in rural areas and at times even massive amounts have been earmarked for various rural projects all these generally have proven ineffective as most of these are in the form of subsidies, doles and waiver of loans, instead investments made to create physical and social infrastructure in rural areas. These also failed to generate effective delivery system from the formal public institutions and virtually transformed them as corrupt and irresponsible institutions manned and fanned by publicly elected representatives and so called influential rural elites. The glaring noticeable disparity between rural and urban infrastructure [like roads, transports, power and communication] has created the hiatus in socio-economic growth of rural and urban areas. Lack of infrastructure in rural areas have made private sector also hesitant to develop industries over there. It is true the scene is to some an extent changing and some new industries are growing in villages or its outskirts. But essentially villages have still remained mostly agrarian with low productivity, abysmal poverty and disguised unemployment. It is high time now than before for policy makers not to introduce employment opportunity plans like National Rural Employment Guarantee (NREG) where potential unemployed rural youths are either given work of mud lifting or paid even when no work could be allotted to them. This would obviously make them lazy and kill in them the very foundation of creativity and latent talents. Indeed, some of them even come out to refuse digging mud and to carry the same for dumping at some allotted place. It is difficult to fathom out the type of mindset of politicians who actively advertise such projects and feel complacent and happy as if they have been doing great work for poor villagers. In fact it would not be wrong to state that 'the program seemed well designed for bureaucrats and politicians to siphon off money'. Already country has wasted tax payers hard earned sum of around Rs.30,000 crore in 2008-09 alone

### **NEED TO CHANGE MINDSET OF POLICY MAKERS AND BANKERS**

Something has to be done for rural poor it would be necessary to change the mindset of policy makers and bureaucrats. Rural areas should not be considered as agricultural belts and rural youths should not be taken for granted as farmers and artisans only. Rural youths, like all other youths, should be considered as indispensable and valuable “*human resource*” and could be shaped like all other youths as *entrepreneurs, innovators, professionals and managers*. Many rural youths after getting some education have migrated to urban areas and have developed many new businesses and even industries. It is therefore natural question that would arise in the mind of any rational man what for these migrations should continue and why not such thing could not be done in rural areas. The answer is not very far to seek. It is the lack of political will to develop villages through provision of all urban amenities as aptly referred to by Dr Kalam including presenting equal opportunities particularly to rural youths for higher professional, business, financial and technical education. This should be enshrined as their constitutional right. It would therefore be necessary for Government, enlightened institutions including banks and individuals to come forward with projects both for modernizing agriculture and other sectors including service and manufacturing to provide opportunities to rural youths to work in these village projects and enterprises.

### **MODEL RECOMMENDED**

India, among many developing economies, has been well endowed with unfathomable physical, biological and human resources in rural areas, such as climate, sunshine, land, labor, livestock, water, vegetation, forestry, fisheries etc. If rural youths are actively involved in exploring and exploiting these resources through their capacity building and provision of knowledge focused on science, technology, management and finance as is provided by Institute of Rural Management, Anand, Entrepreneurial Development Institute, Ahmadabad, Institute of Financial Management & Research, Chennai, IIMs, IITs etc, they can surely integrate vital components of value chain/supply chain, such as producers; input, equipment & technology suppliers; processors and exporters and sharply raise production, productivity & profitability of these partially & unscientifically exploited resources in villages, thereby contributing towards inclusive growth, minimizing incidence of poverty and regional imbalances. In this process, all

three potential sectors of Indian economy [primary, secondary & tertiary] will have adequate scope for integrated development. Government should create enabling environment focusing on macroeconomic policy, legal & regulatory framework of public institutions to facilitate easy and reliable access of rural youths.

In this regard it is worthwhile to keep in mind that there would be some lag in developing village entrepreneurs as there would be dearth of capital to develop village projects and enterprises but this could be dealt with by developing institutional entrepreneurship as is done to meet the capital needs of urban entrepreneurs by creating development banks. However in this strategy also there could be some difficulty as overall supply of individual entrepreneurs and managers with necessary education and aptitude might not be readily available. It would therefore be imperative that institutions under *public private partnership model* should be developed by banks to fund and organize ventures to provide services and to manufacture products. Such organizations should conceive projects for compact lands for farming and for clusters of artisans for manufacturing, trade and commerce. States in developing countries have assumed the role of entrepreneurs. In some of the developing countries including India some efforts have been made to institutionalize development activities even in rural areas but these have not been specifically assigned the much needed role to act as catalyst for growth of individual entrepreneurs. In fact villagers could have been as good as city dwellers but for lack of infrastructure including education. It would therefore be necessary to hold the hands of villagers for some period and enable them to grow as entrepreneurs and managers without getting the shocks of market and monsoon or such other natural risks for some time as these have created fear psychosis in villagers for generations and obviously they need some time to get over such psychology and become an entrepreneur rather than remain as fatalist and dependent on doles alms and such other charities

#### APPLICATION OF RECOMMENDED MODEL

In recent years some efforts have been made to hold hands of farmers and artisans by some micro financing institutions particularly in south. Pragati Bandhus in Karnataka is one such model as these groups of marginal farmers named as Pragati Bandhus not only provided hassle

free loans to farmers but also physically stayed with them to help them to prepare crop planning along with marketing and technology support. This obviously a better model than usual pattern followed by micro financing institutions to act as lender to farmers, however to achieve real success it is imperative that these institutions should shoulder the risk of farms and firms in rural areas run by rural farmers and artisans. The ultimate need is to enable them to get enough confidence and managerial and financial strength to become entrepreneurs on their own. Only with such transformation of rural people particularly youth who outnumber others could make India a developed country and decouple her from the present global meltdown.

## CONCLUSION

Banks in India should take this cue and adopt a strategy to not only funding entrepreneurs but also to groom unemployed youth to become entrepreneurs and employable. It is true most of rural youth prefer to go and work in cities as they find life in rural areas not conducive for growth as these places lack most of the essential infrastructure like roads, electricity etc. it would be an opportunity for banks and government to join hands with local youth in villages to build up institutions to create necessary infrastructure and groom and fund them to run any enterprise that could be developed over there. In recent years some banks have developed rural agriculture institutes but the need is to develop rural polytechnic schools and groom rural youth to become entrepreneurs either on their own or joining hands with others including banks and government. However special care should be taken to keep them away from political and bureaucrats clutches.

## A LIVE CASE STUDY of CANADA-A SUCCESS STORY\*

\*(adapted from [www.tbs-sct.gc.ca](http://www.tbs-sct.gc.ca); [www.rural.gc.ca](http://www.rural.gc.ca); [www.google.com](http://www.google.com) )

### Business Development and Entrepreneurs

Small businesses are the source of nearly 80 per cent of new jobs in Western Canada. These are the employment engine of the region. In recognition of the importance of community-based delivery of services and support to Small- and Medium-sized Enterprises (SME) development, western economic development (WD) program provided funding to third-party organizations including industry associations and those making up the Western Canada Business Service

Network (WCBSN), which in turn deliver business services and support to entrepreneurs. This has obviously led to improved access to business information, training, business advisory services and capital for all western Canadians, including women and francophone entrepreneurs, and people located in rural communities.

#### Improve Business Productivity

It provided operating and loan funding to a number of other organizations that in turn delivered targeted loan programs, business advisory services and training for entrepreneurs. It improved business productivity by addressing the needs of SMEs and entrepreneurs through a number of service delivery mechanisms and partnerships including more than 100 offices. It engaged Community volunteers, who knew local issues and could identify business opportunities, mainly helped in achieving success in grooming entrepreneurs and their business enterprises in 2005-2006; this organization was stabilized through new, multi-year agreements providing operating support for member

#### Community Futures Development Corporations (CFDCs)

Furthermore CFDCs were floated as a national community economic development program implementation organization that would help people in rural communities respond to local needs. It has provided operating funding to the CFDCs since 1995 to enable them to provide local strategic economic planning services, business counseling and loans to small businesses in rural communities.

#### Women's Enterprise Initiatives (WEIs)

WEIs work to provide customized services to help women entrepreneurs face challenges and succeed. Operating from head offices located in Kelowna, Calgary, Saskatoon and Winnipeg, the WEIs improve access to financing, education and training, business advice, loan aftercare, information, networking and mentoring for women entrepreneurs.

#### Francophone Economic Development Organizations (FEDOs):

FEDOs enhance the vitality of Official Language Minority Communities (OLMCs) in Western Canada and strengthen economic opportunities for francophone business. With head offices in

Winnipeg, Regina, Edmonton and Vancouver, FEDOs provide enhanced services to francophone entrepreneurs, including training, business and community economic development, access to capital, information services, marketing advice, and networking.

#### Canada Business Services Centres (CBSCs):

The CBSCs provide a single, seamless gateway to information for businesses and maintain an extensive database of business and trade information from federal, provincial, municipal and non-government sources. Western Canada CBSCs are located in Vancouver, Edmonton, Saskatoon and Winnipeg and services are also available through a network of regional CBSC and Aboriginal service sites.

In addition to support through the WCBSN, WD has undertaken a number of initiatives to encourage SMEs and R&D organizations to be innovative in improving their productivity and competitiveness. These include lean manufacturing practices (identification of new trends, the development of innovative strategies and the implementation of new processes), technology and management training and academic and industry internships and exchanges.

#### Sub-Activity: Access to Capital

A 2004 Statistics Canada Survey on Financing of Small- and Medium-sized Enterprises found that 20 per cent of SMEs cited obtaining financing as an obstacle to business growth. Those more likely to experience difficulties in obtaining financing included innovative businesses (40 per cent), young enterprises - defined as those that started operation in 2002 (34 per cent), exporters (29 per cent) and manufacturers (27 per cent).

Through work with financial institutions, members of the WCBSN and other organizations, WD has contributed to increased investment in targeted western Canadian firms. In particular, WD has responded with the development of two types of SME loan programs;

#### Evaluation

1. WD Loan and Investment Program (previously the Loan Investment Fund Program) at: <http://www.wd.gc.ca/rpts/audit/lifp/ic-eng.asp>.-source

The evaluation found that:

- Only 16 per cent of Loan and Investment Program loan clients could have obtained financing from other sources;
- 82 per cent of the small business financing experts surveyed indicated that there are gaps in loan financing available to small-and medium-sized enterprises; and 64 per cent indicated that the Government of Canada should influence private sector financial institutions to do lending to eliminate the gaps; and
- The Loan and Investment Program does not significantly duplicate other loan programs and services.

Loan loss agreements have been negotiated to leverage additional loan capital from credit unions for rural business lending by CFDCs in British Columbia. The urban micro-loan, Advice and Business Loans to Entrepreneurs with Disabilities loan (ABLED) and francophone (FEDO) agreements provide loans averaging \$14,000 to very small and start-up businesses...

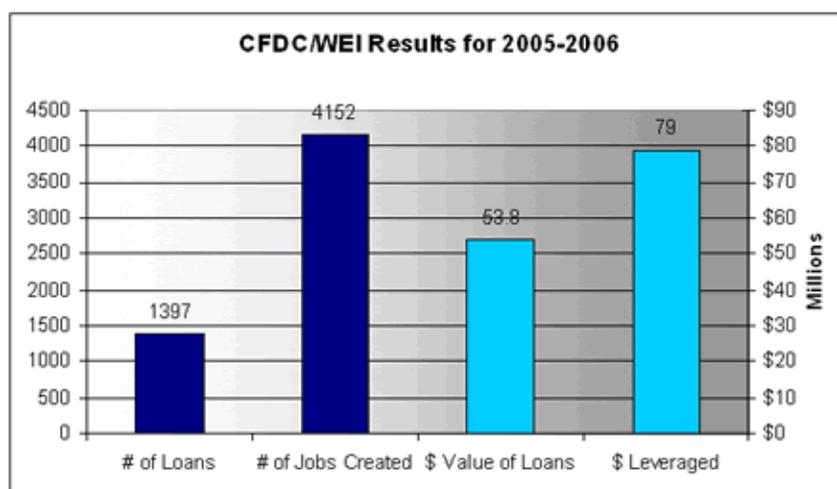
2. Developmental loans delivered by the Western Canada Business Service Network and Entrepreneurs with Disabilities Program (EDP) urban delivery agents

WD has provided WCBSN network members with funds to support repayable loans to SMEs in rural areas, and SMEs operated by women, francophone, young entrepreneurs or those with disabilities. WD's network members also provide SMEs with path finding services and referrals to alternative sources of financing.

#### Results for 2005-2006

An evaluation of the Entrepreneurs with Disabilities Program (EDP) and the Urban Entrepreneurs with Disabilities Initiative Fund (UEDI) undertaken in 2005 is available on WD's website at: <http://www.wd.gc.ca/rpts/audit/edp-uedi/default-eng.asp>. In the evaluation, Ference Weiker & Company estimated that "the average EDP and UEDI loan client generates 260,000 in revenues and 6 person years of employment over the first five-year period after they receive assistance that is attributable to the assistance that they received."

In 2005-2006, total external financing leveraged by FEDOs was estimated at \$2.3 million. The results for CFDCs in rural areas and WEIs serving women entrepreneurs are summarized below:



Total statistics above include: 68 loans to entrepreneurs with disabilities, totaling \$1.4 million and projected to create or maintain 156 jobs; 113 loans to youth, totaling \$2.3 million; and, 236 loans to Aboriginal clients, totaling \$7.18 million.

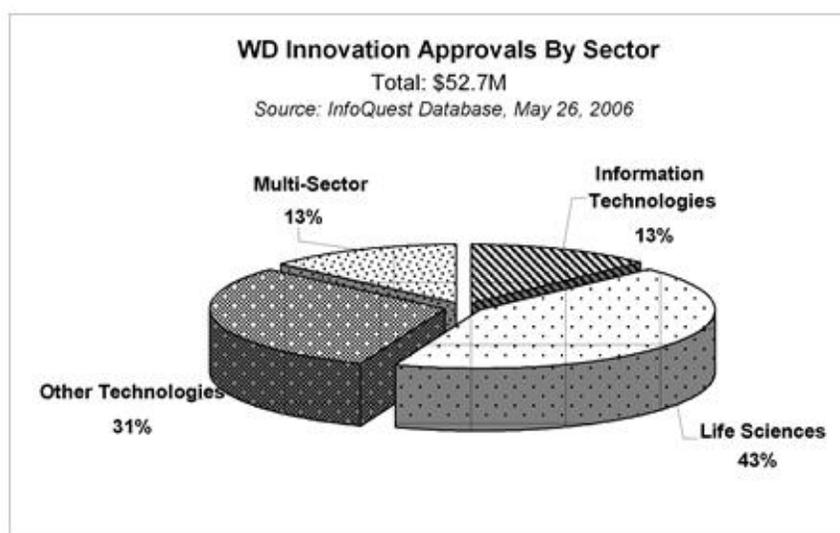
#### Program Activity: Innovation

, A innovation process that translates knowledge into new products and services is an important driver of long-term economic competitiveness and prosperity. WD investments in innovation are an important building block for creating a diversified economy in Western Canada. These investments support the emergence and growth of technology clusters in key sectors - such as environmental technologies, life sciences, information and communications technology (ICT) and value added resources and contribute to the development and commercialization of new technologies and technology based services and products in Western Canada.

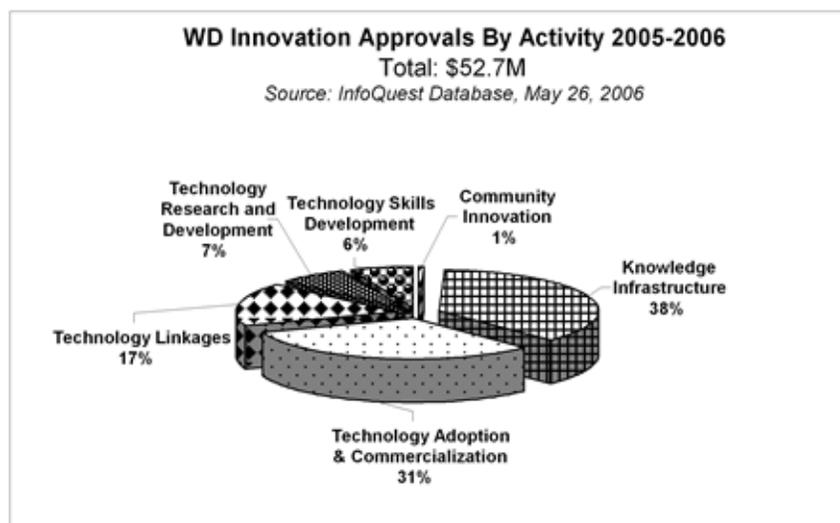
According to the cluster life-cycle model, most of the western technology clusters are in their earliest formative stages. Recognizing this, the majority of WD investments have been made in knowledge infrastructure and technology adoption and commercialization, which help set the foundation for clusters and future growth. As the clusters mature, investments will address gaps and opportunities and will be connected to markets and collaborative research opportunities with the United States through the ERI.

By strengthening the innovation system and enhancing technology clusters, resources such as highly qualified personnel (HQP), large anchor companies, venture capital, investments in R&D and knowledge infrastructure are drawn to and developed in the region. Firms in clusters are often active in export markets and international supply chains, and contribute to economic growth and diversification by reinvesting in new R&D activities and creating or retaining highly skilled jobs.

In 2005-2006, WD approved almost \$52.7 million to support the growth and development of technology clusters and the innovation system as a whole. The following graph illustrates this distribution:



WD works with many partners when developing and funding innovation projects. On average, the department contributes 33 per cent of the costs of an innovation project. For innovation projects approved in 2005-2006, WD support will leverage funding of \$146.4 million from other sources.



#### Sub-Activity: Technology Adoption and Commercialization

Technology commercialization ultimately occurs in industry. WD supports all phases along the technology commercialization continuum from support to organizations such as university technology transfer offices that identify, protect and license technologies to support that encourages technology adoption and adaptation.

Increasing investment and support for the commercialization of new technologies in Western Canada is a priority for WD. The department's work in this area has led to broad results including an increase in the number of technologies developed in research institutions that have commercialization potential, as demonstrated by intellectual property (IP) protection, licensed to an external user, or form the basis for a new company. The ultimate goal is to bring new products and services to the marketplace. In addition, WD's efforts have led to increased technologies adopted by existing firms.

#### Sub-Activity: Technology Linkages

Through its work in innovation, WD has increased connections and synergies among innovation system members through new partnerships/networks, collaboration, and conferences to exchange information and increase awareness.

#### Sub-Activity: Technology Research and Development

To support technology R&D, WD has invested in applied R&D leading to a new product or process that will have a near or mid-term commercial potential. This has resulted not only in applied R&D leading to technologies with commercialization potential, but also support for the operating or increased capacity of R&D centers and increased availability of skilled personnel

Sub-Activity: Community Innovation

Innovation at the community level can identify new opportunities and enhance the viability of traditional sectors. WD's support for community innovation in 2005-2006 resulted in planning studies used by communities as a tool for economic development, increased capacity in communities based on the generation of new knowledge, and community businesses adopting new technologies.

Sub-Activity: Technology Skills Development

Under this sub-activity, WD supports projects that increase training, education and skill building in the new economy sectors. WD has contributed to several initiatives that increase the number of qualified individuals in the field and build linkages with industry.

Sub-Activity: Knowledge Infrastructure Investments in knowledge

Infrastructure provides the foundation for technology clusters. WD's investments in this area have resulted in increased physical assets for R&D and/or training and new investments to the field.

## CONCLUSION

*It is obvious therefore that the present lag in entrepreneurial development in rural areas in India could be overcome if institutional entrepreneurs under public private partnerships are formed. This would not only help in risk minimizing but also in risk sharing and that would help risk averse rural youth to undertake business and farming with more gusto and less fear. It would make them also real entrepreneurs after they start tasting success in their enterprises jointly managed with state partnership. In the process they would also be groomed as better managers under the enlightened and better educated executives drawn and recruited by the state.*

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