A Conversation on Micro-Entrepreneurship in India

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Microenterprises (MEs) are crucial to address India's unemployment problems, but they still are not on the radar of most macro level programs and processes. Development Alternatives (DA) is writing a chapter on "Emerging patterns in micro-entrepreneurship and impact on the poor in rural India" in the State of India's Livelihoods (SoIL) report to be launched at Livelihoods India Summit 2021, organised by ACCESS Development Services. To gain multiple perspectives on the challenges and emerging possibilities in the sector, DA organised a virtual roundtable on 25 September 2020 with participants from diverse organisations such as UNDP India, World Bank, Entrepreneurship Development Institute of India (EDII), Hand-in-Hand, Institute of Rural Management, Anand (IRMA), and Udyogini. The panelists highlighted the need to bring changes in the entrepreneurial ecosystem by building enabling infrastructure that can support MEs and challenging the socio-cultural complexity for nurturing women entrepreneurship.

The session began with the DA team sharing the empirical boundaries of the chapter, and some key trends and forces in the system to shift from conventional enterprise development initiatives to adopt an ecosystem approach that unleashed entrepreneurship. Vijay Mahajan, the editor of the SoIL report,

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oriented the panellists towards the future of the ecosystem. Key focus areas that he highlighted were: access to financial capital (which has been exacerbated by COVID-19), linking decentralised individuals or disintegrated producer clusters to markets, leveraging the new Common Service Centre (CSC) Grameen services, and addressing the skilling gap for the 100 million individuals who have moved from Agri based livelihood to non-farm livelihood.

The panellists then shared their thoughts on the current trends and future possibilities, with special emphasis on crucial elements to explore in the chapter. Piyush Sinha, Professor, and Chief Mentor at EDII for Start-up Village Entrepreneurship Programme (SVEP), shared the early success that EDII has achieved in 65 blocks of 12 states. Blocks with SVEP have had thrice the number of enterprises set up and 75% of training participants, from marginal communities, becoming entrepreneurs. He also mentioned that now many women are becoming key influencers for enterprise development in local communities. Tinni Sawhney, Aga Khan Foundation, emphasised on shifting the location of production where value is being created and further empowering women with the knowledge of value chains.

Dr Shambu Prasad, IRMA appreciated the imperative to address the micro and nano enterprises of the country, but also expressed concern about the scarcity of data on the performance of different schemes in the sector. Given the dearth of skilling institutions, he focussed on training, especially for women. Madhu Sharan, President, Hand in Hand, emphasised how women and youth have increasingly become forthcoming towards entrepreneurship. She further added that mentoring and handholding support (specifically, in the form of digital and financial skills) could help overcome social and cultural barriers. Ajit Kanitkar, from Vikas Anvesh Foundation, highlighted the importance of building upon existing infrastructure in the form of community and training institutions, to motivate members for growing their 'micro' or 'nano' enterprises.

Bharti Joshi, Indian Grameen Services, expressed the need to emphasise the cultural and attitudinal aspects of the entrepreneurship ecosystem. Bala Madhavan Kutty, World Bank talked about the homogenisation of MEs due to the current MSME definitions. He indicated at a growing focus on new and allied sectors such as tourism, hospitality, and health, formalisation of various processes such as the Udyog Aadhaar, and the decreasing costs of the internet to become drivers for growth in MEs.

The CEO of Udyogini, Vanita Vishwanath, pushed the panellists to think of a model that does not force formalisation upon rural India. She explained how we could start mapping aspirations and migrant remittances from the cities, and enable entrepreneurship in not just innovate sectors, but also focus on small family-based enterprises for economic empowerment. Ramakrishna NK, Rang De brought attention to the shifts and forces due to the rapid digitization of the financial ecosystem. He said that cash-flow data-based credit score may be the next biggest innovation in fin-tech and that there is an urgent need to re-engineer value chains in such a crisis and create human centred designs powered by technology for building powerful multipliers for the economy. Amit Kumar, UNDP India, delved into the barriers faced by people from rural areas in terms of translating their ideas into viable businesses. He highlighted how physical access points on the ground are needed to complement technology and markets if we are to scale, reiterating the point on enhancing local resources.

In conclusion, Dr Arun Kumar, President, DA, indicated that value creation and value retention driven by entrepreneurship at local level will have to be supported by the digital disruptions in the levers of the ecosystem such as technology and access to credit. Dr Kumar highlighted that that positive value creators can be retained through external levers such as skilling. He emphasised that the context of the

chapter should include appropriate data, and should be focused on formalisation of processes in the ecosystem.

The webinar provided key insights on the trends in the micro entrepreneurship ecosystem to shift towards inclusive entrepreneurship and addressed the unemployment crisis in India. The SoIL Chapter authors (Shrashtant Patara, Kanika Verma, Vrinda Chopra) and the organising team from DA (Prema Gera, Saubhagya Raizada, and Shivankar Mohan) will now work towards incorporating insights and resources shared by the panellists, while also conducting further interviews to uncover deeper nuances about the ecosystem and its future.

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