

Micro enterprises contribute towards eradication of poverty and development of economy of an area. The dream of most of the poorest families is to own a micro Enterprise. Similarly, the development of economy of an area requires growth of micro enterprises. Micro enterprises provide both backward and forward linkage to different sectors of economy. In this context, promotion of micro Enterprises is critical to overall development of an area. However, it is not so easy to promote micro Enterprises. Promotion of micro Enterprises requires facilitation support and Business Development Services (BDS).

Historically, development process in India has either focused on industrialization or on rural development. Government has played a key role in promoting large, medium and small enterprises (not so much on micro Enterprises). Rural development efforts have focused on reduction of vulnerability and extreme poverty (not focused on micro Enterprises). Government can play a key role in supporting growth of micro Enterprises.

Increase in access to BDS services can potentially contribute towards promotion of micro Enterprises in India. This could be provided through a cadre of BDS providers. BDS providers could be individuals having experience of managing a micro Enterprise or having interest to support micro Enterprises. Typically, micro Enterprises relate to resources, skills and market opportunities in a village or cluster of villages. Hence it is desirable that BDS providers operate at village/cluster level.

Currently, most of the BDS providers provide business services to micro Enterprises in an informal manner. Most of them are also managing their own micro/small enterprise. Often such services are associated with exploitative practices like buying produces from micro Enterprises at a lower price. There is need to facilitate promotion of a cadre of quality BDS providers at an area level, preferably at block level. BDS providers would also require back up support to enhance their quality of services. This includes enhancing skill in providing BDS and sharing experience between the BDS providers. This could be facilitated through local Civil Society Organizations (CSOs) having experience of promoting/managing micro Enterprises. Facilitating promotion of a cadre of BDS providers could further be institutionalized by promoting micro Enterprise Facilitation Centre (mEFC) at block level.

Micro Enterprise Facilitation Centre (mEFC) can be visualized as a long term sustainable institution dedicated to promotion of micro Enterprises in a block. MEFC can facilitate provision of BDS for micro Enterprises through a cadre of BDS providers affiliated to it. Services of MEFC would include running certificate course on BDS for micro Enterprises (BDS4ME), promoting quality standards relating to BDS for micro Enterprises and facilitating sharing of experience/networking amongst BDS providers. MEFC could be managed by local CSO having experience in promoting and/or managing micro Enterprises.

Promotion of micro Enterprises seems to be the missing link in India's development process. Government can play a key role in promoting micro Enterprises. Micro Small and Medium Enterprises (MSME) Act already indicates Government of India's commitment to promote and support micro Enterprises. Government could promote a network of mEFCs at block

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level, through active involvement of local CSOs. Overall, this would contribute to agenda of “Inclusive Growth” in India.