

## RSETIs as Nurseries for Startups: A Utility Analysis

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**Abstract:** The most successful RUDSETI experiment of 1982 by Shri Dharmasthala Manjunatheshwara Educational (SDME) Trust with Syndicate Bank and Canara Bank to promote self-employment among the unemployed BPL (Below Poverty Line) rural youth with unique training methodology and handholding systems has caught the attention the Government of India (GoI). Realising the importance of this process, the GoI has felt that investment in education and training, which are the strategic necessities, will deliver employment-enhancing skills, which in turn increase productivity and accelerate the future economic growth of the country. All this has led to the replication of the RUDSETI model in the name of RSETI (Rural Self Employment Training Institute) in 2009. These RSETIs, now in operation across the country, are acting as nurseries for producing the 'Startups' who eventually establish themselves in their respective rural and semi-urban areas and contribute to the overall national economy also as the time progresses. Formulation of the National Skill Development Policy (NSDP) in 2009 to give a framework for skill development and state the roles and responsibilities of the government and other stakeholders of the society explains as to why skill development has become one of the priority agendas of the GoI during the Twelfth Five Year Plan. RSETIs, being one of the thrust-areas of the government, need to become 'Centres of Excellence' where cent per cent roll-outs under various skill-development training programs aim at establishing themselves as profitable and proud owners of various self-employment business enterprises in their respective areas in the near future. The paper discusses what measures RSETIs (RUDSETIs are also treated as RSETIs function-wise), being the nurseries and springboards for the skilled-youth, can follow for attaining excellence in promoting large numbers of startups which will eventually lead to well-established companies.

**Keywords:** Entrepreneurship Development Programs (EDPs), Handholding, Linkages, Skill-Building, Startups;

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### I. Introduction

"Habit is the intersection of knowledge (what to do), skill (how to do), and desire (want to do)." - Stephen R. Covey

"Man often becomes what he believes himself to be. If I keep on saying to myself that I cannot do a certain thing, it is possible that I may end by really becoming incapable of doing it. On the contrary, if I have the belief that I can do it, I shall surely acquire the capacity to do it even if I may not have it at the beginning." - Mahatma Gandhi

The above popular quotes have one particular thing in common i.e., besides having the required amount of knowledge and skill to do, one needs to have the positive mindset and the mind (willingness or desire) to do a particular job, which speaks about the proactive step one needs to take to succeed in any endeavour. While this is applicable to all regardless of the occupation or profession he or she has been in, the importance of the same in the case of an unemployed person is paramount. The experiment conducted by one of the famous religious and philanthropic organizations way back in 1982, identifying the importance of the above segments in a training system, not only resulted in the establishment of a unique institution, RUDSETI (Rural Development and Self Employment Training Institute) but also led to replication of the same in the name of RSETIs (Rural Self Employment Institutes) across the country in a span of over two and half decades. These unique training set-ups or establishments focus on skills-building among the unemployed youth through their 'Entrepreneurship Development Programs (EDPs)'.

**Entrepreneurship Development:** Lakhs of youth, entering the job market every year in the country, are unable to find suitable employment for various reasons. Non-availability of adequate employment opportunities in the organized and unorganized sectors is one of the serious challenges the country has been facing for a long time. Promoting self-employment among the unemployed rural youth, especially those who are below the poverty line and periodic skill up-gradation sessions or workshops to make them aware of latest technologies, are some of the potential avenues to mitigate the said challenges. Given appropriate training, guidance and hand-holding support, the trained youth will be in a position to launch their profitable business/micro-enterprises. This

underlines the need of delivering/imparting skill, motivational and managerial inputs through a novel method of training system which will not only enhance standards of living of the rural poor but also contribute to the overall economy when they start their business ventures and strive to flourish. The entrepreneurial youth, upon reaching such a stage, can also feed the services sector, both within the country and abroad, enabling the country, thus, to become a reservoir of talented and skilled youth.

**Skills Development:** Skills development is the intended output of education and training efforts and it should be an enabler for growth. For an entrepreneur, the growth of his or her business and the establishment of a legacy are paramount. One needs to differentiate the terms “startup” with “entrepreneurship”. While some entrepreneurs create startups, the vast majority of them look beyond “Startups” and work for well-established companies.



As per FICCI (Federation of Indian Chambers of Commerce and Industry), the world population of people above 60 years by 2050 will hit the 1.3 billion mark. This trend will lead to the widening of the demand-supply gap, especially in the developed nations like America, Germany and France. On the other hand, India is emerging with one of the youngest populations in the world comprising of a highly mobile, English-speaking population. It is estimated that India will have a two (2) billion sized English-speaking workforce by the end of 2020. While this is so, there is a large shortage of skilled manpower in the country to meet the demands of rapid growth in recent years, driven by the growth in new-age industries. Further, the increase in purchasing power of the people has resulted in the demand for a new level of quality of service. In the wake of the changing economic environment, it is necessary to focus on inculcating and advancing the skill sets of the young population of the country. But in reality, India lags far behind in imparting skill training as compared to other countries with astounding facts that only 10% of the total workforce in the country receives some kind of skill training (2% with formal training and 8% with informal training). Further, 80% of the entrants into the workforce do not have the opportunity for skill training. Therefore, training such a workforce will imply that India can become the major exporter in the services sector as well as an exporter of manpower itself.

## II. Need for the Study

Skills and knowledge are the driving forces of economic growth and social development for any country. Countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of world of work. The accelerated economic growth has increased the demand for skilled manpower that has highlighted the shortage of skilled manpower in the country. There are several challenges that are faced by the government in imparting quality skill training to the youth of the country. In order to provide adequate training to the youth and develop necessary skills, the GoI took steps to improve the skill training scenario in the country. In 2009, the government formulated the ‘National Skill Development Policy(NSDP)’ that laid the framework for skill development, ensuring that individuals get improved access to skills and knowledge. Among several key features the said NSDP has, “Training for self-employment/entrepreneurial development” is one that needs to be given urgent and adequate focus to prepare skilled youth to take up self-employment and establish business enterprises.

## III. Review of Literature

Okada, A. (2012) has observed that despite its projected “demographic dividend” and its recent expansion of formal education at all levels, India suffers from a serious shortage of skilled workers: limited access to education and skills training, high rates of school dropout, and large mismatches in the labor market. The Indian government has recently embarked on a drastic reform of its training policy, intensifying its efforts to increase the number of skilled workers. To promote industrial development and achieve sustainable growth, India must increase its investment in education and training for youth. The majority of Indian youth enter the labor market without adequate vocational skills, leading to unstable, informal, low-wage employment, such as casual labor and various forms of self-employment. Given the vast size of the informal sector, however, it is critically important to institutionalize some training for work in the informal sector as more institutionalized and structured settings may help offer more effective and streamlined training for the informal sector [1].

Arvil (2007) observed that in countries where economic growth is weak and overall unemployment is high, youth unemployment tends to be relatively higher. The expansion of self-employment and the growth of micro-enterprises in the informal sector have accounted for an increasing share of employment in many

developing countries over the past quarter of a century. In the countries where this applies, the growth of wage employment in the modern sector has been slower [2].

Ramadorai (2014), in his document, titled 'Incremental Update' on "Youth Empowerment through Skill Development", captured the skill development efforts and outcomes (between March and October 2014), of the National Skill Development Agency (NSDA) and the National Skill Development Corporation (NSDC). Informing how Government recognized the importance of Skill Development and Entrepreneurship by creating a ministry to coordinate the efforts in that space, he went on to observe that the newly created Ministry of Skill Development, Entrepreneurship, Youth Affairs and Sports will work with various other ministries in the govt., and harmonize the skill development activities across all these ministries. Further, the new programme of the Government would ensure that skill development become an Integral part of all GOI schemes [3].

Institute of Applied Manpower Research Planning Commission, Government of India (2010), in their 'Issue paper' titled "The Challenges Facing Skill Development in India" have narrated that the MoRD, in the public sector, supports the creation of Rural Development and Self-Employment Training Institute (RUDSETI) – at least one per India's 632 districts – to encourage entrepreneurship and skill building of rural youth for self-employment and concentrate its activities in area with a pre-existing market for the goods/services produced [4].

Federation of Indian Chambers of Commerce and Industry (FICCI 2012) has stated that India, looking at the advantage it has with over two billion young people becoming a demographic dividend for the country, could aim at preparing the workforce for global opportunities so that it can utilize its premium position as the human resource reservoir. Given the dynamic labour markets it is also important that the workforce learns and readies itself as quickly as possible [5].

Vandana Saini (2015) observed that in order to make India internationally competitive and to boost its economic growth further, a skilled workforce is essential. She felt that as more and more India moves towards the 'Knowledge Economy', it becomes increasingly important for it to focus on advancement of the skills and these skills have to be relevant to the emerging economic environment. For transforming its demographic dividend, an efficient skill development system is the need of the hour. Therefore to achieve its ambitious skilling target, it is imperative to have holistic solutions of the challenges instead of piecemeal interventions [6].

Jamal, Tabassum and Mandal, Kasturi (2013) observed that globalization has created a great demand for a skilled workforce which is responsive to emerging market needs and is equipped with knowledge. Although the Indian economy has experienced rapid growth over the recent period, the low level of education and formal training of the workforce are matters of concern. In India, the informal sector employs nearly 90% of the workforce, most of whom are either non-skilled or inadequately skilled, and there is very little investment or opportunity for formal 'skilling'. To get productive employment, especially in the informal sector, it is crucial to acquire skill sets with strong labour market linkages [7].

#### **IV. Scope of the Study**

The paper studies the proactive steps initiated by Government of India (GoI) on the skills-development front particularly in respect of RSETIs and the efforts of these institutions through offering self-employment training or Entrepreneurship Development Programs (EDPs). It also examines the measures these RSETIs need to take in the immediate future to become nurseries and springboards for promoting large number of startups who not only progress economically but also contribute to the overall development of the local economy.

#### **V. Objectives of the Study**

The objectives of the study are -

1. To understand the proactive efforts of RSETIs in offering various kinds of skills-development programs (EDPs) and their way of strengthening skill-India process with a view to mitigate the unemployment problem of their respective areas and contribute in the process to inclusive growth in the society;
2. To suggest ways and means through which RSETIs can attain excellence by being the nurseries and even the springboards for large number of unemployed youth aspiring to become entrepreneurs;

#### **VI. Methodology of the Study**

The current study is based on the data gathered from the primary sources such as having interactions with State Project Coordinator (SPC) of RSETIs, Directors of select RSETIs and secondary sources like annual reports, brochures and various other documents available in the internet to understand the influence or the positive impact of skills-development training programs (EDPs) on unemployed youth. Based on the above sources and the information they gave in their earlier articles, the authors make an attempt to suggest ways and means to make RSETIs as nurseries for developing more and more startups in the near future.

## VII. About RSETIs

**The Concept, Philosophy and Genesis:** Rural Self Employment Training Institutes (RSETIs) have been launched in 2009 replicating the successful RUDSETI model promoted by SDME Trust, Syndicate Bank and Canara Bank in 1982 in Karnataka. Recognizing RUDSETI's contributions to society through its unique way of addressing India's unemployment problem, the Ministry of Rural Development (MoRD), GoI decided to establish RSETIs in all the districts of the country. These bank-led institutes get onetime infrastructure fund of Rs. 1 crore from GoI (given as a grant to the banks), besides getting reimbursement of the cost of training rural BPL members. The State Government gives land free of cost and the banks run the institutes by providing the manpower and day-to-day cost of running.

**Present Status of RSETIs:** As on 28-02-2015 (F.Y. 2014-15), 582 RSETIs, functioning in the country, trained more than 3.28 lakh rural youth. Around 1.47 lakhs and 0.22 lakhs (Total: 1.69 lakhs) settled through self and wage employment categories respectively during the same period. Eventually the ownership of RSETIs would be with the banks with the support of the State Govt. GoI would continue to provide policy direction and act as a monitoring and evaluation agency.

**The Objectives of These RSETIs are –**

- (i) Identifying and training rural BPL youth to promote self-employment;
- (ii) Offering demand-driven EDPs (providing intensive short-term residential EDPs with free food and accommodation);
- (iii) Deciding training trades after thorough scanning of the areas and assessment;
- (iv) Providing hand-holding support for assured credit linkage with banks; and
- (v) Extending 2-years escort services to ensure sustainability of micro enterprise trainees;

**Training Methodology, Program Structure and Contents:** RSETIs' programs are residential and short-term (1-6 weeks' duration) in nature with the cutting edge lying in their unique training methodology. While the chosen technical/skill training is handled by an expert-practitioner (an alumnus of RSETI also runs a chance here) in the respective field, the other important training elements viz., motivational, managerial, financial planning/financial literacy, which account to 30% of the program-duration, are imparted by the in-house faculty including the Director who comes on deputation for a period of five years from the sponsor banks. These crash training courses, conducted in vernacular languages with more practice time (before and after the scheduled classroom hours), enable the trained youth to launch their ventures with or without bank finance after the training. The settlement rate (over 70%) of the trainees is the striking feature of the Institute. Each RSETI should offer 30 to 40 skill development programs (categorized below) in a financial year in various avenues [8].

S. No.	Types of Programs	Scope of Training Programs (EDPs)	Examples of EDPs
1	Agri., Programs (Agri-EDPs)	Both Agriculture and Allied Sectors	Dairy, Poultry, Apiculture, Horticulture, Sericulture, Floriculture, Mushroom Cultivation, Fisheries, etc.
2	Product Programs (Product EDPs)	Manufacturing activity	Dress designing (Men/Women), Rexene articles manufacturing, Recycled paper mfg., Candle-making, Agarbathi/Incense sticks making, Bakery products, Leaf cup making etc.
3	Process Program (Process EDPs)	EDPs involve a detailed learning process (business activities under Service sector)	<b>Repairs:</b> Two wheelers, Radio/TV, Motor rewinding, Domestic Electrical Appliances Repair (DEAR), Pumpsets, Tractors/Power tillers, Cell phones, Beautician course, Photography and Videography, Screen printing, Computer hardware and DTP etc.
4	General Programs (General EDPs)	Aim at promoting entrepreneurial qualities among aspirants	Rural Entrepreneurship Development Program (REDP), EDP for Women, Prime Minister's Employment Generation Program (PMEGP-earlier PMRY-EDP) etc.
<b>For the Established Entrepreneurs</b>			
1	Skill Up-gradation	To improve the skills and enhance capability of the settled trainees	Offering – (1) Colour TV Repairs to those who know B&W TV Repairs, (2) Embroidery for those who know tailoring, (3) Videography for photographers etc.,
2	Growth Programs	To aim and achieve high goals in life/business for the settled trainees	A Training-cum-counseling program where experts (professionals-cum-practitioners handle sessions.

**EDPs as per local needs:** The local resource situation and potential demand for the courses decide the types of EDPs run by a particular institute. A uniform standardized curriculum on any trade would be developed and circulated among the Units. Soft skill training, Shramadan (keeping campus clean-and-green), Yoga, presentation of MILLY (Most Important Lessons Learnt Yesterday) by the trainees in rotation before starting a day's schedule are common segments of all the training programs.

**Selection of Trainees and Batch Size:** At least 70% of the trainees should be from the rural BPL category certified by the District Rural Development Agency (DRDA). Proper weightage, as per SGSY guidelines, will be given to all the disadvantaged communities. An ideal size of a batch is 25-30 candidates. RSETIs have the task of training a minimum of 750 BPL youth each year with a minimum settlement rate of 50% to begin with and to reach 70% at the end of 3<sup>rd</sup> year of its operation.

**Recognition of RSETI Trainees and Credit Linkage:** The certified RSETI trained rural youth will be free to access any scheduled bank for loan/credit. RSETIs appraise the credit needs of the trained youth and convey them to the bank branches for considering financial assistance to the latter under SGSY or any other government sponsored programs.

**Monitoring Of RSETIs:** National Academy of RUDSETI (NAR), situated in Bengaluru, Karnataka, came into existence in December 2008 as an apex body for RSETIs at the behest of the MoRD, GoI to ensure uniform standards of training and professional administration in all RSETIs. NAR's objectives are - (1) Organizing Train the Trainers Program for the new RSETI Directors; (2) Working as a National level resource organization for RUDSETIs/RSETIs; (3) Conducting Research and Development (R&D) work in the field of Entrepreneurship Development; (4) Designing and conducting training programs; and (5) Undertaking projects in the fields of Enterprise promotion, Rural Development and HRD.

**Gradation of RSETIs:** To assess the performance of individual RSETIs and to encourage a spirit of competitiveness amongst them, the gradation system was introduced in 2012. Though only 117 institutes out of 506 were recognized initially as institutes of excellence and honoured by the Minister of Rural Development, GoI, the number improved significantly in the subsequent years with the sponsoring banks focusing on the poor performing institutes on the advice of MoRD. As a result only 44 out of 573 RSETIs were rated below average as at 2014 giving strong hopes to bring down this number to zero in the year 2015.

### VIII. Strengthening Skill-India Process: The RSETI-Way

It is pertinent to think of the following aspects not only in view of the above credentials of the Institute but also in the light of Reserve Bank of India (RBI) calling for some innovative ideas from all the RSETIs that enable these unique institutions to produce more and more startups and contribute in the process to 'Skilled India' which is the very dream of our Honourable Prime Minister.

#### a) Making RSETIs a more effective spring board for Start-ups

Though RSETIs follow a unique model of training the aspirants on three important components/segments viz., (i) Technical or Skill Inputs; (ii) Managerial Inputs including offering insights on financial literacy; and (iii) Soft Skill or Behavioural Inputs, they can strengthen the said system by focusing on the following points.

- i) **Technical Skills Component:** The technical training under a chosen skill is handled by an expert-practitioner (need not be an academician) in the respective field.
  - In hiring the services of a resource person for a particular trade/skill, RSETIs should always be keeping an eye on identifying the new talents in the market.
  - The above point is essential to broaden their existing net-work or panel of resource persons/guest faculty and send alerts/signals to them to update their skills on an ongoing basis and avoid the lurking danger of the existing becoming complacent over a period and failing to sharpen their axe from time to time.
  - RSETIs should be focusing further on 'Quality assurance' be it the matter of designing market-driven training courses (with curricula crafted as per the industry standards) and thereby meeting the market needs or validation of training process or making available the best infrastructure facilities or hiring of best trainers for imparting skill-building EDPs etc.,
- ii) **Managerial Inputs Component:** These play a very important role as not knowing the benefits of having relations with Banks and FIs and fundamentals of accounting and project report preparation etc., indeed leads to an otherwise upcoming businessperson failing to manage his/her own enterprise.
  - Though RSETIs follow these steps or processes, the required amount of seriousness will be missing both in trainees and trainers in majority of the cases due to various reasons.
  - When trainee-selection happens in a systematic manner, it is construed that every trainee has come to do something on his own to earn livelihood after the skill-development process at the RSETIs.

- The above step, therefore, needs to be given a serious thought and suitable exercises have to be developed first for understanding the purpose or having conceptual clarity based on which they can be asked (and assisted, if necessary) to develop their own business plans.
  - If necessary, RSETIs should be ready to engage the services of external resource persons for enlightening the trainees on the above mentioned topics, which underline the need of working in partnership with other professional trainers and strengthening the network.
  - In order to have cost-effectiveness, RSETIs may think of professional development of their in-house faculty in the areas of researching, piloting, developing or fine-tuning the reference material such as project reports' preparation etc.
  - While imparting training on financial literacy, the faculty must spend quality time on creating awareness about the 'Financial Planning Process' in the sense that every trainee needs to know - Why to save, budget, why financial planning, understanding important banking terminology, What is interest? How moneylenders charge very high interest rates? How to be confident while communicating etc.[9]
- iii) **Behavioural/Soft Skills Component:** While the RSETI's specialty lies in its training model, as mentioned above, the inclusion of this 'Soft-Skills component' (Topics covered are - Motivation, Personality development, Positive attitude, Time management, Leadership qualities, Effective communications skills etc.) in the training system indeed made the model 'unique'. It is so because it is ultimately the 'motivated person,' who makes his/her mind to accept challenges, struggle to reach the self-set goals or targets and excel in the process of trying to do things which are 'untried' till then. Therefore, RSETIs, in addition to the present syllabus, should focus on explaining the importance of the following while dealing with this training segment with suitable examples and arranging 'Interface sessions with successful entrepreneurs'.
- *Startup-Style Leadership* with more forward thinking;
  - *Power of Networking*-as a large part of success in business comes from the people a businessman knows.
  - *Grit in the Face of Failure:* Being an entrepreneur is about making the effort to create something from nothing. Therefore 'Grit' is about falling down and getting back up, again and again which cannot be learnt in a classroom.
  - Feel proud to be the '*Founder*' - who will have the courage to accept interesting challenges and prepare to overcome them finding a support system of mentors and advisors around.
  - *Focus on larger goals* rather than short-term victories (It's a Marathon, Not a Sprint)
  - *How (and when) to Scale:* expanding business, making new hires, and taking on more responsibilities will come from a gut-feeling and the strategic relationships built.
  - Other important areas such as - *an effective sales process, product design and creation, adaptability, how to live with pressure etc.*

**b) Making RSETIs bring in more relevant courses**

Though there have been established practices and guidelines to introduce training courses which have good market demand, many a time RSETIs tend to repeat the programs regardless of their acceptance (which gets reflected in their low enrolment and settlement picture) and prospects to offer good income-generating avenues to the trained youth. Hence, every RSETI unit should make it a habit to –

- scan their operational areas on an ongoing basis to observe the market trends and demands and be in the process of introducing new training programs every year which meet the requirement of the aspiring unemployed youth or the market;
- share the information among their units about the success of newly introduced courses and explore the possibility of offering such courses at other units also;
- have good network of relations with other agencies in the region which are offering vocational or skill development programs and seek their advice in the matters of possible collaborations to offer new and innovative training programs;
- update themselves about the new initiatives or sponsored programs or projects of State or Central Governments and make efforts to get associated with them;
- make good use of social media (WhatsApp, Facebook etc.) through which RSETIs can be in regular touch with the alumni (settled trainees) and trainers whose views and opinions come in handy while designing market-driven courses.

**c) Adding entrepreneurial abilities to the trainees**

As mentioned earlier, the skill training element is handled by an expert-practitioner in the respective field and the other important training components viz., motivational, managerial, financial planning (financial literacy) are imparted by the in-house faculty. In addition to the identified entrepreneurial competencies, the following characteristics an entrepreneur needs to possess or acquire, should be taught with the help of

appropriate examples, success stories, exposure visits, video-clips or interface sessions with the established entrepreneurs and so on.

- (1) **Vision:** An entrepreneur while achieving his goals, understands (i) Market Demands; (ii) Socio-Economic aspects; and (iii) Technological Environment and based on these dynamic elements, he envisions a future for his business venture.
- (2) **Knowledge:** An entrepreneur has full knowledge about all the technicalities of his business- be it technological, operational, financial or market dynamic.
- (3) **Desire to succeed:** An entrepreneur, with a strong desire to succeed in life, does not just limit to achieving one single goal but constantly works to achieve higher goals.
- (4) **Independence:** An entrepreneur prefers to have independence in work and decision-making. He does not follow the rules of thumb but makes his own rules and destiny.
- (5) **Optimism:** Entrepreneurs feeling highly optimistic about achieving their vision;
- (6) **Value Addition:** Entrepreneurs with a constant desire to introduce something new to the existing business, create, innovate or add value to the existing products/services.
- (7) **Leadership:** Entrepreneurs, possessing these qualities, tend to be result-oriented always with proactiveness, good planning, organizing, communication, decision-making skills etc.
- (8) **Hardworking:** Believing that there is no substitute for hard work and treating work as worship, these workaholics put in continuous efforts to achieve success.
- (9) **Risk-Taking Ability:** Assuming the uncertainty of future (risk, an inherent/inseparable element of entrepreneurship), an entrepreneur guarantees rent to the landlord, wages to employees and interest to the investor in the hope of earning more than the expenses.

**d) Adding value to the skill building processes in these institutions**

Skill development, being one of the priority agendas, GoI plans to set up sector skill councils to prepare standards required for training programs in the Twelfth Five Year Plan. The GoI has doubled the allocation of funds for this under the National Skill Development Fund. One of the agenda items identified under this is establishing 600 RSETIs. In view of these positive developments and the advantages India has in the upcoming years with its huge population having bright chances of becoming “desirable demographic dividend”, the skill-building institutions such as RSETIs should focus on quality standards to achieve global competitiveness in all its EDPs. In other words, the skill development programs being imparted to learners should meet their needs in terms of quality of – (1) Infrastructure (ICT and physical infrastructure); (2) Pedagogy or training methodology; and (3) Skill delivery (hands-on-training) methods.

**e) Handholding of the passing out trainees**

There is also an urgent need to inculcate entrepreneurial skills in the youth through skill development with which they become employable as well as create their own enterprises (self-employed).

- As per the extant guidelines, RSETIs extend handholding support to the successful trainees or the first generation entrepreneurs for a period of two years after the training for skill up-gradation and business expansion purposes.
- Even if they are already engaged in some trade they need handholding in the form of periodic doses of skill up-gradation training for making their initiatives or business enterprises viable and sustainable in an increasingly competitive environment.
- In other words, “*Short training, but long handholding*” should be the spirit behind the RSETI training philosophy as continuous mentoring and coaching during the handholding period will result in the trained youth acquiring skills needed to entertain challenging business ideas and strive to establish innovative business enterprises suitable to their geographies.

**f) Ensuring effective linkages with banks**

- **Appraisal by RSETIs:** For effective bank linkages, credit needs of trainees should be appraised by RSETIs during the handholding period and the same (appraisal report) needs to be conveyed to the bank branches. RSETIs must coordinate with bank branches for extending loans to the trained youth under government sponsored programs for setting up of micro enterprises or arranging periodical interactive meetings for ex-trainees with bank branches to help the trainees overcome their problems in getting required financial assistance.
- **Top-down approach to replace bottom-up approach:** There should be clear instructions from the top management of not only the sponsor banks but also the other banks operating in those areas to the branches operating in various villages to encourage the youth trained at RSETIs with their timely financial assistance and escort services. Banks need to track the progress under this through appropriate MIS.

**g) Ongoing evaluation and improvement of the usefulness of RSETIs' programs**

Evaluation is a process that critically examines a program by collecting and analyzing information about its activities, characteristics, and outcomes.

- Being an invaluable tool to improve the training programs, RSETIs must connect the evaluation process or the tool to all aspects of program-planning and implementation. In other words, it is sensible to design the program with evaluation in mind.
- RSETIs should start the evaluation from the implementation phase itself because the process is of both trainer's activities which are being implemented and of training results as it nears an end or is finished.
- In case of RSETIs: evaluation includes getting ongoing feedback e.g. from the learner (trainee/ unemployed youth attending the training), trainer imparting the skill-training and learner's supervisor (RSETIs' in-house faculty), to improve the training quality and identify if the learner achieved the goals of the training.
- Evaluators should look for validity, accuracy and reliability in their evaluations; they also need to look at the evaluation approaches that are practical and relevant.

**h) Methods to increase the numbers and quality of Startups from RSETIs**

- **Engine of growth and employment:** Small businesses are often considered the engine of growth and employment and therefore critical to economic prosperity. Government should do more to encourage business startups. High taxes and regulatory aspects which are growth barriers for small businesses must be addressed to create a startup friendly environment.

**What do RSETIs do?** RSETIs at respective geographies should explore the possibilities of liaising with the respective government bodies at the District to – identify enthusiastic and prospective entrepreneurs who are interested in taking up various self-employment activities; resolve issues that prevent the upcoming businessmen in taking up small business enterprises and encourage the said startups in the process to realize their goals.

- **Focusing on quality:** Unarguably it is the "Quality" that acts as the key in growing a startup fast and staying in the market in this competitive world. Startups will fall apart with the challenges like - (1) high levels of risks posing lots of difficulties in building and maintaining business startups/ventures; (2) time consuming processes or formalities; and (3) high levels of stress for the people working for success. With these things it is clear that, to overcome those obstacles or challenges, startups from the very beginning must be focusing on 'Quality' to make it as the primary key to implement and maintain. Therefore –startups should consider higher quality in their products and services and improve them as per the changing needs of their customers and this would be a competitive advantage.

**What RSETIs have to do:** As mentioned above, RSETIs should focus on quality standards to achieve global competitiveness in all its EDPs. In other words, the skill development programs should meet their needs in terms of quality of infrastructure (ICT and physical infrastructure); pedagogy or training methodology; and skill delivery (hands-on-training) methods.

**i) Issues required to be addressed to make RSETIs of successful start-ups**

The momentum gained by entrepreneurship/self-employment has led to emergence of a large no., of SMEs in India today. Many entrepreneurs esp., during the initial phases of their businesses will have a lot of queries of which the following nine (9) are the most frequently asked questions (FAQs).

- 1) Where do I get a loan for my small business in India? Is it possible to secure a collateral-free loan?
- 2) How can I get a loan and government subsidy to start my own small scale business in India?
- 3) What is the difference between Microfinance and Macrofinance?
- 4) Whom should I approach if I need a small business loan?
- 5) What are loan schemes in India for women to start their business?
- 6) How startups can get loans?
- 7) How to raise a working capital in India?
- 8) How do I start a small business in India as a student?
- 9) What are the opportunities and challenges faced by the SMEs of manufacturing sector in India?

The RSETIs must help the trainees to gain knowledge not only on the above FAQs but also for solving the issues that might arise when they are into their startups. The problems every startup should anticipate are: (1) The product is behind schedule; (2) Sales are not meeting projections; (3) The team is not getting along; (4) Current marketplace buzz is non-existent, skeptical or even negative; (5) Requirements changed in the middle of the cycle; (6) Investment partners are squeezing; (7) Cash flow is killing, with no new money in sight etc.



## **IX. Conclusion**

As RSETI-structure is one of the identified areas of the Government of India (GoI) to produce startups, they need to focus on the curriculum and the skill building function to impart more meaningful skills. As innovation is the hallmark of the present era, RSETIs must be on the lookout for being innovative always in all their activities which were already explained in the document.

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