

Article

Role of rural business incubators in translating micro finance to sustainable micro enterprises

Perumal Koshy

Institute for Development Studies and Enterprise Research (IDSER), Samadhan Foundation, Kerala, India. E- mail: caushie@gmail.com.

Accepted 8 April, 2011

Present paper looks at how rural business incubators (RBIs) and enterprise resource centers (ERCs) together with micro finance institutions (MFIs) can contribute to inclusive growth. India's informal sector has a very powerful presence of brilliant entrepreneurs, who can potentially contribute to India's fight against poverty and have the potential for much more employment and income generation, if appropriate institutional mechanisms are created to provide needed and timely assistance. Here comes the role of RBIs and ERCs and MFIs. Approximately 93% of the enterprises are in the informal sector in India. Together with micro, small and medium enterprises (MSMEs), informal sector contributes close to 60% to GDP and 40% or more to export trade. They create 95% of non-farm jobs. Informal enterprises are set-up by owners to alleviate their poverty condition. They could be termed as poverty alleviating enterprises (PAEs). Micro finance institutions need to reach out to such PAEs and empower them. Through the institutional mechanism called RBIs and ERCs, micro financiers can reach out to PAEs. Empowering PAEs and enabling their growth is indeed a challenging task. An institutional mechanism like RBI and ERC is a probable solution to poverty and unemployment. If an incubator and ERC can come up in each of the 6000 block panchayats that would enable the creation of new enterprises in the formal sector as well as can contribute to empower PAEs in their growth and expansion. This would help create new jobs and alleviate poverty and generate employment. The paper ends with a model RBI and ERC, with a detailed description of service mix that can be delivered through this institutional mechanism.

Key words: Micro, small and medium enterprises (MSMEs), rural business incubators, poverty alleviation, employment generation, rural transformation, information needs of MSMEs.

INTRODUCTION

India's informal sector has a very powerful presence of brilliant entrepreneurs, who can potentially contribute much more, than what they do today, for India's fight against poverty and youth unemployment, if appropriate support, mentoring, hand-holding and technical- financial assistance are provided. Inclusive growth can only be achieved by creating an institutional mechanism for new enterprises creation, favourable business climate for enterprises to thrive and reducing regulatory burden. The challenge of inclusive growth is indeed creating employment opportunities that could help an individual earn sufficient income to meet his/her requirements.

Employment generation is key to inclusive growth

Job creation is a global challenge, and creating

employment opportunities in the local market, within our neighbourhood economy is the need of the hour. According to ILO estimates 300 million jobs have to be created world over in the next 5 years. As many as 45 million young people enter the job market annually, at a global level. Youth unemployment rates are three times higher than those of the adults, as a worldwide average (ILO/09/39, 2009; GTZ, 2010).

Case of Bipin and Ratan: Need for hand holding and mentoring support

The following case demonstrates the ability of India's potential youth entrepreneurial class who can perform real wonders in adverse circumstances. Bipin and Ratan, two youngsters of around 20 years of age, manage a

small business that sells food items; rice, chappathi, vegetables, nan etc., between 10 am and 3 pm every day, in an East Delhi suburb. The price per each unit served is Rs. 30, along with a 150 ml buttermilk (raita). They make an average profit of approximately INR 2000 (US \$ 50) per day. They have no bank account. There is no registration with the municipality. Their business has no official and legal permission. Though the food is cooked and served in not so hygienic condition, every time their roadside hotel has a waiting queue of at least 10 to 12 men, to collect the ordered food. They are doing good business and earning good profit. Potential for further growth, expansion and diversification of their venture is possible, if some support and assistance can be provided. Out of total sales proceeds, which comes to an average, INR 4000 to 4500 per day, after all expenses including, informal taxes and free lunches to concerned law and order people, that comes to Rs. 2000 to 2500 per day, says Bipin and Ratan. This makes their monthly net revenue to approximately INR 60,000 (US \$ 1500) or more.

Their customers are street vendors, workers, cycle rickshaw/auto and rickshaw drivers. They come from a remote village from the state of Bihar. The way they manage their business in a customer friendly manner is quite revealing, there lies immense possibilities and potential for them to expand and diversify. Business acumen is not, of course, limited to traditional business communities alone. There are entrepreneurial successes we could see in all communities and castes. Leadership and management skills are there in all people. But when it comes to opportunities, or of availing mentors and institutional finance, availing of technology and a support system to nurture and develop those skills, luck always goes to those who belong to upper echelon of society.

Enterprise and private sector development approach to fight poverty

Harnessing the potential of entrepreneurship and private sector business opportunities is the most effective way to alleviate poverty. Also, it is important that millions of informal, micro and small enterprises could potentially grow upwardly in the enterprise ladder and contribute much more to the economic development, employment generation and poverty alleviation. More registered enterprises and businesses running as legal entities would enhance tax revenue of the governments as well. Enterprising youth need to be introduced to the world of entrepreneurship and MSMEs.

A possible solution for this may be creating an institutional mechanism called business incubators (BIs) and enterprise resource centres (ERC) at community development block (CBD) level. Such BIs at CBDs, which are located in rural areas, may be called as rural business incubators (RBIs). Such an institutional

mechanism called RBIs and ERCs can facilitate creation of new start-ups and work to empower and assist informal sector enterprises, micro and small enterprises in their growth and expansion. This mechanism should have the capacity to address some of the issues that the small and micro enterprise sector, both formal and informal faces such as credit related issues, lack of information, marketing support, technological and technical assistance etc.

Scope of the paper

This paper explores more about the potential of such a mechanism, which can be created at CDB level to address multiple challenges that the small scale sector in India faces. What is being explored here is the potential of a BI and a ERC for enterprises in a rural setting. A framework for such a centre, as a comprehensive solution centre of enterprises and entrepreneurship development, is what is being explored. It is assumed that for the enterprises and the population in a CDB, on an average 1 to 3 lakh in each of the CDBs, require such an enterprise and entrepreneurship development solution centre, to adequately address ever expanding requirements of the rural enterprises and rural economy. The mechanism that would be suitable in this context may be a centre that could nurture rural businesses and empower informal sector enterprises. Since the business incubators that are discussed would cater to the needs of rural population, they would be called rural business incubator. A detailing of the structure of business incubators, its history and its various features and operational- functional details is being discussed. Also, what is being discussed is the requirement of Enterprise Resource Centres for the rural economy.

RBI – ERC would have start-up incubation facilities and may consist of information cells and in built support system to help enterprises registered, attaining loans, technology and finding finance as well as suitable markets and technology. If one such unit in each of the community development blocks, 6000 of them in India, can be set up that would have the potential to radically transform Indian economy and help attain inclusive economic growth.

Subsequently, look at various aspects of a business incubator.

What is a business incubator?

The incubator concept is simple and appealing. As the phrase itself implies, business incubators are programs intended to help small businesses get off the ground. A business incubator is something like a premature infant incubator in a paediatric ward that nurture start-up companies to a stage till it could successfully stand-alone

and survive (White, 2006). Business incubator programs help develop new entrepreneurs and enterprises as well as provide support start-ups business' to survive and be in the business on a sustainable basis (Bayhan, 2006). According to Antal (2010), former UN Regional Advisor and Scientific Director ERENET, 'Business incubators are businesses aiming at nurturing and establishing other businesses'. They provide basic services and rental space to start-up enterprises located within the incubator. Services that are being provided include business' support services and typically include administrative help, consulting, referral and resources tailored to young firms for their growth and development. Incubator programs are managed by public and private agencies services (IPI/IKED, 2005; Bayhan, 2006; Koshy, 2010).

Business incubators are an important part of the support infrastructure of SMEs. Their greatest benefit is enhancing enterprise survival rate. Incubated companies have a considerably higher rate of survival (LABJ, 2000).

Today, any new idea has no time to wait, to claim a market space, build a brand, and to launch as a commercially viable venture. Innovative ideas, products and services can get recognition very fast in today's Information and Communications Technology (ICT) led global market. New ideas and innovations can realise the commercialisation aspect with the help of a successful incubator. Whether it is office space, back office support, packaged finance support, key personnel, marketing plans, networking or leveraging investor relationships, an incubator is slowly becoming an essential service in the current knowledge based economy (Brandt, 2000).

There are around 7000 business incubators around the world, according to an estimate (Almubarak, 2009). There are around 100 business incubators in India. Most of them are situated in premier educational institutes and in urban India, where rural clients would not get benefited due to reasons of its geographical location target audience as well as objective.

Different varieties of business incubators

Incubators vary in the way they deliver their services, in their organizational structure and in the types of clients they serve. They have differing goals, such as diversifying rural economies, employment generation, and transferring technology from universities and technological and research institutes by commercialising technology and knowledge (NBIA, 2009). BIs come in a variety of shapes in the modern knowledge based economy. There are three different kinds of BIs and they are public, private, and university based incubators. But they are commonly classified on the basis of ownership. A majority of them are under public ownership and are being run as not for profit initiatives (Zablocki, 2007; Koshy, 2010).

However, there are private incubators, which are run

for profit. First incubator in the history came up as a private initiative in the US. Often BIs come up with the support of the governments, local government institutions (LGIs) etc. They could also be established as a CSR program, as in the case of Bank Muscat BI (Bank Muscat, 2010).

For profit business incubators are privately funded and managed entities in the case of most private incubator companies they often obtain an ownership in companies that they hosts. Their objective is to accelerate the time it takes to get a company's products or services to market, many times in less than 6 months. Some of the private incubators are being set-up by venture capital companies, entrepreneurs, and corporations. According to an estimate, 15 to 20% of the US incubators are in the private sector.

Services provided in a business incubator

Initially, some incubators provided an inexpensive physical environment in what had been old or vacant buildings. Later incubators concentrated on the companies themselves, helping them to grow. Incubators offer access to suitable rental space and flexible leases and shared basic business services and equipments, technology support services and assistance in obtaining the financing necessary for company growth. An incubator provides management guidance, technical assistance and consulting tailored to young growing companies (Smith, 2004; Whitepaper, 2008; NBIA, 2009) (Figure 1). Today, most incubators, especially private business incubators, have a company-centered approach, which is charging market rates for rent and offering services as value-added benefits for locating within their incubator. Today's incubators provide access to working capital as well through the provision of debt financing and equity partnerships, government grant/loan assistance, and by facilitating networking and links with business angels, bankers, and venture capitalists. For instance, in the USA 33% of business incubators have in-house investment funds (InfoDev).

Support system for enterprises: Enterprise resource centres (ERC)

Providing appropriate support system to enterprises are very crucial for their survival in the competitive global market. The support system is required to provide assistance to firms in terms of identifying new markets, appropriate technology, smooth flow of institutional credit, smooth dealing with the regulatory system and in any other such matters that enterprises need support. An ERC can assist acquire institutional credit at lower rates that MSMEs are entitled to as often they fail to acquire institutional finance at low rates due to reasons such as

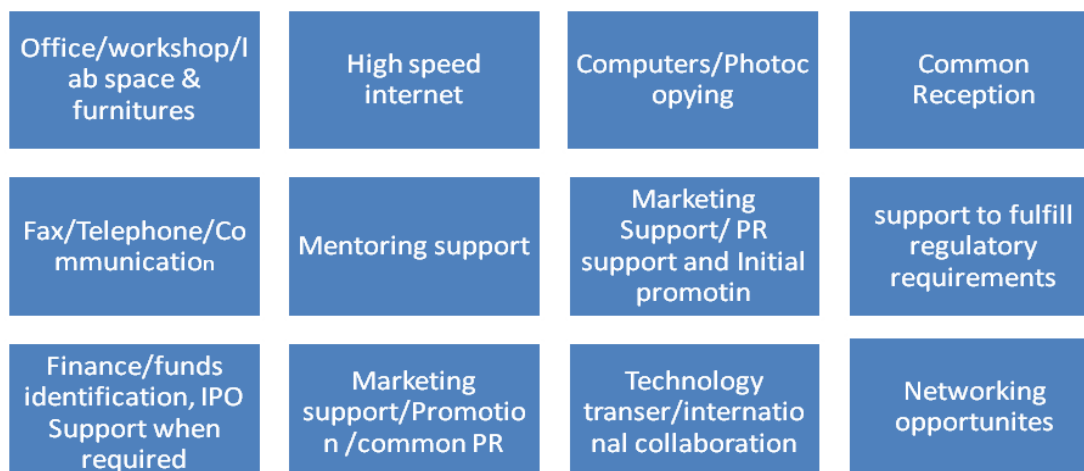


Figure 1. Incubation phase services in typical business incubator.

Table 1. The information required for an enterpri

<p>Procedure of establishing and running an enterprise.</p> <p>Information related to industrial structure and changes in the same.</p> <p>Information about various policies: Economic, industrial, fiscal, trade and labour.</p> <p>Finance related information: Variety of sources and cost of finance.</p> <p>New investment opportunities, emerging ones such as IT-enabled services; Bio technology etc.</p> <p>Emerging market scenario - Changing characteristics, competitors, suppliers, consumer preferences, etc.</p> <p>New product developments.</p> <p>Latest cost-efficient technologies.</p> <p>Quality standards such as ISO, sigma.</p> <p>Export marketing.</p> <p>Events: Trade fairs and exhibitions.</p> <p>Information related to trade barriers.</p> <p>Packaging and labeling standards.</p> <p>Opportunities and potential for business tie-ups, including forging linkages and outsourcing.</p> <p>Global developments that have some bearing on domestic industries.</p> <p>Regarding support institutions and their programmes.</p> <p>Information related to capacity building programmes.</p>

Source: Adapted from Prasad V N, Information: A Critical Input for Success of MSMEs. World SME News, July to August , 2008, New Delhi.

regulatory requirements to be complied with, excessive paper work involved etc. Also, many of the governmental schemes, MSME promotional and support programmes that the government introduces do not reach the targetted enterprises, since many of them work informally without being registered as hidden ventures. RBIs along with ERCs can attempt to bring such ventures into the mainstream and help them attain available governmental support, schemes and institutional credit at lower rates etc.

In many parts of the world there are institutional arrangements to reach out to MSMEs in addressing such challenges. In the US there are close to 1000 small

business development centers (SBDCs) that provide some of the needed support. Israel and Canada too have such institutional arrangements in place (Prasad, 2008).

Information is yet another aspect wherein ERCs could assist start-up ventures and MSMEs. 'If finance is the lifeline of MSMEs, then information is the balanced diet for their growth' according to Prasad (2008), 'as supply of oxygen alone cannot ensure a healthy growth of a human body, without the blanched diet, no MSME can survive and grow without information'.

In the present globalised world enterprises need on a continuous basis, access to information on a variety of areas. Those aspects are illustrated in Table 1.

Case for rural business incubators and enterprise resource centre

There are many potential entrepreneurs, such as Bipin and Rattan, whom one could identify in all corners of the country, engaged in different trades and varied sectors of the economy, managing and providing leadership to informal economic ventures. They need support. Also, many such potential entrepreneurs need to be introduced to the world of MSMEs and self-employment. In addition existing rural enterprises need a support system that provide assistance and handholding support in various aspects such as information, technology transfer, finance related and marketing. Here comes the role of RBI-ERC as a solution.

Approximately 93% of the enterprises are informal sector enterprises in India. They contribute up to 55% to GDP and 40% to export trade. Also, they create 95% or more of total jobs in the non-farm sector. They are being set-up by its owners in an attempt to alleviate poverty condition (Prasad and Koshy, 2007; NCEUS, 2008). A very few of them might have come up as a result of these programs such as Prime Minister's Rozgar Yojana, Swarna Jayanti Sahri Rozgar Yojana, National Program for Rural Industrialization, Rural Employment Generation Program etc. Majority of them are independent of any such schemes or such background. Consequently there are some 44.35 million enterprises that employ around 80 million workers (NSSO 55 Round). Out of this over 60% are own account enterprises. Interestingly, a vast majority of them (over 62%) are self financed and only an insignificant number of enterprises (around 0.5%) have come up due to aforementioned schemes (IMR, 2002). They could be termed as poverty alleviating enterprises (PAEs) (Prasad and Koshy 2007). RBI-ERC can perform the mission of empowering such poverty alleviating enterprises.

Functions of RBI-ERC

Creating and promoting start-up rural enterprises and encouraging rural youth entrepreneurs

Generating sufficient employment opportunities in the rural side is needed. This can be achieved by way of developing MSME sector in rural side. Entrepreneurship and leadership development for the rural economy is something that being neglected. There lacks a required institutional mechanism and support system in rural India for building and aiding new enterprise creation, entrepreneurship development. RBI-ERC becomes relevant in this context of lack of sufficient institutional mechanism for the promotion of start-up businesses, entrepreneurs and MSMEs.

RBI-ERC can address challenges of PAEs

A number of problems that hinder the growth and

expansion of village economy, especially rural enterprise sector and PAEs. They include credit availability support system, cumbersome regulatory requirements, information related issues and marketing and technology related challenges. Being an informal enterprise and working without completing all the regulatory requirements, they often get sidelined when it comes to attaining the benefits of various schemes and support programs for the MSME sector that the government plans to provide them from time to time (Varma, 2010; Koshy, 2010; Prasad and Koshy, 2007).

ERC as agency facilitating smooth flow of institutional credit

The bankers often do not have a mind beyond a rural money lender. According Uday (2010: 15) high amount of administrative work involved in sanctioning loans to small and micro enterprises and PAEs might act as an inbuilt disincentive for the bank managers to deal with the sector. Fifth Economic Census, 2005 reveals that out of the total 41.83 million establishments, 37.63 millions around 90%, were of self-financed. The number of establishments financed by financial institutions was just around 3.37% (Mathew, 2009). There are also negative approach of bankers sometimes cause hindrance and block credit flow to enterprises especially MSMEs and PAEs as pessimism and the mindset of a rural money lender define an average Indian banker. He/she often refuses help them by providing information and assistance to avail schemes and programs meant for small scale sector as that involve additional administrative work, requirements as mentioned (Koshy, 2010; Varma, 2010). Here, property-less informal sector entrepreneurs who want to grow-up has no prospect for growth, expansion or diversification of their businesses. There may be schemes and programs available, such as Prime Ministers Rozgar Yojana and schemes of Khadi and village industries commission (KVIC) which are delivered through banks. Often poor entrepreneurs are never able to access any of those schemes, as bankers do not show much attention to the needs and problems of MSME entrepreneurs and informal sector players.

Support system for rural enterprises

There exist a lacuna in the present systemic framework for an appropriate support system. RBI and ERC system proposed offers such a support system and can provide appropriate support in terms of identifying markets, appropriate technology and smooth dealing with the regulatory system, finance, technology etc.

As an agency providing information

Information is the key element in the success of an

enterprise, so much so that in the present highly charged competitive environment, ability to quickly obtain information has emerged as an important component of 'competitive strength' of MSMEs (Prasad, 2008). Information is a crucial input for small enterprises in today's global market. They need all kinds of information related to new markets, new technologies, policy changes, financial sources and changing market conditions. However, there exist a serious gap as far as information is concerned. The major challenge today that the sector faces is managing the information needs. Here Enterprise Resource Centres offers a viable solution, as they can meet the information needs of MSMEs, and millions of PAEs and rural establishments.

MFI service delivery through RBIs and ERCs

MFIs in the country can deliver their services through RBIs and ERCs that would provide needed synergy too. They could complement each other in servicing entrepreneurs, enterprises and rural economy. Presence of MFIs in RBI and ERC system would make it easy for them to identify appropriate entrepreneurs and enterprises. MFI financing could produce maximum output if this complementarity and synergy can be made to tap for full use. Lately, incubators provide access to working capital. They arrange working capital through provision of government grant/loan assistance, and connection to a financial network of angels, bankers, and venture capitalists. However in rural business incubators, MFIs can be brought into supply financial requirements of the start-up businesses.

RBI-ERC can help empower PAEs

There are various reasons for enterprises remaining informal. When enterprising people find that they have to waste time visiting government offices and to get into a red-tape fighting mode, which would eventually jeopardize even their ventures, with reciprocal visits, audits and inspections by rent-seeking officials, entrepreneurs run away from making an effort to make their venture as formal enterprises. In other words fear of required documentation and the need to fulfil regulatory requirements make people run away from the mainstream.

Assist companies get registered and economic empowerment of socially backward classes and rural poor

When it comes to rural areas, number of registered and those enterprises that could be counted under organized sector are much less and hence they face difficulties in channelizing various supports, schemes that are meant for MSME segment of the enterprise population. Also,

only 11% of total 1.4 million registered MSMEs are owned by entrepreneurs belonging to scheduled castes and scheduled tribes. (3rd SSI Census, 2001, 2002). Those RBIs in IITs, IIMs or in other premier institutes cater to higher income strata of the society becoming entrepreneurs, as most of them are located in premier urban based educational centres and locations. RBIs at CDB level would help those in the villages.

One RBI-ERC for each of the community development blocks (CDB)

Each block panchayats in India have a population ranging between 1.5 to 3 lakh, roughly with several hundreds of enterprises, potential for new ventures and thousands of potential youth entrepreneurs. As for the Indian rural context, the RBI and ERC as suggested here can be set up in the already available premises which are kept unused or underutilized. The BI component of the program should help youth entrepreneurs start their new ventures as legal entities. RBIs can provide all supports a traditional business incubator provides such as help in the preparation of business plan, finance, technology and marketing support.

RBIs need not incubate start-ups within their premises

Unlike the traditional business incubator that hosts start-up businesses within their premises, a rural business incubator need not provide space and incubate enterprises within the premises. But they can extend a helping hand, mentoring and hand holding support to a start-up as well as an entrepreneur at all stages of their evolution, growth and development. Providing training in business management, accounting, marketing and such other useful aspects as well organising skill development trainings are other services that the MSMEs and start-ups would benefit from.

In the Indian village context an RBI and ERC program can provide following services:

- i) Guidance and mentoring support.
- ii) Assist in finding finances.
- iii) Provide inputs related to latest technology.
- iv) Technology transfer as and when needed.
- v) Provide information related to markets.
- vi) Marketing assistance; and in rare cases space, if needed
- vii) Business and management education and skill development programs.

Financing of RBI-ERC programme

Government of India spends approximately INR 100,000 lakh per annum for rural development. It would be

essential for this program (RBI-ERC) to be successful, that government and Panchayat raj institutions coming forward and financing such a network of RBIs-ERCs. Local governments can set apart a portion of their budget for RBI-ERC program with matching grants from the central government.

Also, for the corporate sector, there is nothing better than investing in RBI-ERC as their corporate social responsibility (CSR) project. There are cases of corporate houses coming forward to set up business incubators, just for instance, Bank Muscat set up a business incubator as part of their CSR initiative.

Management and implementation

Implementation of RBI-ERC would be a major challenge. The following agencies can assist in implementation and management of the programme:

NGOs: Non-governmental organisations focussing on micro enterprise development, rural development and livelihood issues are the appropriate organisations that can implement RBI-ERC programme.

Micro finance agencies: Micro Finance Institutions are in the business providing finance to poor and those un-reached by the banks and other institutional credit agencies. It is important that micro credit must get translated into micro-enterprise. Often the money goes for consumption activities and very less percentage of it goes to productive activities. MFIs can contribute a lot in rural enterprise creation as partners with RBIs-ERCs. It is important for such an institutional mechanism for MFIs to realize its objective of building rural livelihood opportunities. A group of MFIs could together set up a business incubator also.

Academic Institutions: Colleges, technological institutions, ITIs, polytechnics also could assist and undertake the work of setting up and running RBIs-ERCs.

A model for rural business incubator and enterprise resource centre

RBIs and ERCs has to be structured in such a way that suits the requirements of rural industries and the needs of rural based entrepreneurs. In the rural context more than making space available, mentoring and hand holding support is what is needed with limited scope for providing office space. The following are essential services that RBIs and ERCs needed to provide:

- i) Information needs of MSMEs.
- ii) Facilitating smooth flow of institutional credit.
- iii) Services to PAEs.
- iv) Start-up business incubation.
- v) Networking events, rural trade fairs, exhibitions.
- vi) Technology transfer.

vii) Training and education.

Important features of Model RBI and ERC

The important features of RBI and ERC are as follows (Figure 2):

i) Information needs of MSMEs: RBI and ERC can meet the information needs of MSMEs and PAEs. Information related to markets, new technologies and changing price scenario and market scenario etc., also can be provided through such centres.

ii) Facilitating smooth flow of institutional credit: Institutional credit, as mentioned earlier, remains to be a requirement for MSMEs as rural enterprises, often have to approach other finance sources, at much higher rates of interest. Also, MFIs can be brought in to this structure so that PAEs would benefit from them considerably.

iii) Services to PAEs: Poverty Alleviating Enterprises should be brought under the purview of this institutional mechanism. A number of services can be rendered through this mechanism such as information, regulatory assistance wherever required, linking up with the MFIs and help in adopting appropriate technologies etc.

iv) Start-up business incubation: Start up business incubation in fact is the primary goal of the RBI-ERC institution. In addition to providing limited incubator space, RBI-ERC can help to reach out to start-up businesses and entrepreneurs. Also, rural entrepreneurs could easily get guidance, support and coaching/mentoring from such centres.

v) Networking events, rural trade fairs, exhibitions: MSMEs to survive in the global market needs to be competitive. Here they need to reach out to the customers by adopting better marketing strategies. Exhibitions, events and other such rural trade fairs help MSMEs and PAEs better market their products.

vi) Technology transfer: When it comes to technology transfer, MSMEs and informal enterprises need valuable inputs from RBI and ERCs. Often what is needed is sensible application of available technologies. For instance vegetable vendors and enterprises who deal with perishable food products, vegetables and fruits, if provided with finance to acquire battery run refrigerated carts/deep freezers, would to a certain extent, bring down post harvest losses of farm products, especially that happens towards the last points of supply chain, which is estimated to be Rs.1 trillion annually.

vii) Training and education: This RBI and ERC network can provide required training to entrepreneurs especially in the fields of management, administration, accountancy and skill development training programs that suit the requirements of rural MSMEs.

CONCLUSIONS

Business incubators and enterprise resource centres can

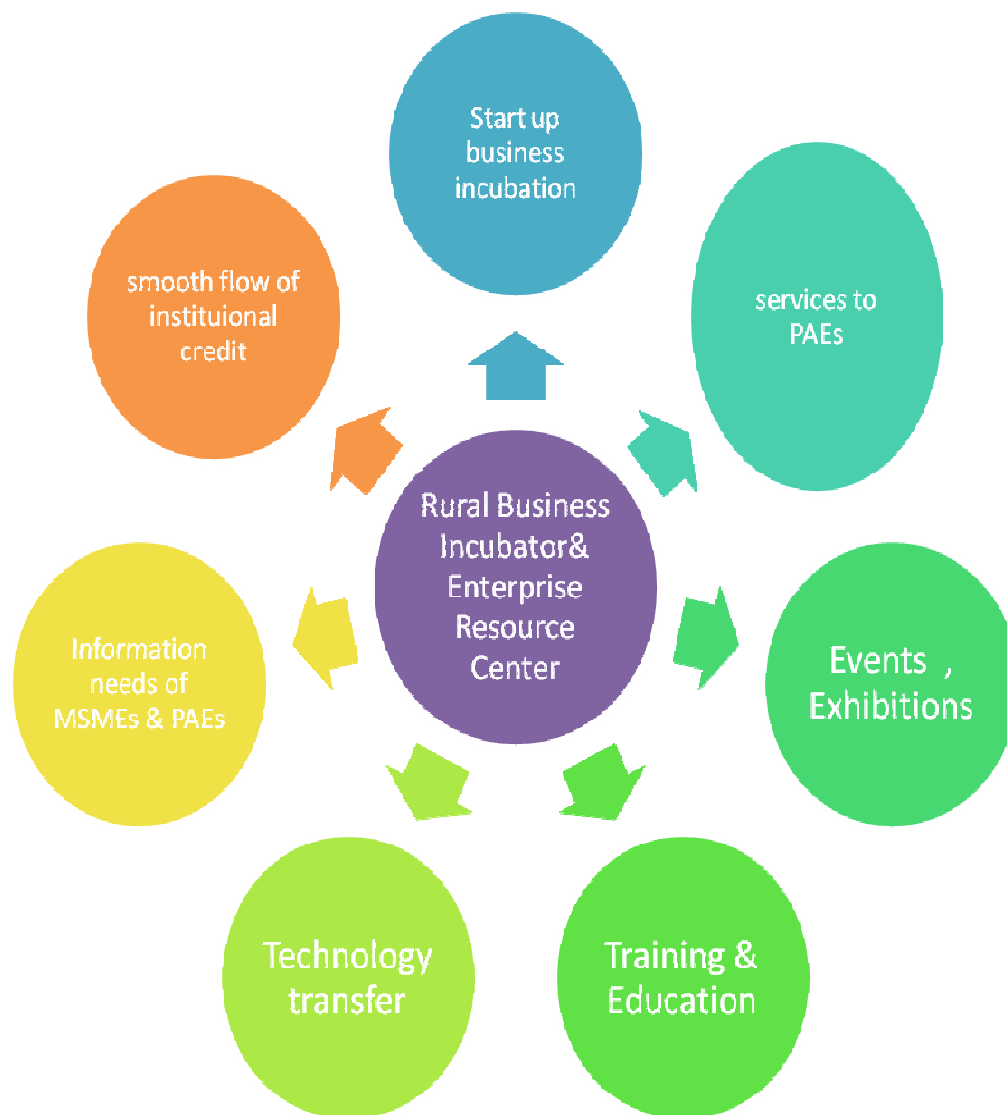


Figure 2. Model RBI and ERC: Important features.

play a crucial role in sustainable enterprise development. Entrepreneurs are needed to provide leadership to various economic activities leading to job creation, economic development and to identify potential untapped areas of employment, resources, possible technological applications and new markets. Developing private sector, MSMEs and self-employment is the apt solution to fight poverty and unemployment. By setting up a business incubator one each in every block, thousands of new enterprises can be created, supported and assisted in their growth. Indian economy would start experiencing double digit growth sooner, when, entrepreneurs such as Bipin and Rattan gets guidance, training, finance and other needed support to prove themselves through the network of RBI-ERC. India spends approximately 100,000 crore per annum for rural development. If 8 to 10% of this can be set apart, that would meet some part

of the cost of this essential mechanism. It would also contribute to economic empowerment of poorer sections, scheduled castes, tribes and others and would lead to rural self-sufficiency as Gandhiji dreamed.

REFERENCES

- Almubarak HM (2009). Business Incubation: New International Currency for Economic Development. Retrieved June 10, 2010, from <http://www.kuniv.edu>: http://www.kuniv.edu/ku/News/KU_004113.
- Bank M (2010). BankMuscat business incubator to create livelihood for women. Retrieved November 7, 2010, from <http://www.bankmuscat.com>: <http://www.bankmuscat.com/en-us/PressReleases/Pages/pressreleases6-1.aspx>.
- Bayhan A (2006). Business Incubator process: A Policy tool for Entrepreneurship and enterprise development in a knowledge-based economy. Competitiveness Support Fund.
- GTZ (2010). Toolkit "Get youth on board". Eschborn/Germany: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH.

- IDISC.InfoDev (2010). Types of Business Incubators. Retrieved November 4, 2010, from <http://www.idisc.net/http://www.idisc.net/en/DocumentArticle.38689.html>.
- International Labor Organization (ILO/09/39) (2009). ILO adopts "Global Jobs Pact" aimed at creating jobs, protecting workers and stimulating economic recovery. Retrieved November 6, 2010, from [www.ilo.org: http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_108482/index.htm](http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_108482/index.htm).
- Institute of Manpower Research (IMR) (2002). India Year Book. New Delhi: Institute of Manpower Research.
- InfoDev (n.d.). Brief overview of the global incubation industry . Retrieved from www.idisc.net/en/DocumentArticle.38693.html.
- Smith KJ (2004). Business plan for a technology incubator. Oregon: KJ Smith Associates.
- Koshy P (2010). Rural Business Incubators: A tool for inclusive growth. Retrieved August 20, 2010, from Herald of India: <http://www.heraldofindia.com/article.php?id=516>.
- Mathew PM (2009). SMEs can be a potential contra-cyclical tool. (D. Murali, Interviewer).
- National Business Incubation Association (NBIA) (2009). What is Business Incubation? Retrieved November 6, 2010, from http://www.nbia.org/http://www.nbia.org/resource_library/what_is/.
- National Commission for Enterprises in the Unorganised Sector, Government of India, New Delhi (NCEUS) (2008). Contribution of the Unorganised sector to GDP. Report of the SubCommittee of a NCEUS Task Force, New Delhi, India: National Commission for Enterprises in the Unorganised Sector.
- Prasad VN (2008). Information: A Critical Input for Success of MSMEs. World SME News, July- August, New Delhi.
- Prasad VN, Koshy P (2007). Micro, Small and Medium Enterprises: A tool in the fight against poverty. National Seminar on Human Development Issues: Capacity Development in Indian States. Mumbai: Unpublished, p. 16.
- Varma UK (2010). Banks Need a Pragmatic Approach. (S. W. Bureau, Interviewer) October SME World, 3(10): 14-15.
- White Paper (2008). White Paper on Incubators. Retrieved November 6, 2010, from http://www.jccmi.edu/http://www.jccmi.edu/administration/president/Initiatives/Incubator_Summit/WhitePaperonIncubators.pdf.
- Zablocki EM (2007). Formation of a Business Incubator. Retrieved November 7, 2010, from <http://www.iphandbook.org/http://www.iphandbook.org/handbook/ch13/p06/>.