



Rural Management Principles and Practices

First Edition



**Mahatma Gandhi National Council of Rural Education
(MGNCRE)**

Department of Higher Education
Ministry of Human Resource Development, Government of India



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Preface

Rural well-being has been one of the imperative objectives of planning in India since Independence. Government Intervention in rural sector is considered essential in view of the fact that a sizeable population continues to exist in rural areas despite growing urbanization. Signifying its importance Mahatma Gandhi said 'India lives in its villages'. From the socio-economic, and political perspectives, the statement is valid even today and could well prove prophetic even for years to come. As per the 2011 Census, 68.8 per cent of country's population and 72.4 per cent of workforce resides in rural areas. Rural economy constitutes 46 per cent of national income. Despite the increase of urbanisation more than half of India's population is projected to be rural by 2050. Therefore, progress of rural economy is a key to overall growth and inclusive development of the country. But the nation's economy has been agriculture dependent for centuries. This continues to be so, as the market forces are not always able to improve the living conditions of the rural masses owing to existing structural rigidities and institutional deficiencies. Without the productive participation of vast proportion of the rural population, the development process remains incomplete.

The rural sector impacts, directly or indirectly, almost all economic activities in the country. It offers employment to majority of population. Rural India has key assets of natural resources and these resources are multifunctional serving both the production and consumption. It supplies food for the growing population. It also provides input and raw material necessary for major industries of India. A large part of revenue of the Government is also generated from the rural sector. Hence rural wellbeing has been of key focus in India. India being a welfare state has welfare of its people as its foremost obligation. Rural wellbeing not only deals with infrastructure development of rural areas but also with the overall improvement in standard of living such as sanitation, safe drinking water, shelter, good health facilities and livelihood for survival. India got backwardness, poverty, under development, and unemployment, lack of adequate infrastructure facilities and industrial base, poor health, and under production as inheritance from British rule. Hence rebuilding the shattered economy, eradication of poverty and improvement in the standard of living continue to be very difficult tasks. Rural wellbeing is holistic. It encompasses integrated natural and human resource development. It aims at increasing the opportunities in rural India in respect of health, knowledge and skill development, income and participation in decision making, creating conducive environment for reducing social as well as economic inequalities and conflicts. Thus, it attempts to promote optimal use of all present and potential natural resources. It ensures their conservation and development.

Civil society has been playing major role in the democratic decision making process by making the decisions more rational and sustainable. The globalised world now has seen vibrant civil society participation and the way they are driving the State and its machinery for better, accountable and responsible performance. Entrepreneurship has re-ignited the imagination of the people, with India producing a number of Unicorns, start-ups with over US\$ 1 billion in valuation. However, for a country where the majority of its population continues to live in the rural space, entrepreneurship in the rural areas assumes significance. Rural entrepreneurship has the potential to reap the demographic dividend that Indian economists refer to. It can create value for rural consumers while addressing community level challenges.

This book represents the collective efforts of so many remarkable individuals. We would like to thank the contributors to this volume for their collective wisdom, experience and insight. We would like to thank our Subject authors: Prof Sundar Bharadwaj, Coca-Coal Company Chair of Marketing at the University of Georgia, Atlanta; Prof Prakash Satyavageswaran, Assistant Professor, IIM Udaipur; Prof W C Singh, Professor, Manipur Institute of Management Studies, Manipur University; Dr Nilam Panchal, Associate Professor, BK School of Professional and Management Studies, Gujarat University; Dr Puja Singhal, Consultant of Gender Issues. We also have compilation of caselets on rural management from different subject areas like Rural Planning and Development, Marketing, Finance, HR/OB, Strategy. We would like to thank our Caselet authors: Dr Sumathi, GN, Associate Professor, VIT Business School; Dr Syed Kazim, Associate Professor, Acharya Bangalore B School; Ms Neha Gupta, Independent Consultant, L & D, Hyderabad; Ms. Rasheeda Shums, Assistant Professor, Amjad Ali Khan College of Business Administration, Hyderabad; Dr Gowri Pisolkar, Associate Professor, Aurora's PG College, Hyderabad; Dr. Bhalchandra Balkrishna Bite, AISSMS IOM, Pune; Dr Rajini.G, Professor and Head, VELS Institute of Science and Technology and Advanced Studies, Chennai. We would like to thank our Editor, Ms. Anasuya and Designer, and Mr. Shivaram for extending extreme support in completing this book.

Acknowledgement

This book is an effort to highlight and spread the action in public and private domains. It focuses on state and individual initiatives in India for full political, economic and social self-expression of communities. There are many efforts for promoting prosperity and well-being of rural communities. But, the dynamics in rural aspirations and rural capacities need not just be a renewed effort but also a revamped and restructured effort with people orientation.

This book is organised into blocks. The first block provides introduction and conceptual framework, outlines the importance and scope of rural development as well as the approaches and strategies of rural development. In the second block, along with scope and significance, sectoral issues of rural development are given. Institutions for Rural Development and Management at national, state and district levels have been presented in block third. It also has Scientific inputs and support from Institutions like ICAR, ISRO, CSIR and Institutes for Rural Development. The book provides theoretical knowledge, practical exposure and field visits through activities, so that, the students can link their theoretical knowledge with the real-life experience of engaging with communities at grass root level. Few caselets are also added in for better perspective of the situations around the world.

Block 1

Rural Planning and Development

Chapter 1 Introduction

The subject of rural development has gained extensive importance in India as 72% (Census 2011) of the Indian population resides in villages. Rural development is not totally a new thought; it existed in India since Vedic times. Now it has been realized globally that, without the development of rural areas, growth of country is not possible. For Rural development, planning is imperative as it became clear that the strategies adopted in developing countries remained largely unsuccessful in alleviating poverty and inequalities in rural areas. It became gradually understood by every economy, that apart from a struggle to surge agricultural and industrial production, it is also essential to address directly the problems pertaining to access of basic resources, education, health services , employment and poverty in rural part. For effective planning, it is required to understand the concept, approaches, and strategies of rural development, which is included in this block.

Objectives

After reading this block you would be able to:

- » Describe the concept and important elements of rural development
- » Learn the importance and scope of Rural Development
- » Enumerate the different rural development approaches advocated by different schools of thought; and
- » Explain the important strategies of rural development.

Rural Development: Concept, Elements

India is considered as land of villages as 72.2% (Census 2011) of Indian population lives in villages. For the development and growth of nation, villages need to be developed and rural households must be provided with all the facilities as in urban areas. There are various states in India with more than 5% of villages and Uttar Pradesh has 16.6 % of villages 15.6 % of rural habitats and 15.2 % of rural households which is maximum compared to other states. State-wise share of Villages, Rural Habitations and Rural Households (2011) of other states are shown in table 1.1.

Table 1.1. State-wise share of Villages, Rural Habitations and Rural Households (2011)

States	Villages (%)	Rural habitations (%)	Rural households (%)
Andhra Pradesh	4.3	4.3	8.5
Arunachal Pradesh	0.9	0.3	0.1
Assam	4.1	5.2	3.2
Bihar	7.0	6.5	10.1
Chhattisgarh	3.1	4.3	2.6
Delhi	0.02	0.0	0.05
Goa	0.1	0.02	0.1
Gujarat	2.8	2.1	4.0
Haryana	1.1	0.4	1.8
Himachal Pradesh	3.2	3.2	0.8
Jammu & Kashmir	1.0	0.8	0.9
Jharkhand	5.1	7.2	2.8
Karnataka	4.6	3.6	4.7
Kerala	0.2	0.7	2.4
Madhya Pradesh	8.6	7.6	6.6
Maharashtra	6.8	6.0	7.8
Manipur	0.4	0.2	0.2
Meghalaya	1.1	0.6	0.3
Mizoram	0.1	0.05	0.1
Nagaland	0.2	0.1	0.2
Odisha	8.0	8.5	4.9
Punjab	2.0	0.9	2.0
Rajasthan	7.0	7.3	5.7
Sikkim	0.1	0.1	0.1
Tamil Nadu	2.5	5.7	5.7
Tripura	0.1	0.5	0.4
Uttar Pradesh	16.6	15.6	15.2
Uttarakhand	2.6	2.3	0.8
West Bengal	6.3	5.7	8.2
All-India	100	100	100

Sources: Census of India, 2011; RHS Bulletin (2011)

The concept of rural development has been conceived in diverse ways by researchers, ranging from thinking of it as a set of goals and programmes to a well-knit strategy, approach or even an ideology. 'Rural Development' is combination of two terms: 'rural' and 'development'. Rural area unit are the areas that aren't urban areas. The segregation between rural and urban areas is generally made on the basis of two measures:

- (i) density of population, and

- (ii) percentage of workers involved in non-farm sectors. Rural areas are very huge in most of the developing countries and it is typically characterized by low density of population with agriculture-centric economic activities.

On the other hand, 'Development' is a wider concept that usually comprises the following:

- (i) rise in real per capita income (economic growth),
- (ii) improvement in the distribution of

- income (equity),
- (iii) political and economic freedom, and
- (iv) equitable access to resources, education, health care, employment opportunities and justice. It is a universally cherished goal of all individuals, families, communities and countries.

The term 'Rural development' is a subset of this wider term 'development'. It means that the overall growth of rural areas with a view to improving the living standard of rural individuals. Rural development is usually used to signify the actions and initiatives, taken to enhance the standard of living in non-urban neighbourhoods and village individuals. However, there's no standard definition of the term 'rural development'. The term is understood differently in different context. It can be observed as a thought, as a procedure, as a phenomenon, as a approach and as a discipline. As a thought, it means all round development of rural individuals. As a process, it infers the involvement of individuals and communities in activities that lead to accomplishment of their precious goals over time. Its purpose is to enhance the standard of living of the persons living in the rural parts. It is a cohesive procedure, which includes social, spiritual, political and economic development of the poorer segments of the society. As a phenomenon, it is a measure of quality of life resulting from communications between various physical, technological, economic, socio-cultural and institutional aspects.

World Bank (1975) well-defined rural development as an approach intended to improve the economic and social well-being of a specific group of individuals, that is, the rural poor. It comprises spreading the benefits of development to the poorest among those who seek a livelihood in the rural areas. The group comprises small scale farmers, tenants and the landless. As a discipline, it is multi-disciplinary in nature which contains the elements of agricultural, social, behavioural, engineering and management of sciences.

Therefore, rural development can be defined as inclusive development of rural areas with a view to maintaining sustainable enhancement in the quality of life of rural persons, especially the rural poor. Most of small and marginal farmers, tenants, landless agricultural labourers, rural artisans, SC/ST people and other socially disadvantaged sections of the society combined to form such specific group of rural poor. In the context of democratic and developing economies rural development means sustained progress of income of the rural individuals along with the spreading of income and economic assets in favour of the poorer segments of the society in such way as to progressively eradicate poverty and unemployment in rural areas. It also brings about an enhancement in social, educational, health, attitude, cultural and other aspects of rural life.

In various developing countries, there exists 'dualism' or coexistence of two distinct economic subsystems: on one hand, there exists in the economy a small but extremely modern and advanced urban subsector, which engages most of the material, economic, and educated and talented manpower resources. On the other hand, there is a very huge but traditional and underdeveloped rural subsector, characterized by extensive poverty, unemployment and low productivity, which forms the majority of the population.

The relevance for rural development seems due to 'urban bias', no applicability of percolation theory of economic development and the resultant spectre of poverty and unemployment in rural areas. It appears as a distinctive field of policy and practice, and of research towards equity objectives of several kinds- especially the reduction disparities in income and provision of employment, access to public goods and services and the eradication of poverty. What is significant is to create a new strategy that explicitly knows the inter-linkages and complementarities between the rural and the urban subsectors, and provides for integrating them entirely.

In various countries, rural areas are very huge

and characterized by low productivity and low density of population. Agricultural activities play an important role in rural parts but economic activities may be associated to the primary sector (besides agriculture it contains fisheries, forestry, mining and animal husbandry), processing of food grains and making of raw materials, household manufacturing industries, small scale agro-based rural industries and business. The key stakeholders in rural sector comprise farmers, agriculture and non-agricultural labourers, artisans, traders, money lenders and those involved in providing such services as transport, communications, processing, banking, and education and extension. The extent of the rural sector could be measured in terms of the size of rural population, livestock population, extent of land resources, water resources, forest resources and fisheries, volume of inputs used and output generated.

Rural development activities comprise agricultural growth, rural industrialization, putting up of economic social infrastructure, fair wages as also housing and house sites for the landless, village planning, public health, education and functional literacy, communication etc. Rural development recognizes that rise in production and productivities, provision of enhanced food supplies and nutrition together with basic services would progress not only directly the physical well-being and quality of life of the rural poor, but also indirectly enhance their capability to contribute to the national economy. India's national economy is principally of rural character. More than 72 per cent people living in rural parts. It is factual that India exists in villages and rural India is the real India. Rural development is, thus, very important and urgent need for overall growth of India.

An investigation of the rural development programmes so implemented in India discloses that there are at least four sets of theories implicit in them. First, on the basis of the coverage of the rural development programmes, the theories may be called as balanced and unbalanced theories of rural development. Secondly, on the basis of the content of the programmes, there may be institutional

and technological concepts of rural development. Thirdly, on the basis of the administrative content, the theories may be defined as centralized and decentralized theories of rural development. Finally, on the basis of the spread of effects of development, these theories may be defined as percolation and polarization theories of rural development.

We can summarise the main objectives of Rural Development as shown in fig.1. 1.

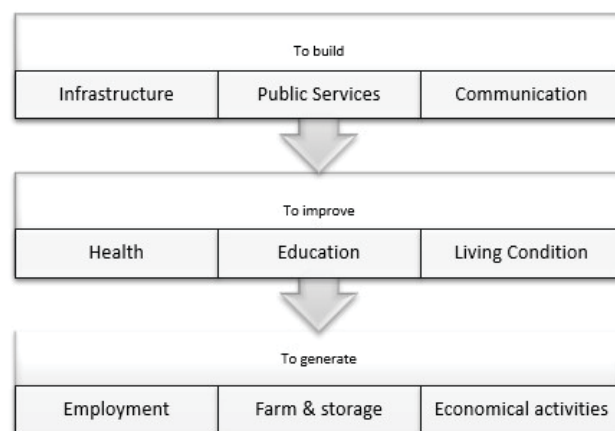


Fig 1.1: Main Objectives of Rural Development in India

Elements of Rural Development

There are three basic elements which are considered to constitute the 'true' meaning of rural development. They are as follows:

1. Basic Necessities of Life

Persons have certain basic needs, without which it would be impossible (or very difficult) for them to live. The basic necessities embrace food, clothes, shelter, basic literacy, primary health care and security of life and property. When anybody or all of them are absent or in critically short supply, we may state that a condition of 'absolute underdevelopment' exists. Provision of the basic necessities of life to everybody is the main responsibility of all economies, whether they are capitalist, socialist, or mixed. In this sense, we may claim that economic growth is an essential condition for improvement of the 'quality of life' of rural people, which is rural development.

2. Self Respect

Every individual and every nation seeks some sort of self-respect, dignity or honour. Absence or denial of self-respect shows lack of development.

3. Freedom

In this context, freedom refers to political or philosophical freedom, economic freedom and freedom from social bondage. As long as society is bound by the servitude of men to nature, ignorance, other men, institutions and dogmatic beliefs, it cannot claim to have achieved the goal of 'development'. Servitude in any form shows a state of underdevelopment.

On the basis of elements of rural development following important components can be derived:

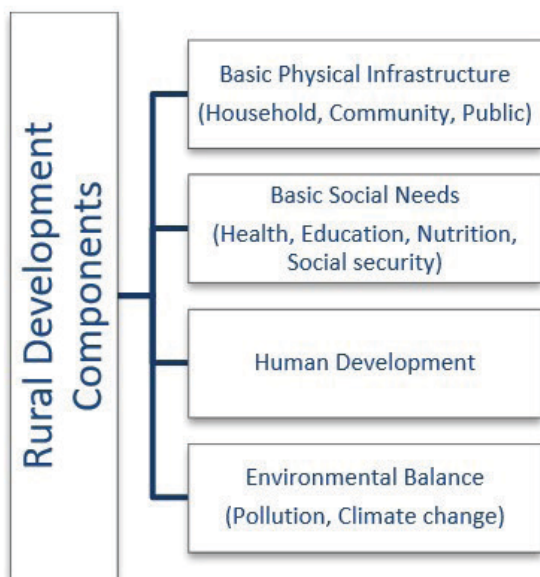


Fig. 1.2: Rural Development Components

Scope, Importance and Challenges of Rural Development

Rural development is a dynamic process, which is primarily concerned with the rural parts. These contain agricultural growth, putting up of economic and social infrastructure, fair wages as also housing and house sites for the landless, village planning, public health, education and functional literacy, communication etc. Rural development is a national need and has significant importance in India

because of the following reasons.

1. About three-fourth of India's population lives in rural areas, thus rural development is needed to develop nation as total.
2. Nearly half of the country's national income is resulting from agriculture, which is chief occupation of rural India.
3. About seventy per cent of the Indian population gets employment through agriculture.
4. Bulks of raw materials for industries come from agriculture and rural segment.
5. Rise in industrial population can be justified only in rural populations motivation and increasing the purchasing power to purchase industrial goods.
6. Growing inequality between the urban elite and the rural poor can lead to political instability.
7. The main aim of the rural development programme is to raise the economic and social level of the rural persons.
8. There are many obstacles in the rural India which are illustrated as follows:

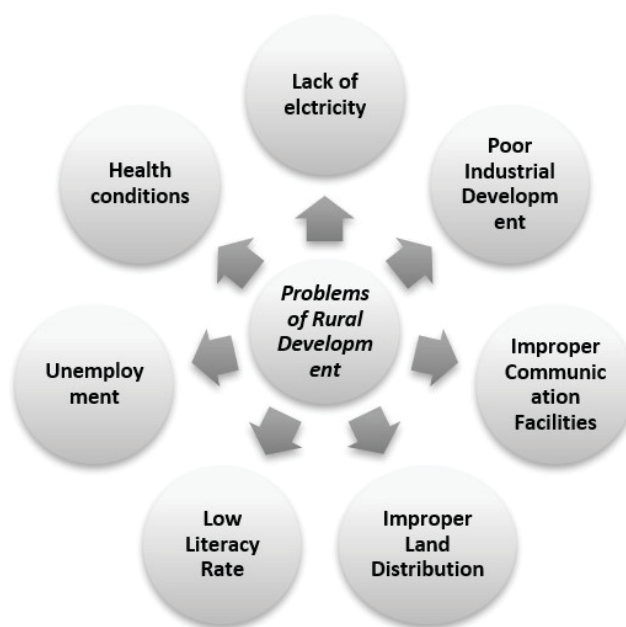


Fig. 1.3 :-Problems of Rural Development in India

The challenges shown in the figure 3 clearly

highlights the problems which are being faced by the rural India. The challenges described above are almost alike to every Indian village. The problem like electricity supply poses a great constraint in terms of mobilisation of resources as without electricity, it is almost impossible to channelize other digital sources like IT and Industrial development. Lack of employment prospects in rural areas is also a challenge which need to be addressed. Literacy is the main problem in rural development programmes. Besides, these challenges, there are other challenges as well which are equally important for the overall development of these areas.

- The weak extension linkages.
- Untrained, unskilled, unexperienced employees in extension linkages.
- The manpower, managerial and financial resources reserved for the effective implementation of development programmes are not adequate.
- Ineffective Implementation of Policies and lack of political will in the country.
- Lack of information about recent programmes and schemes in the rural commonalities.
- Inappropriate selection of instruments for programme implementation.

Approaches: Sectoral, Area Approach

Sectoral Approach

Sectoral development planning in individual sectors like education, health, housing and social security are comprised in sectoral approach of development. This approach supports compartmentalization of development in various sectors as if these are watertight compartments and have nothing to do with each other. Its insufficiencies stem from this compartmentalized approach. Few efforts are to be made to integrate them. By 1960's the situation was rather serious on the food front. The requirement for

great attention on food production led to strategy for finding potential sectors and well endowed districts and zones capable of yielding higher agricultural production. More devotion was paid in improving productivity per acre than on spreading the acreage. Consequently, the Intensive Agriculture Development Programme (1960) (IADP) and later in 1963 intensive Agricultural Area Programme (IAAP) were launched. Both IADP and IAAP constituted milestones in the development of agriculture, indeed of the rural sector in India. The programmes placed agriculture on a qualitatively different equilibrium with wide ranging repercussions on rural scenario. The programmes resulted in a spectacular breakthrough in total agricultural production and productivity per hectare but at the expense of social equality and social justice.

Area Development Approach

This approach considers that development of an area depends not only on the development of a satisfactory infrastructure network but also the way factors of the local economy are activated around the creation of infrastructure. In other words, for the progress of an area, a spatial and functional combination is necessary. Thus, while rural growth centers provide ideal places for the provision of infrastructural services, their hinterlands are regarded as basic planning units for integrated multi-sectoral planning to attain integrated development of an area. The approach, while taking area poverty into consideration, provides an equilibrium between various sectoral activities as well as spatial pattern of growth; however, it does not guarantee that economic growth is being shared by all classes and communities of the rural parts.

Target Group Approach, Participatory Approach, Integrated Approach

Target Approach

In order to accommodate the lagging sectors/regions

rural development was reconceptualized to highlight the development of the social and economic life of a particular group of people. The target group included marginal and small farmers, landless agricultural labourers for whom distinct programmes such as Small Farmer Development Agency (SFDA) and Marginal Farmers Development Agency (MFALDA) were started. It was observed that the target group approach showed improved results where information facilities were acceptable and administrative and organizational arrangements were reasonably strong. This approach was for the correction of regional disproportion. In this connection, mention may be made of Tribal Area Development Programme (TADP, 1972), Hill Area Development Programme (HADP, 1974-75), Drought Prone Area Programme (DPAP, 1970), Desert Development Programme (DDP, 1977-78), and Command Area Development Programme (CADP, 1975). These programmes were fairly effective in terms of execution.

Participatory Approach

This perception has been developed from participatory development. “Participatory development is a process through which stakeholders can influence and share control over development initiatives, and over the decisions and resources that affect themselves” (ADB, 1996).

- A process to involve local populations in development projects.
- PD uses local decision-making bodies and capacities to steer and explain the nature of an intervention.
- PD aims at realizing a localized capital accumulation process based on the skills expansion and local resources generation.
- The critical feature of PD is social mobilization.
- PD provides new self-confidence through which the community can absorb more ambitious projects involving collective action and management.

Scope and Applications of Participation

- Participation at the micro level of projects such

as project planning and design decisions, project execution, monitoring and assessment.

- Participation at the macro level, for instance, participatory poverty assessments (PPAs) are planned to influence policy mainly in relation to development and poverty reduction policies (Norton et al., 2001).
- Between the micro and the macro level, various exercises in participation at an intermediate or meso level such as participatory budgeting in local governments and several forms of territory-based rural development.

Types of Participation

- a) **Passive Participation** - People are told what is going to happen or has already happened. Top down, information shared belongs only to external professionals. Information giving people answer questions posed by extractive investigators, using surveys etc. People not able to impact the research. Consultation People are accessed and outside agents listen to their views on generally outwardly defined problems and solutions. People not actually involved in decision making. Participation by material incentives, provision of resources, e.g. labor. Little incentive to participate, for example farm research, some community forestry.
- b) **Functional Participation** Groups are formed to meet predetermined aims. Generally done after major project decisions are made, thus primarily dependent on outsiders but may become self dependent and enabling.
- c) **Interactive Participation** Joint analysis to joint actions. Probable use of novel local institutions or strengthening existing ones. Permitting and empowering so people have a stake in maintaining structures or practices.
- d) **Self-Mobilization** Already empowered, take decisions self-reliantly of outside institutions. May or may not challenge existing inequitable distributions of wealth and power.
- e) Participatory Rural Appraisal (PRA) and Rapid Rural Appraisal (RRA) -To enable people so that

they can express and analyse the realities of their lives and conditions, to plan themselves what actions to take, and to monitor and assess the results. The difference is that PRA highlights processes that empower local people, whereas RRA is mainly seen as a means for outsiders to gather info (Chambers and Blackburn, 1996)

Important Elements of Participatory Development Process

Development of consciousness and group identity. The realization of the creative potential of the poor.

Empowerment: The process of reconstructing a group identity, raising consciousness, acquiring novel skills and advancement of their knowledge base.

Participation: Power to breakdown the vicious circle of poverty

Implementation

1. Information-sharing tools: News and updates via media
2. Consultation tools: Discussion forums, debates, focus groups etc.
3. Collaborative planning tools: Establishment of local-level planning committees
4. Natural resource management - Natural resource management development is a main area of application of participatory approaches to help poor in managing the natural resources available to them.

Governance and Decentralization

- Good governance makes it possible for citizens, individually or in groups, to articulate their interests, exercise their legal rights and negotiate their differences.
- Within the broad area of governance, decentralization, which brings decision-making closer to the local level, is potentially important to participation, if it is done well, lead to more responsive government and new opportunities for citizens to participate.

Benefits

1. High start-up cost but less expensive and more sustainable in the long run
2. More relevant to local populations than traditional development projects
3. Addressing local needs

Criticisms

1. Costly and slow
2. Smaller target population than traditional development

Integrated Development Approach

In the context of problems in the area development approach to tackle the problems of rural poverty, a new strategy of development, i.e. the integrated development approach has been developed because the area development approach by and large failed to address the question of inequalities in the distribution of employment, incomes and assets. A mere geographical emphasis, as is the case with the area development approach, has been found to be insufficient in solving the difficulties. The Indian economy and social structure are characterized by extensive poverty, meager health conditions, illiteracy, exploitation, unbalanced distribution of land and other assets and lack of infrastructure and public utilities (roads, communications etc). Undoubtedly, this means that the problem requires an approach that will take into account all these factors in devising a wide-ranging strategy to further rural development. The concept of “integrated rural development” came into trend with the requirement for a multipurpose thrust to rural planning. It emphasises that various facets of rural development, which have an influence on rural life, are interrelated and cannot be looked at in isolation. Thus, an integrated approach towards rural development is crucial. The several dimensions of rural life--- development of agriculture and allied activities, rural industrialization, education, health, public works, poverty alleviation and rural employment

programmes -- all form a part of an integrated approach to the issues of rural development.

Strategies of Rural Development

In order to foster sustainable development in rural areas, different schools of thought advocate different routes. It must be borne in mind that there is no single universal method by which this can be universally achieved. Different economic and social systems have to take into account their own specificities in order to enhance rural development.

Rural Development Policies

Each rural development strategy also has its own ideological roots upon which the fundamentals of the strategy have been based. A strategy consists of an ordering of various policy parameters to attain the desired objectives. Different strategies emphasize different sets of policies in order to achieve their goals. However, there are certain vital policies that are common to most rural development strategies. These policies are associated with : land, technology, agriculture, employment, education, research and extension, rural institutions and agricultural pricing.

a) Land Reforms and a Land Policy

Activities in rural area are mostly related to agricultural and other allied activities. Needless to say, land is a very significant question in this matter. As is well-known distribution of land and other assets is very skewed in India, as the huge majority have small land holdings. This has a direct influence on the ability to earn incomes in rural parts. Land reforms including the protection of the rights of tenants is one of the main means of transforming rural societies. It has also been contended that productivity levels of small farms are often bigger than those of large farms. This is credited to the fact that the small farmer puts in more intensive labour on the small plot that belongs to him. Thus, land reforms and a land policy that provide distributive justice may also result in greater agricultural productivity. Therefore, land policy is a vital element in a rural development strategy.

b) Technological advancement

Advances in technologies available to rural societies can have a big influence on them. On the one hand, it is vital that newer technologies are adapted to rural societies and, on the other, it is essential that existing technologies are extended to rural parts. Technological planning, research and development are very important ingredients of rural development. In India, the agricultural sector is particularly dependent on weather. Technological developments can play a dynamic role in insulating agriculture from the effects of the weather. Rural communities are also characterized by large-scale unemployment on the one hand, and low productivity, on the other. Therefore, care has to be taken when new technologies are announced in rural areas. Technologies suitable to rural societies have to be selected so that there is no large-scale displacement of labour. A careful balance between achieving higher productivity and raising employment opportunities to rural communities has to be struck. Rural development strategies have to consider this in formulating their programmes.

c) Rural employment programmes

Given the degree of unemployment problem in rural India, the necessity for well-formulated employment programmes can hardly be over stated. Such programmes can shield fluctuations in rural incomes on account of poor weather conditions as is the case when the monsoon fails. In India, agriculture employment is often seasonal. Under these conditions, rural employment programmes can confirm a better spread of employment throughout the year.

d) Agricultural Policies

The development of non-agricultural activity within the village economy can also reduce the pressure of population on the land. Agriculture remains the key avenue for providing incomes and employment in rural parts. In India, agricultural planning is vital for rural development strategies. The balanced growth of the agricultural sector can play a significant role in creating better conditions for those depending on this sector.

e) Educational System

In India, the problem of illiteracy is particularly

critical in rural areas. The lack of education can act as a restraint in fostering rural development. Rural societies are also characterized by widespread disparities in the distribution of incomes and assets. The deficiency of education creates a situation in which this problem is perpetuated. The spread of education, on the one hand, can enable the rural poor to guarantee distributive justice and, on the other, help them in dynamically participating in rural development programmes.

f) **Research**

Research and planning are very significant ingredients of rural development strategies. Research enables furthering knowledge which is appropriate to rural cultures and planning ensures that the gains are really delivered to the target groups. Trained staff are imperative for any rural development programme since they actually deal with the community for whom the programmes are intended.

g) **Rural Development Institutions**

Rural institutions need to be transformed and utilized for effectively carrying out rural development. The institutional facets of rural societies are generally ignored when strategies are formulated. The institutional structures such as *panchayats* need to be developed so that there is proper participation in rural development. These structures can perform as powerful agents in really executing the development strategies. Since rural settlements are generally isolated, they cannot be monitored efficaciously from outside. Local monitoring by institutions such as *panchayats* can actually ensure that programmes are effectively implemented and that the target group really benefits from such programmes. During the last decade numerous states have taken significant steps in this regard. Rural institutions such as banks and cooperatives can also play a significant role in rural development. Unfortunately, during the period of economic reforms since the early 1990, these institutions have suffered considerable setbacks.

h) **Price Policy**

The use of a price policy is also a critical element in a rural development policy. First, agricultural produce has to be priced in such a way that the agriculturalists

enjoy satisfactory returns. Secondly, the price policy through the use of subsidies can act as a means of providing important items of mass consumption to people residing in rural parts. This is particularly crucial for those below the poverty line. The spread of the public distribution system through its network of ration shops in rural parts can be used to resolve this issue. This is particularly significant during periods of poor rainfall when rural incomes are badly affected, which in turn has a negative effect on consumption. Subsidies can act as input subsidies to the agricultural sector. This is mainly significant in the case of fertilizers, pesticides and seeds. Thus, the price policy can act as a useful means of attaining rural development aims. The recent thinking along the neo-liberal lines has led to important changes in the several aspects of the price policy, and it is quite clear that rural India has been subjected to tremendous stress during the liberalization era; some of it is on account of changes in some features of the price policy.

Forms of Rural Development Strategies

Different strategies highlight and give importance to different mixes of agrarian relations, techniques of production and state policies in order to attain the objectives of rural development. To understand some of the relevant issues, following rural development strategies are discussed, giving central importance to agrarian relations for purpose of classification.

These are:

- i) A strategy founded on collectivization of resources;
- ii) A strategy based on controlled capitalist perspective;
- iii) A strategy built on farmer agrarian perspective;
- iv) A strategy grounded on Laissez-Faire or unregulated free-market capitalist perspective.

With these qualifications, let us briefly sketch the outlines of these strategies.

- i) Collectivization of rural assets (particularly land) is given utmost status in the first strategy. Private

ownership of land is eliminated so that not only are disparities in the ownership of land eliminated but also land use can be made more prolific. The latter is realized because small plots of land can be consolidated so that largescale cultivation can bring about economies of scale in agricultural production. Largescale cultivation also rises productivity by generating potentials for the use of modern technology in the form of tractors, harvesters, etc. This strategy was followed with fairly good achievement in the Soviet Union, China and the East-European countries. These countries were able to make sharp rises in production soon after they introduced this strategy. However, for a variety of reasons, the erstwhile socialist regimes have collapsed or changed course dramatically and this strategy is not in operation anywhere presently.

ii) The second strategy envisions a co-existence of a capitalist sector and a peasant sector that gets some support and shield from the state. Any large-scale rearrangement of land or reconfiguration of land relations are ruled out. It is wished that the objective of speedy growth would be taken care of by the capitalist sector while the peasant sector would address the issue of unemployment till the time the nonagricultural sectors start growing at a fast pace. This approach to rural development has been criticized for not being able to reckon with the fundamental contradictions in rural parts. It is pointed out that without meaningful land reforms, this strategy can only have partial success, as rural disparities are ignored in this strategy. Rural elites, on the one hand, exercise control and avoid changes that will bring about a change in the inadequate distribution of assets (particularly land), and on the other, bend a large part of whatever resources are pumped in from “outside” to improve the lives of the poor. An example of this is provided by the way banking cooperatives have functioned in India. A great share of rural credit disbursed through cooperative institutions has gone into the hands of those who are rich and have the capacity to mobilize their own resources. Therefore, it is pointed out that

this strategy avoids taking hard decisions to make a breakthrough in rural development that can generate conditions for the speedy development of rural parts.

iii) The strategy based on the peasant agrarian perspective argues for thorough-going rearrangement of land and overhaul of land relations. It imagines strong support for small farmer units, which are supposed to take care of the twin-objectives of growth and employment. A widespread network of cooperative institutions, marketing facilities etc is accorded crucial importance in this strategy.

In both, second and the third strategies, it is envisaged that the state will play significant roles in encouraging and strengthening the non-agricultural economic activities in the rural parts, so as to ease the pressure of excess labour on agriculture and to ease the creation of decent livelihood options elsewhere in the long-run. It is anticipated that a vibrant agricultural sector will itself create strong impulses for the creation of non-agricultural prospects, but to harness such impulses the State is expected to perform a whole range of significant functions. Moreover, it is assumed that the problem of satisfactory infrastructure in rural areas will be addressed by the state and also the investments in social sectors such as electricity, education and health, etc.

iv) Lastly, a strategy based on unregulated capitalist perspective. Such a strategy presumes that rich landowners will play the forefront role in fast increase in agricultural output, by taking advantage of the economies of scale and progressively the small cultivation units will disappear. It is suggested that the state should not interfere in the growth of the capitalist sector and there should be no ceiling on ownership. Unconstrained expansion of this sector is supposed to provide a vitality that will pump the rural economy and the benefits from it, through employment and increasing incomes, are supposed to percolate even to the lowest strata. The issues of disparity and distributive justice are considered non-issues in such a strategy. To the extent the state has a role, it is with respect to infrastructure, but there too it is not viewed as the main actor necessarily.

This is so, not only because it overlooks a number of growth concerns, but also due to its unnecessary and unwarranted optimism as regards growth and its percolation. It should be understandable that whichever strategy of rural development one may opt for, the core of it is an agricultural development strategy. If such a strategy has to address the issues of development, it has to be broad-based. For this a rearrangement of land relations is obviously the key factor. We have already mentioned some of the other significant elements earlier, but the fundamental concerns of a rural development strategy may be listed here as follows:

- a) Agricultural research, extension, rural teaching and training programmes for farmers form a part of institution building activities;
- b) Infrastructure building activity related to the development of irrigation, transport, communications and health facilities;
- c) Programmes to expand marketing facilities for the delivery of agricultural inputs and implements;
- d) Policies related to land tenure, agricultural output prices and taxation of agricultural incomes must be improved.

Based on the understanding of market economies as regards the approach towards distribution of land, types of strategies for progressing the growth of the agricultural sector can also be classified as “uni-modal” and “bi-modal” strategies.

A uni-modal strategy is one in which land holdings are impartially distributed. This strategy was followed with great success in the case of Japan, Taiwan and Korea. It seeks to encourage rural development through the use of thorough-going reforms in the agricultural sector. Thus, because of the land reforms and the consequent uniform distribution of rural assets, resources meant for the agricultural sector are also spread evenly. This

type of agricultural strategy creates a situation that enables rapid growth of agricultural production with impartial distribution of incomes. This in turn not only results in fast rural development, but also provides a significant basis for overall economic growth.

The bi-modal strategy for the growth of the agricultural sector tries to increase agricultural production without making attempts to drastically alter the skewed distribution of incomes and assets in rural parts. Many countries in Latin America are examples of this kind of strategy. In the case of this sort of strategy there is no effort to bring about land reforms. Huge number of small farms coexist with a small number of large size holdings. The idea is to focus on modern technology and inputs to the latter and thereby attain agricultural growth. Such a growth pattern clearly overlooks a whole range of developmental concerns and is also incompetent to provide strong foundation for overall economic development.

Rural development needs a comprehensive strategy of developing the agriculture and industries through the technological and educational advancement. For the development of rural areas, all the dimensions of the rural development need to be considered.

Rural Economy Issues	Development strategies
Mass population of India in villages	Mass reach through e-governance
Uneducated	Provide quality education
Backward	Developmental Strategies
Poor Health Condition	Quality Medical Facilities
Lack of infrastructure	Focus on roads and railways
Lack of connectivity	Provide telephone and internet
Lack of awareness	Build awareness through media
Poverty	Develop financial institutions
Lack of development and business	Design policies for growth
Agriculture underdeveloped	Upgrade agriculture development
Improper Land Distribution	Land Reforms

Possible strategies according to the characters of rural economy are summarised as below:

Table 1.2: Comprehensive Rural Development Strategies

Impacts of Rural Development

Development is a technique of doing economic activities in the modern era of technological connectivity in a planned way to build a network of working relationships. The development and growth have many benefits and it supports the working of the society in the following ways:

- Consenting the creation of employment-oriented relationships with the rural society to progress the standard of living of the people.
- Improve the investment profile of rural areas , getting the funds from the government and the other financial institutions .
- Serving the government to manage strategies and design clear goals and objectives to generate quality services to the rural society.
- Providing a protected and growth oriented environment for the rural people so that they can lead better life with quality service related to life and creation of facilities that can influence the particulars of all human emotions for better sustainability and reflect the Indian ethics in a better way.

Summary

The development experience of the 1960s and the 1970s showed that mere economic growth will not result in better living standards in the rural parts of developing countries. It was clear that economic development has to be accompanied by distributive justice. It was also clear that a multi-dimensional approach was required to resolve the problem of poverty in the developing countries, particularly in the rural parts where a large part of the population resides. As we discussed in the foregoing literature, rural development takes into account factors other than economic growth. These are education, health facilities, better infrastructural facilities in rural parts, employment generation and an attack on poverty. In order to attain these objectives, it becomes essential to take into account all these factors and formulate strategies to develop rural societies. Strategies and

planning, play a significant role in furthering rural development since it is a long-term process. Since situations differ substantially between one country and another, it is difficult to formulate a single strategy suited to every developing country.

Model Questions

- 1) What are the primary objectives of rural development?
- 2) Distinguish between rural development projects and rural development programmes
- 3) List the major policies that are vital for most rural development strategies
- 4) Distinguish between collectivist, reformist and market oriented rural development strategies.

To Do Activity

- a) While we have international fully air-conditioned schools in our cities, the schools in villages still don't have benches and chairs, leave alone computers. Identify, why rural areas lag behind cities by decades?
- b) In cities, we have wide roads, flyovers and underpasses while many villages still don't have proper roads. Find out why rural areas lag behind cities in growth?
- c) Employment opportunities are hardly there in villages which forces youth to move to cities creating imbalance in the ecosystem and leaving the villages deprived. Explore that why there is lack of opportunity in rural area.

Case Study of Village Neriga, Karnataka, India

Demography of the Village: Neriga Village is a small village near the borders of the city of Bangalore. It is located approximately 24 km from the city of Bangalore. Neriga village is about 400 hectares and rests at an elevation of about 900 meters above sea level. In the village, there are no facilities such as hospitals, banks, police stations or markets.

Population details: The current population of the village is 6,000 people. There is a significant increase

from the census taken in 2001 that showed a number of 1,345.

Information on the population: The primary language spoken in the village is Kannada. Many residents also speak fluent Telugu. The literacy rate lies around the range of 80%. The average yearly income of a family living in Neriga village is 15,000 rupees. The government has started a system called the “ration card”, which sells goods to people at reduced prices. The number of people in Neriga village who have the ration card is 1600 people. The government also provides school going children with free books and free lunch.

Occupation: The primary occupation of the residents of Neriga village is agriculture. The agricultural production includes paddy (rice), raagi, roja, kanakambara and some vegetables. Sericulture is also practiced. The village is known for its Nilagiri plantations. Small-scale brick industries are also located in the village. A number of about 100 people work outside of Neriga village

Schooling: Even though the literacy rate in the village is about 80%. An average of 20 people in the village finish school upto 10th grade. In Neriga village, there is only a primary school. Students must go to a nearby village to study middle and secondary school.

The main reason for student dropouts are as follows:

- Lack of awareness: Parents with little or no education awareness want their children to leave school.
- Lack of funding: After grade 8, a small amount of money is to be paid in order to continue going to school. Some cannot afford this.
- Work: Sometimes, children are needed to work to help improve the family income. Children that leave school go and work in farms and make 25 – 50 rupees a day.
- Marriage: Children get married and therefore stop coming to school.

Village Leadership Structure: There is a fully functional local panchayat that holds the leadership

position in Neriga village. The head of the Panchayat is known as the Sarpanch. The village is a part of the Anekal Taluk of the state of Karnataka.

Healthcare: There is no local hospital or health care centre in the village. The minimum distance a person must travel to receive proper healthcare is 8 – 9 kilometers in the town of Varthur. For Neriga village, there is one government appointed health worker who visits the village everyday. The health worker provides first aid and some basic medicines that may be required by the people. Once in 3 months, a doctor visits the village and performs some regular checkups. These checkups include blood sugar tests, eye checkups and blood pressure checks.

Availability of power: The village of Neriga only receives 8 hours of power per day. There are no forms of backing up this power, by any form of generators and other such equipment.

Technology: As stated before 15 people have taken computer courses in the village of Neriga. In the village, there is no access to computers or Internet. Students also cannot make use of this technology to their benefit. Surprisingly, cell phones are very common in the village of Neriga. Almost each household in the village owns a cell phone. It is used as a family owned device, more than a personal device. The devices used, however, are very basic and capable of only voice conversions.

Case for Action:

1. How can we harness technology to provide better livelihood options and opportunities to the people of this community?
2. How can we apply technology to meet the healthcare needs of this village community?
3. How can we create a technology aided solutions to improve the educational level of this community, taking into account all the factors that lead to a high school dropout rate?
4. How can we better the quality of life of the people of this community while taking into account the

challenges in terms of availability of resources?

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Chapter 2 Rural Management

Introduction

This block gives an overall view of the movements in the growth of rural economy and the structure of production relations in rural India. In the process of creation, rural workers enter into various kinds of economic relationships with each other. It is through these relationships that cultivators get access to land, credit, labour and other resources and landless workers get access to employment. A study of rural economic structure is fundamentally a study of these economic relationships. Sectoral matters in Rural development are also explained in this block. At the end model questions are also given for self-assessment.

Objectives

After going through this block, you would be able to:

- » Understand the scope of Rural management
- » Describe the nature of inequality in the distribution of land and other assets in rural areas;
- » Explain and apply the key concepts of microfinance;
- » Explain the problems of rural credit markets;
- » Explain the role of agriculture as a sustaining source of economic activity in the country; and
- » Analyse the Land Reforms in India

Scope and Significance of Rural Management

Rural management is the study of planning, organising, directing, and controlling of rural area, co-operatives, agribusiness and allied arenas. It combines the knowledge of management studies and applying it in the rural framework.

Scope of Rural Management

According to a research by global consulting firm

Accenture, the rural economy accounts for 50 per cent of the country's gross domestic product. It also constitutes 70 per cent of the country's population and 50 per cent of the work force. About 75 percent of new factories constructed in the past decade have come up in rural India, which accounts for 75 per cent of all new manufacturing employment. Since 2000, per capita GDP has grown at 6.2 per cent a year in rural India compared with 4.2 per cent in urban parts. And in terms of spending, Bharat has trumped India by a mile. Between 2009 and 2012, Indians in the countryside spent \$69 billion compared with \$55 billion in big towns and cities.

Harish Manwani, Chairman of Hindustan Unilever Ltd, speaks that rural India is a powerhouse with the capacity to add \$1.8 trillion, or comparable of the current GDP, to the country's economy. But this potential can be experienced only if Bharat and India unite.

According to Professor of marketing at Indian Institute of Management, Ahmedabad, Abraham Koshy, mainstream management schools have not ventured into rural management for various reasons. The rural management courses are very niche and they call for students with a diverse set of attitudes. The teaching method is also different. Most mainstream schools may not be equipped to handle such courses. Specialists say there is room for more rural management schools. For a country of India's size and the number of difficulties we face, there is a necessity for lot more such institutions. There is a requirement to generate a lot of rural managers who are potential agents of transformation.

Rural Management is one such specialisation which gives you the chance to contribute towards uplifting and improvement of those segments of the society, where the light of growth is yet to reach. The objective of the rural managers is to encourage sustainable, eco-friendly and reasonable socioeconomic development of rural area through professional management of

their institutions and organisations. Earlier, only a limited people opted for this challenging course but nowadays, a lot of students are choosing for this course of rural management as they want to acquire and showcase their skills to safeguard that the performance in the rural sector is improved.

Economic Perspectives of Rural Development: Lack of Access to Assets

Size and Distribution of Rural Assets

The issue of equity in the rural economy is very important. An understanding of the agrarian structure and inequalities in the distribution of assets enlighten about the economic problems that confront the rural society of India. This also helps to understand the reasons of rural poverty. Land is the most significant asset of rural households. In 1991, land accounted for 64 per cent of all the assets of

rural families. Households operate the land that is owned by them or is obtained through various kinds of lease provisions. In view of this, it is customary to differentiate between ownership and operational holdings. An ownership holding mentions to the area under the legal ownership (khatadari) title of the cultivators. An operational holding is the part managed by a single cultivator and may comprise own land as well as the land cultivated under a sub-tenancy or other informal activities. The number of operational holdings in India is substantially lesser than the number of ownership holdings. In most states marginal and small holdings (that is, holdings less than 2 hectares in size) account for the bulk of landholdings and the share of marginal and small landholdings has tended to rise over the last four decades. Table 1 shows the changes in the distribution of operational holdings in India during the 1970-71 to 2000-01. In 2000-01, marginal holdings accounted for nearly 63 per cent of the total number of holdings.

Table 2.1 Distribution of Operational Holdings, Agriculture and Allied Sector 1970-71 to 2000-01

Category of Holdings	Number of Operational Holdings ('000 Number)						
	1970-71	1976-77	1980-81	1985-86	1990-91	1995-96	2000-01*
Marginal (Less than 1 hectare)	36200 (51.0)	44523 (54.6)	50122 (56.4)	56147 (57.8)	63389 (59.4)	71179 (61.6)	75390 (62.9)
Small (1.0 to 2.0 hectares)	13432 (18.9)	14728 (18.1)	16072 (18.1)	17922 (18.4)	20092 (18.8)	21643 (18.7)	22687 (18.9)
Semi-Medium (2.0 to 4.0 hectares)	10681 (15.0)	11666 (14.3)	12455 (14.0)	13252 (13.6)	13923 (13.1)	14261 (12.3)	14014 (11.7)
Medium (4.0 to 10.0 hectares)	7932 (11.2)	8212 (10.1)	8068 (09.1)	7916 (08.1)	7580 (07.1)	7092 (06.1)	6573 (05.5)
Large (10.0 hectares and above)	2766 (03.9)	2440 (03.0)	2166 (02.4)	1918 (02.0)	1654 (01.6)	1404 (01.2)	1230 (01.0)
All Holdings	71011 (100.0)	81569 (100.0)	88883 (100.0)	97155 (100.0)	106638 (100.0)	115579 (100.0)	119894 (100.0)

Category of Holdings	Area Operated ('000 Hectares)						
	1970-71	1976-77	1980-81	1985-86	1990-91	1995-96	2000-01*
Marginal (Less than 1 hectare)	14599 (09.0)	17509 (10.7)	19735 (12.0)	22042 (13.4)	24894 (15.0)	28121 (17.2)	29807 (18.7)
Small (1.0 to 2.0 hectares)	19282 (11.9)	20905 (12.8)	23169 (14.1)	25708 (15.6)	28827 (17.4)	30722 (18.8)	32128 (20.2)
Semi-Medium (2.0 to 4.0 hectares)	29999 (18.5)	32428 (19.9)	34645 (21.2)	36666 (22.3)	38375 (23.2)	38953 (23.8)	38174 (23.9)
Medium (4.0 to 10.0 hectares)	48234 (29.7)	49628 (30.4)	48543 (29.6)	47144 (28.6)	44752 (27.0)	41398 (25.3)	38194 (24.0)
Large (10.0 hectares and above)	50064 (30.9)	42873 (26.2)	37705 (23.0)	33002 (20.1)	28659 (17.3)	24160 (14.8)	21092 (13.2)
All Holdings	162178 (100.0)	163343 (100.0)	163797 (100.0)	164562 (100.0)	165507 (100.0)	163354 (100.0)	159395 (100.0)
Category of Holdings	Average Size of Operational Holdings (Hectares)						
	1970-71	1976-77	1980-81	1985-86	1990-91	1995-96	2000-01*
Marginal (Less than 1 hectare)	0.4	0.39	0.39	0.39	0.39	0.4	0.4
Small (1.0 to 2.0 hectares)	1.44	1.42	1.44	1.43	1.43	1.42	1.42
Semi-Medium (2.0 to 4.0 hectares)	2.81	2.78	2.78	2.77	2.76	2.73	2.72
Medium (4.0 to 10.0 hectares)	6.44	6.04	6.02	5.96	5.9	5.84	5.81
Large	18.1	17.57	17.41	17.21	17.33	17.2	17.15

(10.0 hectares and above)							
All Holdings	2.28	2	1.84	1.69	1.55	1.41	1.33
* Excluding Jharkhand							
Notes : Figures in bracket indicate percentage.							

Source: Agriculture Census Division, Ministry of Agriculture

Over the years, the numeral of marginal holdings has amplified rapidly. In 1960-61, there were 20 million marginal holdings. Their number increased to 75 million in 2000-01. The growing number of marginal farms generates problems because the farm size is often so small that it acts as a interference for the meaningful development of land. Very often the landholdings are also fragmented into numerous plots. This hinders economies of scale. National Sample Survey of Land and Livestock Holdings for 1991-92 revealed that at the national level, average size of a plot of land was about 0.2 hectares and that the total number of plots was about 2.67 times the total number of holdings. Since the size of holding is often very small, the cultivator cannot make investments to progress the quality of land. This is particularly so in the case of investment in irrigation facilities. If the plots are scattered over extensive part the cultivator finds it difficult to undertake expenses to irrigate all his plots.

Table 1 above shows that the distribution of land in India is highly unequal. Over 81 per cent of the cultivators belonging to the category of marginal and small operators, cultivate less than one third of the land. In contrast, less than two per cent of the cultivators having holdings of more than 10 hectares each cultivate about 29 per cent of the land. The number of large holdings has declined marginally and the area controlled by them has reduced from 31 per cent in 1970-71 to 13 per cent in 2000-01.

Cultivation of land under tenancy and crop sharing activities is common in most portions of India. These tenancies are frequently oral tenancies and consequently escape the provisions of the land

reform legislation. The status of sharecroppers is inferior than that of labourers as they tolerate the risks of an uncertain agriculture and high rents. In many states, such tenants can be ejected by landowners at will. In maximum parts of India, they do not qualify for the provision provided to those who cultivate their own land under legal rights provided by the land reform legislation. Land reforms have had little impact on this category of the rural population. Statistical data evidently bring out two trends in land lease arrangements over the last two decades: first, the prevalence of reverse tenancy, that is, small landowners leasing out land to large landowners, has been on the upsurge, and secondly, related to the increase of reverse tenancy, there is an increase in tenancy under fixed rent contracts while crop share tenancy has tended to deteriorate. NSSO does a survey of rural assets for the Reserve Bank of India (RBI) once in ten years – the last being the survey of 1991. The survey shows that the land and building is the most important category of assets in rural areas, accounting for more than 90 percent of all the assets of rural households (Table 2.2). Livestock and agriculture machinery are the next in importance. One noteworthy change, however, is the declining share of livestock from 3.6 to 1.6 % (2012-13) in the total asset holding of rural households. This is likely to be primarily a result of increasing mechanisation of Rural Poverty agriculture and progressive deterioration in the use of draught animals. Business equipment (nonfarm) and financial assets comprises small portion of the whole asset value of rural households during all the three survey years.

Table 2.2 Percentage share of different asset categories in total value of assets of rural and urban households, India, 2012-13

Asset Category	Rural Households			Urban Households		
	1991-92 (I)	2002-03 (II)	2012-13 (III)	1991-92 (I)	2002-03 (II)	2012-13 (III)
Land	68.3	66.6	72.6	40.2	42.1	47.0
Building	22.7	24.8	21.1	44.5	41.3	44.9
Livestock	3.6	2.2	1.6	0.5	0.2	1.1
Agricultural Machinery	2.4	2.1	0.4	0.3	0.2	0.0
Non-Farm Business	0.3	0.4	0.3	1.7	1.5	0.8
Equipment						
Transport Equipment	1.3	1.5	2.1	3.4	4.2	2.5
Financial Assets *	1.4	2.5	1.9	9.5	10.5	4.8
All Assets	100.0	100.0	100.0	100.0	100.0	100.0

* Financial Assets include dues receivable

Source: All India Debt Investment Survey

Table 2.3 displays that the distribution of assets in rural India is highly unequal. About 50 per cent of the assets are concentrated in the hands of 10 per cent of the richest households while the poorest 60 per cent of the households have less than 15 per cent of assets.

Table 2.3 Distribution of assets by percentiles of rural households, 1991(percent)

	1981	1991
Poorest 60 %	14.5	15.0
60-90 %	35.8	35.5
Richest 10 percent	49.6	49.5
All households	100.0	100.0

Source: NSSO, AIDIS, Report No. 419

Growth and equity have been the primary goals of planned development. While the record on the growth front has been fairly satisfactory, the record on the equity front is not so. Inequalities have not deteriorated. They have become far more observable. Quite naturally, thus, the emphasis of rural development policy must continue to be on the poor, the weak and the disadvantaged.

Table 2.4. State-wise average size of operational holdings by major size groups, 2000-01

State/UT	(Hectares)						All Holdings
	Marginal	Small	Semi-Medium	Medium	Large	All	
1	2	3	4	5	6	7	
Andhra Pradesh	0.44	1.42	2.67	5.70	16.34	1.25	
Arunachal Pradesh	0.50	1.32	2.66	5.77	16.13	3.69	
Assam	0.39	1.26	2.59	5.09	52.97	1.20	
Bihar	0.30	1.21	2.62	5.24	15.50	0.58	
Chhattisgarh	0.44	1.42	2.70	5.76	16.49	1.60	
Goa	0.32	1.26	2.56	5.64	23.77	0.84	
Gujarat	0.53	1.46	2.78	5.80	16.94	2.35	
Haryana	0.45	1.43	2.81	5.99	16.48	2.32	

Himachal Pradesh	0.41	1.40	2.71	5.69	15.91	1.07
Jammu & Kashmir	0.37	1.40	2.66	5.39	21.13	0.67
Karnataka	0.46	1.44	2.72	5.83	14.83	1.74
Kerala	0.14	1.32	2.52	5.29	40.91	0.24
Madhya Pradesh	0.49	1.45	2.77	5.94	15.50	2.22
Maharashtra	0.48	1.42	2.68	5.61	16.14	1.57
Manipur	0.53	1.29	2.47	4.86	11.38	1.15
Meghalaya	0.55	1.45	2.58	5.41	13.12	1.30
Mizoram	0.64	1.28	2.33	4.77	13.14	1.24
Nagaland	0.52	1.19	2.55	6.20	15.83	7.28
Orissa	0.50	1.39	2.69	5.63	16.48	1.25
Punjab	0.63	1.40	2.67	5.75	15.14	4.03
Rajasthan	0.48	1.44	2.85	6.19	18.21	3.65
Sikkim	0.43	1.40	2.74	5.79	20.81	1.57
Tamil Nadu	0.37	1.40	2.72	5.68	19.48	0.89
Tripura	0.31	1.37	2.55	5.16	78.77	0.56
Uttarakhand	0.39	1.39	2.71	5.47	25.07	0.95
Uttar Pradesh	0.40	1.41	2.74	5.57	15.07	0.83
West Bengal	0.51	1.59	2.77	5.12	278.95	0.82
A & N Islands	0.39	1.38	2.53	4.31	46.79	2.00
Chandigarh	0.39	1.42	2.79	5.92	11.92	1.44
Dadar & Nagar Haveli	0.52	1.32	2.75	5.78	15.94	1.48
Daman & Diu	0.29	1.37	2.64	5.85	20.23	0.59
Delhi	0.42	1.38	2.86	5.77	15.26	1.52
Lakshadweep	0.19	1.27	2.53	5.43	22.33	0.27
Pondicherry	0.29	1.42	2.74	5.68	19.50	0.70
All-India*	0.40	1.41	2.72	5.80	17.18	1.32

Note :

1. * No data available for Jharkhand

2. Includes institutional holdings also.

Source : Agricultural Census Division, Ministry of Agriculture, New Delhi.

Microfinance and Capital Market

a) Microfinance

With a vast section of the world's underprivileged, India is likely to have a huge possible demand for microfinance. Due to this reason, it makes logic to consider the changing face of microfinance for rural development in India. Microfinance denotes offering exceptionally small loans to deprived families with the objective of engaging them into fruitful activities. Micro finance bank is an institution that extends small loan or micro finance, to applicant who typically belongs to the lowest group of society. Loans are

given to borrower to let them to initiate a business, repair their homes and advance the general living condition of their families and the community.

Microfinance is considered as a tool for socio-economic development, and can be clearly differentiated from aids. When it comes to rural development, with the development of the credit infrastructure, credit flow to the deprived and especially to poor women, remained near to the ground. Therefore, National Bank for Agriculture and Rural Development (NABARD) was established with the objective of framing suitable policy for rural credit, provision of technical assistance backed

liquidity provision to banks, supervision of rural credit institutions and other development initiatives. After a time, it was realised that the existing banking policies, systems and procedures, and deposit & loan products were possibly not well matched to meet the immediate requirements of the poor. It was experienced that the poor wanted better access to these services and products, more willingly than cheap financed credit. If a person sees an institution to be unfriendly or uncaring to them, they hesitate to move toward it. Therefore, a requirement has been realised for alternative policies, systems and procedures, savings and loan products, other matching services, and novel delivery mechanisms, which would accomplish the necessities of the poorest, especially of the women members of such families. This has given beginning to an increasing importance to Microfinance for improving the access to credit for the poor. A large number of NGOs have started their own micro finance programs in an effort to develop the people in their respective areas.

Micro credit has become a key tool of growth. The furthest current succession in this area is savings and credit groups or Self-Help Groups (SHGs) as they are known in India, as well as a different types of specialized Micro Finance Institutions (MFIs). To support and encourage the activities of these groups, important institutional structures have emerged. A foremost portion of such support in India has come from non-profit NGOs. These establishments

originally initiated the concept of Micro Finance and continue to work towards the delivery of Micro Finance projects in India especially for rural development. Different types of microfinance used by rural people are shown in fig. 2.1.

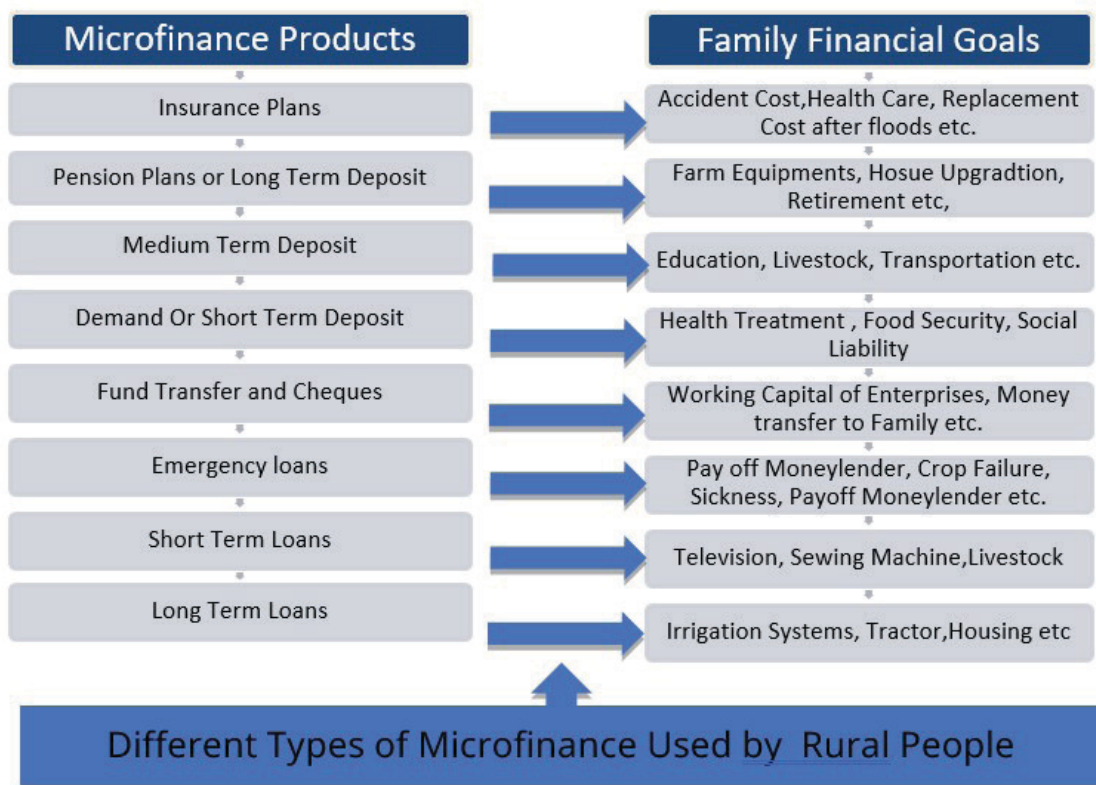


Fig. 2.1: Types of Microfinance used by Rural People

Existence of Micro Finance in India

The term microfinance came into presence in 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer Muhammad Yunus, were starting and shaping the modern industry of micro financing. Even Microfinance in India can map out its roots back to the early 1970s when the Self Employed Women's Association ("SEWA") of the state of Gujarat formed an urban cooperative bank, called the Shri Mahila SEWA Sahakari Bank, with the aim of providing banking services to poor women employed in the unorganized sector in Ahmadabad City, Gujarat.

The microfinance sector went on to grow in the 1980s around the concept of SHGs, informal bodies that would deliver their clients with much-needed savings

and credit services. Due to big size and population of around 1000 million, India's GDP ranks among the top 20 economies of the world. Though, around 400 million people or about 60 million households, are living below the poverty line. It is further expectable that of these households, only about 20 percent have access to credit from the formal sector. As well, the section of the rural population has no good access to the recognized financial intermediary services, including savings services. Credit on rational terms to the poor can bring about a noteworthy fall in poverty. Hence micro credit accepts significance in the Indian setting. With about 60 million households below or just above the strictly defined poverty line and with more than 80 percent incapable to access credit at reasonable rates, it is obvious that there are certain challenges and problems, which have restricted the reach of micro finance to the needy. With globalization and liberalization of the economy, prospects for the unskilled and the illiterate people are not increasing quick enough, as compared to the rest of the economy. In this context, the institutions involved in micro finance have a substantial role in reducing disparity and contribution in rural development for overall growth.

Microfinance and Poverty Reduction for Rural Development in India

India comprises over a quarter of its population below to poverty line. The World Bank states that India is a home around some 260 to 290 million poor, numbers that rise to around 390 million if poverty is measured by the international standard of those living on less than 1US\$ dollar a day. Almost half of India's poor, approximately 133 million, are found in 3 states: Uttar Pradesh, Bihar, and Madhya Pradesh. Rural area in India is the home of three quarters of India's poor which is supported by the increasing urban and rural inequalities. The Indian government's poverty reduction policy emphasizes on infrastructure, social development (especially education and health), and rural livelihoods. The development of rural livelihoods is the aspect of poverty reduction that Microfinance Institutions

focus on. Most poor persons manage resources to grow their enterprises and their home over a time. Financial services could permit the poor to force their initiative, accelerating the process of assembling incomes, assets and economic protection.

Traditional finance institutions hardly lend money to assist the needs of low-income families and women-headed households. Still, the income of several self-employed households is not unchanging, regardless of its size. A large number of small loans are needed to help the poor, but lenders prefer dealing with large loans in small numbers to lessen administration costs. They also look for guarantee which numerous low-income households do not have in hand. Over the last ten years, successful experiences in providing finance to small entrepreneur and producers reveal that poor people, when given access to responsive and timely financial services at market rates, pay back their loans and use the profits to surge their income and assets. This is not shocking since the only accurate alternative for them is to borrow the money from informal market. Community banks, NGOs and credit groups around the world have shown that these microenterprise loans can be profitable for borrowers and for the lenders, creating microfinance one of the most significant poverty reducing approaches.

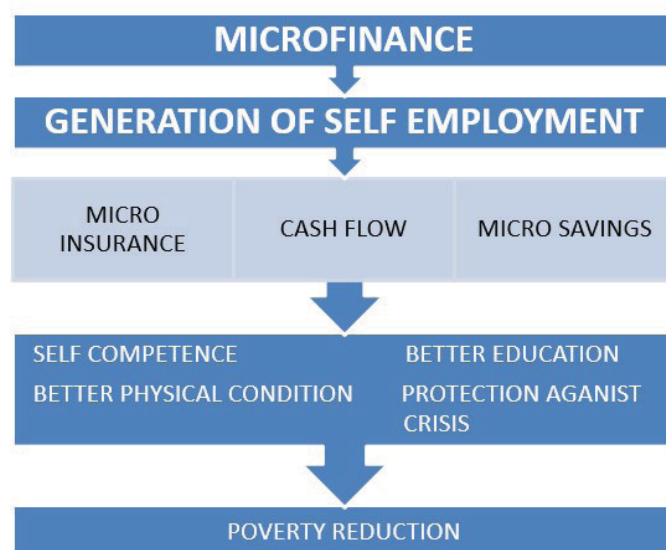


Fig. 2.2 Flowchart of linkage between microfinance and poverty reduction

Microfinance and Self Help Groups (SHGs) For Rural Development

There are two common methods of Micro Finance in India - The Self-help groups method and the Grameen system. An SHG is an unofficial group of about 10-20 members. The members of the SHG are united for the precise purpose of facilitating saving and credit services for its members. This is made possible through members assembling their resources to generate a common fund. The process and social involvement of SHGs are supposed to be instruments of management, empowerment, building the capacity of members to eventually conduct and manage SHGs for themselves, and enabling them to have better autonomy in financial decision making as well as wider social participation. SHG meetings are set to take place at consistent intervals and at a chosen time. Group members are drawn from the same social economic layer and work on the basis of equal participation and involvement from all members. The groups are led by one principal member at a time; this role is usually rotated to allow capacity building for all members. Meetings are structured and accurate and up to date records of all monetary transactions, group decisions and actions are compiled. Once established, SHGs are stimulated to make links with other SHGs and eventually with monetary institutions to allow access to further financial support.

Microfinance and Women Empowerment for Rural Development

Women are important part of our society but the role of women in financial activities and decision making is very low. Micro financial schemes play dynamic role in increasing women's participation in economic activities and decision making. There has been enormous development of organizations, known as Microfinance Institutions (MFIs) in this arena to deal with the micro financial activities. With raising demand for rural finance, and the scarcities of formal sources, the MFIs have tremendous challenges and opportunities in microfinance in India. In India self-help groups (SHGs) constitutes of 85-95 % women.

The reasons for this is that women are familiar with financial responsibility; making them trustworthy, reliable and quick savers. Empowerment of women also occupies central place to wide development goals. Women empowerment is crucial factor in the alleviation of poverty, as the women are the significant contributors to the economic and to fighting with poverty through both remunerative and unremunerative work at home, in the community and in the workplace. SHGs have been recognized as one effectual means of empowering women.

b) Rural Capital Markets

The significant question is- why do rural households require credit? All the productive enterprise wants capital. After land, capital is necessary for farm investments which enable a farmer to surge production. This problem is particularly more thoughtful in the case of agriculture because there is a time gap between ploughing, harvesting and sale of produce which lasts at least six to eight months. The farmer needs credit support for long term investment in land improvement and irrigation as well as for short-term needs while waiting for the harvest. Along with this, the rural poor need credit for a whole range of consumption requirements because of seasonality and insufficiency of employment, low wages, and the lack of access to free education and health services. Credit is such an significant requirement of rural households, we should learn about where they get the credit from and on what terms they borrow.

Conventionally, this support was provided by the landlord-trader-money lender who often combined as the same source. This results in to an inter-linking of the labour, credit and product markets in exploitative associations. For example, a small or marginal farmer borrowing funds from his landlord has to pay a high rate of interest and also agree to work for him on very less remuneration or without receiving any remuneration in the process. This system of credit relations enforces a heavy burden on the borrower. Indebtedness of peasants leading to dispossession of land and other assets or debt bondage of the

landless has been widely reported in official as well as nonofficial documents. The growth of formal-sector banking in the rural areas, both through commercial banks and cooperative banking institutions, therefore attained a great deal of significance. Starting with nationalisation of banks in the late 1960s, there was a very considerable development of rural banking. The number of the rural branches of commercial banks amplified from 1443 in 1969 to 19453 in 1981 and 35216 in 1991. The share of credit disbursed by the rural branches enlarged from 3.3 per cent in 1969 to 11.9 per cent in 1981 and 14.7 per cent in 1991. Banks were asked to provide 40 per cent of the credit to the priority sector, which included, most significantly, agriculture and small scale industries segments. In the period of 1980s, rural banking was also combined with poverty eradication programmes. The data, however, show that there was deterioration in the supply of rural credit in the 1990s. The figure of the rural branches of commercial banks fell to 32673 in 2000. Similarly, the share of credit distributed through the rural branches has fallen to 10.3 per cent in 2000. Also, most banks did not meet the significant sector lending targets in the 1990s. The evidence recommends that this condition led to a surge in the hold of informal sources on rural credit markets, as the fall in the accessibility of rural credit contributed to the strengthening of rural distress in the 1990s.

Sectoral Issue

Agriculture

Agriculture is the backbone of Indian economy. After over five decades of planned economic development, India continues to be majorly rural economy. In 1950-51, the primary sector contributed nearly 60 per cent of all the goods and services produced domestically, which is called Gross Domestic Product (GDP) in economic terms. By 1999-2000, this had declined to 29 per cent. In 1951, cultivators and agricultural labourers accounted for 69 per cent of the country's total work force. In 2001, the percentage was 58. Thus, the share of the value of goods and services produced by the agricultural sector has diminished much more than the decline in the number of people depending directly on the activities of this sector. Table 4 shows the share of cultivators and agricultural labourers in the rural and the total labour force in 2001. Cultivators and agricultural labourers accounted for approximately 70 per cent of the rural male labour force in 2001. In the case of rural female labour the percentage was even greater – amounting to about 80 %. As a percentage of the total labour force in the country, agricultural labourers and cultivators accounted for 52% of male and 71% of female labour, respectively. This demonstrates the continuing relevance of the agricultural sector in the lives of the Indian persons.

Table 2.5 Cultivators and agricultural labour in the workforce (main and marginal), 2001

(in Million)

	Rural			Total		
	Male	Female	Total	Male	Female	Total
Cultivators	84.0 (42.2)	40.6 (36.5)	124.7 (40.1)	86.3 (31.3)	41.3 (32.5)	127.6 (31.7)
Agriculture Labour	54.7 (27.5)	48.4 (43.4)	103.1 (33.2)	57.4 (20.8)	50.1 (39.4)	107.4 (26.7)
All Workers	199.2 (100.0)	111.5 (100.0)	310.7 (100.0)	275.5 (100.0)	127.0 (100.0)	402.5 (100.0)

Note: Figures in parentheses indicate percent of total

Source: Census of India 2001

Indian agriculture depends upon the monsoon, which offers 74 per cent of the country's annual rainfall and is the main source of water. The distribution of this rainfall, though, is unequal both with respect to time and with respect to region. This is a significant determinant of a very large diversity in agricultural cropping systems in different parts of India. Dependence on the monsoon also exposes Indian farmers to whims of the weather.

Animal husbandry and other allied Agricultural Activities

A significant part of the rural economy are the activities that are closely associated with agricultural production. These are termed as allied agricultural activities. Take the instance of animal husbandry. Cultivation attains inputs from livestock and in turn provides outputs for livestock in the shape of animal-feed. The share of livestock sector in the combined national income was about 5.5 per cent in 1999-2000. India has a huge livestock population. Around 16 % of the world's cattle and 57 per cent of the world's buffalo population is in India. Of the total livestock population of India in 2000, cattle accounted for about 42 %, goats for about 23 %, buffaloes for about 18 per cent and sheep for about 11 %. Milk is one of the key products of animal husbandry. India is the major producer of milk in the world. India produces about 85 million tonnes of milk, which accounts for about 13 % of the total milk production in the world. It is notable that there has been a very substantial growth in per capita availability of milk from only about 112 grams per day in 1968-69 to about 213 grams per day in 1998-99. It is notable that a substantial part of this growth has been from the cooperative sector and has been a outcome of what has been rightly called the "White Revolution". The dairy cooperatives functional in 285 districts of India, comprise 1,03,281 village level societies and over 11 million members. Poultry is said to be the most efficient converter of feed into food fit for human consumption in the possible time. It has become a very significant component of the farm economy in India. This sector also offers employment to a large number of people

in rural areas. The supply of eggs, a vital produce of the poultry farms, has increased from 2,340 million eggs in 1961 to an estimated 29,475 million eggs in 1998-99. Andhra Pradesh, Tamil Nadu, Maharashtra, West Bengal and Punjab accounted for more than 60 % of the country's egg production in 1998-99. Fishing is another significant economic activity, particularly in the maritime states. This sector provides employment to approximately two million people. India has a coastline of 7,517 km. Of this Gujarat and West Bengal account for more than 2,500 km. In 2000-01, the total fish catch of India was 5.9 million tonnes of which inland fisheries contributed 3.1 million and marine fisheries 2.8 million tonnes. The maritime states of Gujarat, Maharashtra, Kerala, Tamil Nadu, Andhra Pradesh and West Bengal accounted for about 70 % of the total catch.

Non-Agricultural Activities Industries

Non-agricultural activities comprise another important component of the rural economy in India. The share of non-farm rural employment is estimated to range between 20 to 25 % of the workforce. The rural non-farm sector is vital because of the forward and backward production linkages. Agriculture wants implements and inputs that can be provided either by rural or urban non-agricultural activities. These inputs and products are the backward linkages of the agricultural sector. The forward linkages come into being because of the necessity to process agricultural produce or because of the demand for non-agricultural products generated by increasing incomes in rural areas. Sugarcane and oilseed processing industries are examples of such forward linkages of the agricultural sector.

Rural industries can act as a means of reducing the burden on agriculture by providing employment in rural areas. They can also serve as a means of reducing the inflow of job seeking workers into cities and towns. According to the 1971 census, the number of workers in rural household industries was 4.74 million. By 2001 this had increased up to 11.7 million. In 2001, workers in rural household industries comprised

about 3.8 % of the total rural workforce and about 3 % of the total workforce of the country. As per the NSS data for 1999, rural workers comprised about 49 % of all workers usually employed in the manufacturing sector. Growth of rural incomes, would depend on diversification of the rural economy by introducing higher value crops, mixed farming practices and non-agricultural activities. It would also necessitate development of a large number of small and medium towns that can provide the basic necessities and infrastructure necessary for the location of a better variety of manufacturing activities in rural and semi-urban areas.

Land reforms

Meaning and Objectives

The term 'land reforms' precisely refers to land tenure reforms. The word tenure, derived from the Latin word "teneo", means 'to hold'. Therefore, land tenure is used to refer to the conditions under which land is held. Or, it may be define as an arrangement by which farmers hold or control land and the conditions that must be observed for its use and occupancy. Land is expropriated or confiscated and redistributed in order to maintain this system. Land reforms are visualised as an instrument of social justice as they seek to do away with exploitative relationships characterised by class division between rich landowning classes and impoverished peasants with no security of tenure. It is a step against the concentration of land holdings in the hands of a few non-cultivating owners, through imposition of ceilings on the size of holdings, which can be owned by a family. Although land reforms are popularly understood to mean redistribution of land, their scope is much wider.

Components of Land Reforms

Land Reforms include mainly five components:

- i) Abolition of intermediary tenures;
- ii) Tenancy reforms;
- iii) Ceiling of land holdings and distribution of surplus land;

- iv) Consolidation of holdings;
- v) Compilation and updating of land records.

Land reforms change the power structure, both economic and political, since land has always been a source of wealth, income, status and a reflection of the interlocking class and caste structure of Indian society. It authorizes the actual tillers of the soil, and enables them to seek development benefits from the state. Thus, they are also a means of raising the agricultural production through land development, as the interest of peasants in investing in the land they own grows meaningfully. Apart from this, land reforms would also enable a more equitable distribution of land, which in turn will produce incomes on an equitable basis. The generation of such incomes will lead to greater demand of industrial goods through increased purchasing power among the lowest sections of society who do not possess any land. Therefore, land reforms are seen as a way of not only increasing income and employment in the agricultural sector, but also in the industrial sector. Since, the nature of the problem varies extensively in different regions, the policy on land reforms requires a flexible approach to respond to the local requirements. For countries with a big agricultural base, it is essential that land-man relationships are properly defined. The Government has strived to change the ownership pattern of cultivable land, but has had limited success so far. The abolition of intermediaries was a noteworthy achievement after independence. Contrary to it, the lack of progress in the other components of the land reforms programme like implementation of land ceiling laws, security of tenure for tenants and consolidation of land holdings, remain a matter of serious concern even today. Therefore, agrarian structure in the country still continues to be as unsatisfactory as before. Even now, above 60 % of the workforce is engaged in agriculture, majority of whom are either marginal farmers or landless labourers living in miserable poverty.

The land reforms legislations undertaken by all the state governments primarily covers and converges to the common measures of the following:

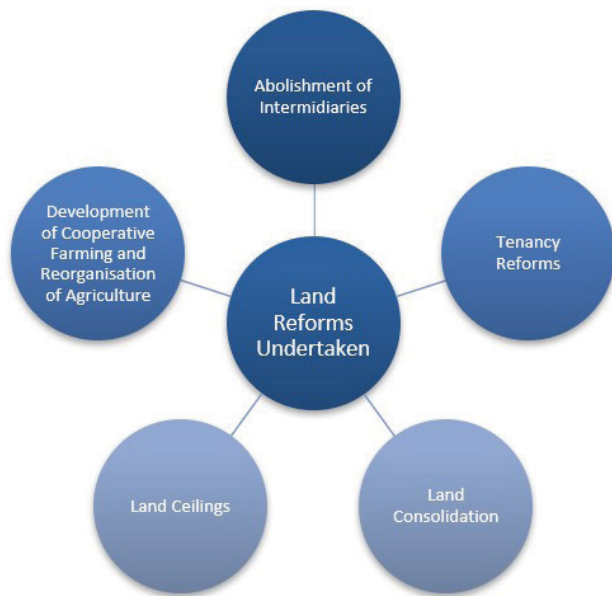


Fig. 2.3. Land Reforms Undertaken in India

a) Abolishment of Intermediaries

1. It was widely recognised that the main reason of stagnation in the agriculture economy was to a large extent due to exploitative agrarian relations.
2. The Chief tool of the exploitation were the intermediaries like Zamindars, patronised and promoted by the British government.
3. About 60 percent of the area under cultivation was under the Zamindari system on the eve of the Independence. The States took the task of abolishing the intermediaries like Zamindars by passing the legislations.
4. The government evaluations state that in total during first four Five years Plan, 173 million acres of land was acquired from the intermediaries and two crores tenants were given land to cultivate.
5. Abolition of intermediaries is usually agreed to be one component of land reforms

that have been relatively successful. The record in terms of the other components is mixed and differs across states and over time. Landowners naturally resisted the implementation of these reforms by directly using their political clout and also by using various approaches of evasion and coercion, which included registering their own land under names of different relatives to bypass the ceiling, and shuffling tenants around totally different plots of land, so that they might not acquire incumbency rights as stipulated in the tenancy law.

6. The success of land reform has been driven by the political desire of specific state administrations, the notable achievers being the left-wing administrations in Kerala and West Bengal.

b) Tenancy Reforms

Tenancy reforms comprised the following set of measures:

- Regulation of rent
- Security of tenure
- Ownership rights of tenants

Tenants in India are categorised into

- Occupancy Tenants: They have permanent right over land and cannot be evicted easily.
- Tenants at will: They do not have any right over land and can be evicted by the landlords anytime.

Therefore, to protect the tenants at will and subtenants, the tenancy reforms are passed by several state governments.

Regulation of Rents: Under the British Government, the rents charged was highly exploitative. These highly exploitative rents on the tenants trapped them into vicious circles of debt and poverty.

To provide relief to the tenants from exploitative rents, the Indian government after independence

passed legislations to regulate the rents (maximum limits on rent was fixed) and to lessen the miseries of the tenants.

Security of Tenure: To defend the tenants from arbitrary evictions and to grant them permanent rights over land, legislations had been passed in most states.

Legislations passed by the States has three essential goals; Evictions must not take place except in accordance with the provisions of law; Land may be resumed by the owner, if at all, for the “Personal Cultivation” only; In the event of land taken by the owner, the tenant is assured of a prescribed minimum area.

Though, the vague definitions of Tenants Personal Cultivation and landowner under the law made it difficult to implement the tenancy reforms. The rights of resumptions provided in the law combined with the flaws in the definitions of the personal cultivation rendered all tenancies insecure.

Ownership Rights of Tenants: It has been repeatedly emphasised by the government, that the ownership rights of the land should be conferred to the actual cultivator. Consequently, most states have passed legislations to transfer ownership rights to the tenants.

Though, the success of the states in conferring the rights to the tenants varied widely. Some states like West Bengal, Kerala and Karnataka, have performed exceptionally well in this regard. In West Bengal due to the “**Operation Barga**” many sharecroppers were given ownership of land.

c) Land Consolidation

Land Consolidation can be defined as merging of multiple consolidated farms and giving it to each farmer. The measure is adopted to resolve the issue of land fragmentation. The Land consolidation program required granting of one consolidated land to the farmer, which is equal to the total land holdings in different scatters under the farmer possession. It

means that instead of holding multiple small lands in different places; the farmer will be given a single big piece of land.

Reasons for Program Failure: -

- The programme failed to achieve its anticipated objective because the farmers are reluctant to exchange their lands for the new one. The arguments given by the farmers is that there existing land is much more fertile and productive than the new land provided under land consolidation.
- The farmers also complained about corruption in the process of consolidation. The farmers complained that the rich and influential often bribes and manage to get fertile and well-situated land, while the poor farmers get unfertile land.

d) Land Ceilings

Land Ceiling on agriculture land means a statutory maximum limit on the quantity of land which an individual may hold. The imposition of the Land ceiling has two main features:

- Ceiling on future acquisitions.
- Ceilings on existing land holdings.

By 1961-62, ceiling legislation had been passed in all the States. The levels vary from State to State and are different for food and cash crops. In Uttar Pradesh and West Bengal, for example, the ceiling on existing holding is 40 acres and 25 acres. In Punjab, it ranges from 27 acres to 100 acres, in Rajasthan 22 acres to 236 acres and in Madhya Pradesh 25 acres to 75 acres.

In order to bring about uniformity, a new policy was given in 1971. The chief features were:

1. Lowering of ceiling to 28 acres of wetland and 54 acres of unirrigated land
2. Change over to the family rather than the individual as the unit for determining land holdings lowered ceiling for a family of five.

3. Fewer exemptions from ceilings.
4. Retrospective application of the law for declaring Benami transactions null and void,
5. No scope to move the court on the ground of infringement of fundamental rights.

Why was Land Ceiling required?



Fig. 2.4: Requirement of Land Ceiling

e) Cooperative Farming

Cooperative farming is advocated to solve the issue of sub-divisions of land holdings. The idea was to make farming profitable for small and marginal farmers having small pieces of land.

Under Cooperative Farming setup farmers having very small holdings come together and join hands to pool their lands for the purpose of cultivation. Pooling of farms helps in growing production, and the farmers can have more produce to sell in the markets after taking out their subsistence requirement.

Cooperative farming also helps in mechanisation of agriculture as the owner of the multiple small farms can pool their money to buy a mechanical tractor or other equipment's which they could not afford otherwise.

To summarize, Land reform is the major step of government to promote people living under adverse conditions. It is basically redistribution of land from those who have excess of land to those who do not possess with the objective of growing the income and bargaining power of the rural poor. The reason

of land reform is to help weaker section of society and do justice in land distribution. Government land policies are implemented to make more rational use of the scarce land resources by affecting conditions of holdings, imposing ceilings and grounds on holdings so that cultivation can be done in the most economical manner.

Summary

Agriculture continues to be the main sustaining force for the majority of India's population even after four decades of development. In this block we concentrated our attention on the characteristic features of Indian agriculture and its performance over the years. The natural resource endowments vary across the country but the fact remains that performance of the Indian economy in general and of agriculture in particular depends on the vagaries of the monsoon.

In this block, we took a closer look at some of the economic activities related to agriculture and non-agricultural activities. We also saw that all these activities are linked to agricultural production. Over time, though, because of the changes in technology, these activities are also witnessing a phase of commercialisation. This has led to a break in their direct link with the agricultural sector.

This block also looked at one of the most disquieting aspect of the rural economy, the unequal spread of rural assets. The fact that economic growth has not been accompanied by equitable distribution of incomes and assets is a cause for worry. In particular, distribution of landholdings continues to be extremely unequal because of the poor implementation of land reforms in most parts of India.

Rural households need credit for productive activities as well as for shortfalls in consumption. We learnt that there was remarkable growth of rural banking in India in the 1970s and 1980s. Although the growth was unequal across regions and across classes, it did contribute to at least partially loosen the control of informal moneylenders on the rural credit markets. The available data suggest that there has been a decline in the provision of credit to rural areas in the 1990s. This has emerged as one of the most serious issues in recent years.

Model Questions

Q1. Why do you think it is necessary for banks to

provide credit to rural households?

Q2. Explain briefly in your own words the extent of inequality in the distribution of rural assets in India.

Q3. Discuss the linkage between microfinance and poverty reduction.

Q4. Describe land reforms in India with its components.

To Do Activity

Identify, what benefits accrue from the consolidation of holdings and what are the apprehensions of farmers in this regard.

Suggested Readings

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Chapter 3 Institutions for Rural Development and Management

Introduction

This block presents the administration and management system of Rural Development in India. There is explanation of the system from National to Village Level. At national level the role, functions, structure and administrative mechanism of Planning Commission, Ministry of Rural Development and Ministry of Panchayati Raj has been described as they are the main actors involved in rural development at central level. It also describes the state, District, Block and Gram Panchayat Level Mechanism of Rural Development. Along with presenting the mechanism it also covers how the planning, implementation, monitoring and evaluation are being carried out at different levels in the area of rural development. This block measures the role of various institutions in overcoming the issues and challenges of rural development.

Objectives

After going through this block, you would be able to define:

Functions and role of national level, state level, district level and community-based institutions in rural development including Planning commission, Ministry of Panchayati Raj, NIRD&PR, CAPART and NABARD, State Planning Board, State Institute of Rural Development and Kerala Institute of Local Administration, District Planning Committee; Panchayati Raj Institutions, Scientific inputs and support from the Institutions like ICAR, ISRO, CSIR Institutes.

Structure, Functions and Role in Rural Development

– National level Institutions: Planning Commission, Ministry of Rural Development

a) Planning Commission

Rural development indicates both the economic betterment of people as well as greater social transformation. In order to provide the rural people with improved prospects for economic development, increased participation of people in the rural

development programmes, decentralization of planning, better enforcement of land reforms and greater access to credit are foreseen.

The Planning Commission was set up by a Resolution of the Government of India in March 1950 in pursuance of declared objectives of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community. The Planning Commission was charged with the responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilisation of resources and determining priorities. Jawaharlal Nehru was the first Chairman of the Planning Commission.

Functions: The 1950 resolution setting up the Planning Commission outlined its functions as to:

- I. Make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirement;
- II. Formulate a Plan for the most effective and balanced utilisation of country's resources;
- III. On a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
- IV. Indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current social and political situation, should be established for the successful execution of the Plan;
- V. Determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the Plan in all its aspects;
- VI. Appraise from time to time the progress achieved in the execution of each stage of the Plan and recommend the adjustments of policy and measures that such appraisal may show to be necessary; and

VII. Make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it, or on a consideration of prevailing economic conditions, current policies, measures and development programmes or on an examination of such specific problems as may be referred to it for advice by Central or State Governments.

Organization:

The Prime Minister is the Chairman of the Planning Commission, which works under the overall guidance of the National Development Council. The Deputy Chairman and the full time Members of the Commission, as a composite body, provide advice and guidance to the subject Divisions for the formulation of Five Year Plans, Annual Plans, State Plans, Monitoring Plan Programmes, Projects and Schemes.

The Planning Commission functions through several Divisions, each headed by a Senior Officer.

Rural Development Division of the Planning Commission:

The function of the Rural Development Division is primarily to provide overall policy guidance in formulation of plans and programmes for Rural Development. This is the nodal Division for matters relating to poverty eradication, employment generation in rural areas, development of watershed & degraded land. The following specific activities are undertaken by Division;

- i. To assist in formulation of rural development programmes to be included in Five Year Plans and Annual Plans and to make periodic assessment of progress achieved.
- ii. To analyze and prepare comments on the EFC Memoranda and Cabinet Notes paper for Group of Ministers pertaining to rural development programmes.
- iii. To maintain liaison with Ministry of Rural Development, National Institute of Rural Development (NIRD) and other allied organizations mainly and participating in the meetings.
- iv. To collect information from various Divisions of the Planning Commission, State Governments and also from the Central Ministries which are implementing various schemes related to rural development.

v. To organize Working Group meetings to finalize the Draft Five Year Plan proposals of the State Governments. This involves the preparation of background papers, discussions on inter-se plan priorities, critical examination of plan proposals in relation to plan objectives and approaches, preparation of Working Group Reports giving, inter-alia, outlays and physical targets.

vi. Finalization of the Five-Year Plan outlays of the Ministry of Rural Development. Finalization of Annual Plans of the Central Ministry of Rural Development and State Governments. This includes assessment of progress both in physical and financial terms, in relation to the approved targets and outlays, scheme-wise examination of proposals and reviewing targets and finalizing allocation for next Annual Plan.

vii. To provide comments, materials etc. for Public representations, VIP references, and Parliament Questions and Agenda items for the meetings of Consultative Committee / Standing Committee for the Planning Commission pertaining to rural development sector are also attended to.

b) Ministry of Rural Development:

In October 1974, the Department of Rural Development came into existence as a part of Ministry of Food and Agriculture. On 18th August 1979, the Department of Rural Development was elevated to the status of a new Ministry of Rural Reconstruction. That Ministry was renamed as Ministry of Rural Development on 23rd January 1982. In January 1985, the Ministry of Rural Development was again converted into a Department under the Ministry of Agriculture and Rural Development which was later rechristened as Ministry of Agriculture in September 1985. On July 5, 1991 the Department was upgraded as Ministry of Rural Development. Another Department viz. Department of Wasteland Development was created under this Ministry on 2nd July 1992. In March 1995, the Ministry was renamed as the Ministry of Rural Areas and Employment with three departments namely Department of Rural Employment and Poverty Alleviation, Rural Development and Wasteland Development.

Again, in 1999 Ministry of Rural Areas and Employment was renamed as Ministry of Rural Development. This Ministry has been acting as a catalyst effecting the change in rural areas through the implementation of wide spectrum of programmes which are aimed at poverty alleviation, employment generation,

infrastructure development and social security. Over the years, with the experience gained, in the implementation of the programmes and in response to the felt needs of the poor, several programmes have been modified and new programmes have been introduced. This Ministry's main objective is to alleviate rural poverty and ensure improved quality of life for the rural population especially those below the poverty line. These objectives are achieved through formulation, development and implementation of programmes relating to various spheres of rural life and activities, from income generation to environmental replenishment.

In order to ensure that the fruits of economic reform are shared by all sections of societies five elements of social and economic infrastructure, critical to the quality of life in rural areas, were identified. These are health education drinking water, housing and roads. To impart greater momentum to the efforts in these sectors the Government had launched the Pradhan Mantri Gramdoya Yojana (PMGY) and the ministry of rural development was entrusted with the responsibility of implementing drinking water, housing and rural roads component of PMGY

During the Ninth Plan period, several anti-poverty Programmes have been restructured to enhance the efficiency of the Programmes for providing increased benefits to the rural poor. Self-Employment Programmes have been revamped by merging the Integrated Rural Development Programme (IRDP), the Development of Women and Children in Rural Areas (DWCRA), the Supply of Improved Tool-Kits to Rural Artisans (SITRA), the Training of Rural Youth for Self-Employment (TRYSEM), the Ganga Kalyan Yojana (GKY) and the Million Wells Scheme (MWS) into a holistic self-employment scheme called Swarnjayanti Gram Swarozgar Yojana (SGSY).

This Ministry of Rural Development is a nodal Ministry for two international organizations viz., the Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) and the Afro-Asian Rural Development Organization (AARDO).

The Ministry consisted of the following three Departments:

1. Department of Rural Development
2. Department of Land Resources
3. Department of Drinking Water and Sanitation

However, Department of Drinking Water and Sanitation has been separated from the Ministry of Rural Development from 13th July, 2011 and renamed as Ministry of Drinking Water and Sanitation.

A - Department of Rural Development:

The Department of Rural Development is implementing a number of programmes in rural areas through the state Governments for poverty reduction, employment generation, rural infrastructure habitant development, provision of basic minimum services etc.

The important functions of the department can be understood by assessing the schemes and major tasks of the department.

PMGSY: Keeping in view the fact that Rural Roads are vital to economic growth and measures for poverty alleviation in the village, Government have launched a 100% Centrally Sponsored Scheme called the Pradhan Mantri Gram Sadak Yojana (PMGSY). The Programme seeks to provide connectivity to all unconnected habitations in the rural areas with a population of more than 500 persons through good All-weather roads by the end of the Tenth Plan Period. In respect of the Hill States (North-East, Sikkim, Himachal Pradesh, Jammu & Kashmir, Uttaranchal) and the Desert Areas, the objective would be to connect habitations with a population of 250 persons and above.

SGSY: The Swarnjayanti Gram Swarozgar Yojana (SGSY) is the single self employment programme for the rural poor. The Yojana which came in to effect from 1.4.1999, has been conceived as a holistic programme covering all aspects of self employment like organization of rural poor into Self Help Groups (SHGs) and their capacity building, training, planning of activity clusters, infrastructure

development, financial assistance through bank credit and subsidy and marketing support etc.

IAY: Housing is one of the basic requirements for human survival. Therefore, construction of houses was included as one of the major activities under the National Rural Employment Programme which begun in 1980. Rural Landless Employment Guarantee Programme (RLEGP) begun in 1983. Indira Awaas Yojana IAY was launched during 1985-1986 as a sub scheme of RLEGP and thereafter it continued as a sub scheme of Jawahar Rozgar Yojana. From 1st January 1986 IAY was delinked from JRY and made

an independent scheme.

The Government of India, in 1998 announced a National Housing and Habitat policy which aims at providing “Housing for all” and facilitating the construction of 20 lakh additional housing units (13 lakh in rural areas and 7 in urban areas) with emphasis on standing benefits to the poor and the deprived. The intention is to end shelter lessness and ensure the conversion of all unserviceable kucca houses by pucca houses by the end of 11th plan period. The Action plan is being implemented through various programmes such as Indira Awaas Yojana (IAY), Credit cum Subsidy Scheme for Rural Housing, Innovative Scheme for Rural Housing and Habitat Development, Rural Building Centres, Equity Contribution by Ministry of Rural Development to HUDCO and National Mission for Rural Housing and Habitat.

Training: Training has gained an important position in rural development activities concerning various poverty alleviation programmes. As training, research and development are closely linked, continuing education of both policy makers and programme implementers is imperative. Towards facilitating this, National Institute of Rural Development (NIRD) has been conducting training programmes, workshops, seminars and international programmes. In addition, extensive support has been provided to a number of training and research institutions dealing with issues related to rural development.

DRDA: In order to strengthen the DRDAs and to make them more professional and effective, a new centrally sponsored scheme, namely, DRDA Administration has been introduced from 1st April, 1999 based on the recommendations of an inter-ministerial committee known as the Shankar Committee. The scheme replaces the earlier practice of allocating percentage of programme funds to the administrative cost. Under this, a separate provision has been made to meet the administrative expenses of the DRDAs who are expected to effectively manage and implement the schemes.

B - Department of Land Resources:

The mission of the Department is to ensure sustainable development of rainfed cultivable and degraded lands through a participatory approach by involving the stakeholders in decision making in the watershed development programmes. It makes a concerted effort to enhance the productivity of wastelands

thereby enhancing livelihood opportunities in rural areas. The Department also has the mission to put in place effective agrarian reforms, including an efficient land use policy, and a transparent Land Records Management System (LRMS) with the aim of bringing in the system of conclusive titling and title guarantee. The LRMS will provide the foundation for building an accurate LIS for the entire country.

The vision of the Department encompasses an effective land use policy which ensures optimum utilization of rainfed/degraded lands for enhancing sustainable productivity, optimum utilization of wastelands, efficient property record management systems, an accurate land information system and clear titles to property, thus ensuring proper land management and land information system (LIS) in the country.

The following are the functions of the Department of Land Resources:

- I. Guide and facilitate States to modernize land record management & build up a land information system.
- II. Facilitate States efforts to usher in conclusive titling system.
- III. Administration of Land Acquisition Act, 1894 (1 of 1894) and matters relating to acquisition of land for purposes of the Union.
- IV. To facilitate adoption of policy for Rehabilitation & Resettlement of displaced people.
- V. Land reforms, land tenure, land records, consolidation of holdings and other related matters.
- VI. Implementation of watershed programme for development of rainfed/degraded areas.
- VII. Promotion of rural livelihoods through watershed programme.
- VIII. Evaluation of the existing bio-fuel cultivation in the country and launching of demonstration phase of Bio-fuel Mission based on the evaluation result.

The main objectives of the Department are:

- I. To increase productivity of rainfed/degraded land through the process of integrated watershed management;
- II. To support the States/UTs for implementation of National Land Records Modernization Programme (NLRMP) with the aim of ushering in the Conclusive

Titling system and laying the foundation for building an LIS;

III. To administer land reforms and other related matters relating to land such as administration of the Land Acquisition Act, 1894, the National Rehabilitation and Resettlement Policy of 2007, the Registration Act, 1908, etc.; and

IV. To launch National Mission on Bio-Diesel demonstration phase with the propagation of bio-fuel plantations primarily on wastelands, based on the assessment of plantations already under taken in the country.

Ministry of Panchayati Raj, NIRD&PR, CAPART and NABARD

a) Ministry of Panchayati Raj

Constitution (73 Amendment) Act, 1992 that came into effect in April 1993 brought about major reform in local governance in the country. The formation of a separate Ministry of Panchayati Raj (MoPR) in May 2004 at the Centre was indicative of the determination of the Government of India to give a major push to such reform. The ministry was formed with a mission to attain the Gram Swaraj dream of 'Mahatma Gandhi' through 'Power to the People' and ultimately to enable Panchayats to function as institutions of Self Government. The Ministry was set up primarily to oversee the implementation of Part IX of the Constitution, inserted by the Constitution (73rd Amendment) Act, 1992, the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA), and Article 243ZD of Part IX-A relating to District Planning Committees. Although the Panchayats have historically been an integral part of rural life in India, these Acts have institutionalised the Panchayati Raj Institutions (PRIs) at the village, intermediate, and district levels as the third tier of government. The aim has been to combine social justice with effective local governance, with an emphasis on reservation of seats for the deprived classes of population, including of the leadership positions.

The Ministry of Panchayat has been constituted with the following objectives

I. To support the State Governments in Capacity Building of the Panchayats.

II. To provide financial support to the State Governments through GoI Schemes to achieve the

objectives of empowerment of the PRIs.

III. To encourage the Union Ministries and State Governments delegate adequate responsibilities and resources to PRIs.

IV. To prepare and notify standards for empowerment of the Panchayats and their accountability

V. To generate awareness about and among the Panchayats for good governance including through electronic and other media.

VI. To facilitate preparation of Integrated Participatory Development Plans in the BRGF Districts.

VII. To Conduct of Action Research & Research Studies on identified themes related to Ministry of Panchayati Raj and Panchayati Raj Institutions

Sections and Programme Divisions of the Ministry

The Ministry has sections dealing with Policy, Jurisprudence, BRGF, RBH, Media and Publicity, Training and Research, International Cooperation, IT, Infrastructure Development, PEAIS, Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA), PESA, Decentralised Planning and Monitoring of Twelfth Finance Commission (TFC). Establishment, General Administration, Parliament and Coordination, Budget & Finance, Cash, and Official Languages.

Organizational Structure

Ministry of Panchayati is headed by union minister who is assisted by a Secretary, two Additional Secretaries, an Additional Secretary and Financial Advisor (who also works with the Ministry of Rural Development), and three Joint Secretaries. Further, there are four Directors/Deputy Secretaries, four Under Secretaries, six Section Officers, and 57 Non-Gazetted posts. As only 61 persons work in the Ministry against 85 sanctioned posts, some work has been outsourced and manpower hired on contract basis. The Ministry has sections dealing with Establishment, General Administration, Parliament and Coordination, Budget & Finance, Cash, Official Language and Policy & Jurisprudence. Beside these sections, there are other Units / Cells dealing with Backward Regions Grant Fund, Rural Business Hubs, Media & Publicity, Training & Research, International Cooperation, IT, Infrastructure Development, Panchayat Empowerment and Accountability Incentive Scheme, Panchayat Mahila Shakti Abhiyan, Panchayat Yuva Shakti Abhiyan, PESA, Devolution of Functions,

Functionaries and Finances, Decentralised Planning and Monitoring of Twelfth Finance Commission (TFC).

Functions of the Ministry of Panchayati Raj can be described as follows

Ensuring progressive devolution of Functions, Funds and Functionaries (3Fs) upon the Panchayati Raj Institutions (PRIs).

During the 15 years since the 73rd Amendment came into force, the process of political empowerment of the Panchayats has largely been achieved. While Panchayat elections have been regularly held in all the States and Union Territories except Jharkhand, reservations have been provided to the Scheduled Castes, the Scheduled Tribes and the other Backward Classes (in some of the States) in proportion to their share of the population in each Panchayat area.

Further, no less than 10 lakh women have been elected to our Panchayati Raj Institutions, constituting some 37 percent of all those elected against the mandatory 33.33 percent reservation and rising to as high as 54% in Bihar which has 50% reservation for women. State Election Commissions and State Finance Commissions have been set up in all the States. Hence, the priority area before the Ministry has been to take the States towards meaningful and effective devolution of functions, funds and functionaries to the Panchayati Raj Institutions, which has largely remained in the statutes only.

District Planning: Since the 73rd Amendment came into force, the process of political empowerment of the Panchayats has largely been achieved. While Panchayat elections have been regularly held in all the States and Union Territories except Jharkhand, reservations have been provided to the Scheduled Castes, the Scheduled Tribes and the other Backward Classes (in some of the States) in proportion to their share of the population in each Panchayat area. Further, no less than 10 lakh women have been elected to our Panchayati Raj Institutions, constituting some 37 percent of all those elected against the mandatory 33.33 percent reservation and rising to as high as 54% in Bihar which has 50% reservation for women. State Election Commissions and State Finance Commissions have been set up in all the States. Hence, the priority area before the Ministry has been to take the States towards meaningful and effective devolution of functions, funds and functionaries to the Panchayati Raj Institutions, which has largely remained in the statutes only. The Ministry has been

pursuing preparation and notification of detailed Activity Mapping by the States, opening of Panchayat Windows in State Budgets and assignment of functionaries in accordance with the devolution of functions and finances.

Implementation of PESA Act: PESA {Panchayats (Extension to the Scheduled Areas)} Act, 1996 extends Part IX of the Constitution to the Fifth Schedule Areas, subject to certain exceptions and modifications. A major function of the Ministry is to oversee the implementation of the provisions of the PESA Act by the nine States, which have Schedule V areas namely Rajasthan, Gujarat, Madhya Pradesh, Orissa, Jharkhand, Himachal Pradesh, Maharashtra, Andhra Pradesh and Chhattisgarh.

Review of Centrally Sponsored Schemes: At an operational level, the largest inflow of resources to State Governments is through the Centrally Sponsored Schemes (CSSs). These CSSs largely cover sectors (like primary education, public health, drinking water, sanitation) identified in the Eleventh Schedule for devolution to Panchayats. Accordingly, it was felt that the design and implementation of the CSSs needed to be compatible in letter and spirit with the 73rd Constitutional Amendment. Various Ministries implementing Centrally Sponsored schemes were advised to review their schemes in the light of Article 243 G read with the Eleventh Schedule of the Constitution of India. It was also decided that the Ministry of Panchayati Raj would be consulted and its views incorporated in the Cabinet Notes in all cases relating to new Programmes/ Schemes that have a bearing on decentralization. Consequently, several important CSSs and new schemes are being examined with a view to ensuring the centrality of Panchayats in planning and implementation. This has emerged as a major focus area for the Ministry since it directly impinges on the financial condition and the authority of the Panchayati Raj Institutions.

Capacity Building and Training of Elected Representatives of PRIs: Another major function of the Ministry is the assistance to the States for the capacity building and training of elected representatives of the Panchayati Raj Institutions. It is well recognized that many of the elected representatives of PRIs are illiterate/semi-literate and know little about development programmes, planning, systems and procedures. They require training to undertake the tasks expected of them as people's representatives. Further, most of the

Panchayats do not have their own office space as well as adequate staff to look after the functions assigned to them. Hence, the Ministry has been taking steps in this direction, which include provision of cyber connectivity.

Accountability and Transparency: Panchayats as the third stratum of government have emerged as centers of power and authority. It is, therefore, essential that there should be transparency in their functioning and they should be accountable for their actions. With this objective in mind, the Ministry has, on the one hand, engaged with the Comptroller and Auditor General of India for audit of accounts of PRIs and, on the other hand, has urged the State Governments to adopt a variety of measures such as activation of the Gram Sabha, activation of the Standing Committees of the Gram Panchayats, constitution of Ward Sabhas, convening of Mahila Sabhas etc. This will enable greater flow of information to the elected representatives as well as the general public.

The other functions of the ministry of Panchayati Raj can be listed as below:

- I. Institutionalizing Gram Panchayat level dispute resolution mechanism.
- II. Enhancing reservation for women in PRIs and also their leadership quality.
- III. Implementing PESA effectively.
- IV. Deepening decentralised governance in the 6th Schedule Areas.
- V. Building the organisational capacity of PRIs and the professional capacity of Elected Representatives and Official Functionaries so that they can perform their mandated roles efficiently.
- VI. Institutionalizing and using integrated decentralised participatory planning through the PRIs and DPCs for convergence of plethora of schemes and pooling of diverse resources for better outcomes.
- VII. Restructuring the Backward Region Grant Fund (BRGF) Programme to position the Panchayats as effective platform for mitigating regional backwardness.
- VIII. Reviewing and upscaling the Rural Business Hubs to promote the role of the Panchayats in economic development.
- IX. Positioning the Gram Sabhas at the core of PRIs for

true self-governance and ensuring transparency and accountability of the Gram Panchayats.

X. Devising institutions, systems and processes for enhancing efficiency, transparency and accountability of the PRIs.

XI. Formulating laws, policies and programmes and build systems, processes and institutions

b) **National Institute of Rural Development:**

National Institute of Rural Development (NIRD) is an autonomous organization under the Ministry of Rural Development, Government of India. Through its training and research activities, NIRD endeavours to upgrade the knowledge skills and to bring in required attitudes among its clientele group. NIRD sensitizes the elected representatives and rural development functionaries about the impact of various Rural Development initiatives of the Union Government and the State Governments and also about the emerging challenges in the field of Rural Development.

The vision of NIRD is to focus on the policies and programmes that benefit the rural poor, strive to energize the democratic decentralization process, improve the operational efficiency of rural development personnel, promote transfer of technology through its social laboratories and Technology Park and create environmental awareness. As a 'think-tank' for the Ministry of Rural Development, NIRD while acting as a storehouse of information on rural development would assist the Ministry in policy formulation and choice of options in rural development to usher in the change.

Mission

To examine and analyze the factors contributing to the improvement of economic and social well being of people in rural areas on a sustainable basis with focus on the rural poor and the other disadvantaged groups through research, action research, consultancy and documentation efforts.

To facilitate the rural development efforts with particular emphasis and focus on the rural poor by improving the knowledge, skills and attitudes of rural development officials and non-officials through organizing training, workshops and seminars.

Functions of NIRD

Organize training programmes, conferences, seminars and Workshops for senior level development

managers, elected Representatives, bankers, NGOs and others. A proforma is made available to the trainees for assessing the effectiveness of various components of each training programme and their relevance to the specific needs of the clientele groups. On the basis of the feedback thus received, the overall effectiveness of the training activity is measured. These evaluations are reviewed regularly. A summary of the training performance is presented to the Executive Council and the General Council. The recommendations of the national level seminars and workshops, held regularly, are brought out in the form of a book for reference by the concerned and are displayed on the website of the Institute.

Undertake, aid, promote and coordinate research on its own and through other agencies. Greater emphasis is laid on the application aspects. Research studies are published for wider dissemination of the research findings. A summary of the findings is circulated to various organizations and are also put out on the website of the NIRD for perusal of academicians and others.

Study various aspects of the Panchayati Raj Institutions, local level governance across the states; Analyze and propose solutions to problems in planning and implementation of the programmes for rural development; Disseminate information through periodicals, reports and other publications. Provide consultancy services to both national and international organizations as well as Ministries of Govt. of India and Departments of State Governments.

Action Research

The Institute undertakes location and community specific research for field testing of various themes or models, step-by-step, while actually implementing the project on ground. Day-to-day interventions are modified according to the situation prevailing in the project area. It is a process of learning while doing and also social laboratory for trainees. The Institute has also taken up the important process of documenting its efforts to enable policy makers, rural development functionaries, state governments, etc., to pick up learning points for application of such process-oriented implementation of programmes. The tangible outcomes of Action Research are: i) to strengthen working relationships among the Government Agencies and also promote public - private partnerships; ii) to provide opportunities for tapping the local traditional wisdom and also to

facilitate greater participation of the disadvantaged sections in all local development endeavors; iii) to identify cost effective and eco-friendly alternative development models for sustainable Rural Development.

Institution Building and Networking

Capacity building of over six million elected representatives and Panchayati Raj & Rural Development Functionaries is a prerequisite for achieving the goals of Rural Development. NIRD plays a crucial role in strengthening the training infrastructure of State Institutes of Rural Development (SIRDs) and Extension Training Centers (ETCs) besides augmenting the capabilities of the faculty members of these Rural Development Training Institutions. Though `Training of Trainers' (TOT) programmes in the field of communication skills, participatory training methods and Approaches to Social Science Research besides the NIRD off-campus training programmes, it enriches the capabilities of faculty and strengthen RD Training Institutions in the conduct of periodic training programmes effectively. The Annual Colloquium of Secretaries of Panchayati Raj & Rural Development and Heads of State Institutes of Rural Development, National Meet of Heads of State Institutes of Rural Development and Extension

Training Centers and the Regional Meetings of Heads of SIRDs and ETCs provide opportunities to the representatives of these RD Training Institutions to explore the various ways of networking for sharing the resources and expertise for the common benefit and also for enhancing the effectiveness of training programmes of these institutions.

Rural Technology Park

NIRD is engaged in operationalising a Rural Technology Park with an objective to help in dissemination of affordable and appropriate technologies. The strategy to be adopted is a double-pronged approach with equal emphasis on two components. The first component is demonstration of technology models at NIRD with a variety of static, simulated and live models in stalls and thematic pavilions. The second component is actually by taking successful and proven technologies to the villages and practically using these technologies with the active involvement of primary stake holders, with the help of Community Based Organizations (CBOs), Self Help Groups (SHGs), Gram Panchayats (GPs) and Non-Government Organizations (NGOs).

This process of transfer of technology can take place through careful selection of user groups, enabling them to select appropriate technologies and arrive at appropriate formal arrangements. SHG's/GP's will use the machinery to maximum capacity by purchasing raw material, to take care of operation and to give quarterly feedback to NIRD on the practical utility or otherwise of the technology.

c) National Bank for Agriculture and Rural Development (NABARD)

The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (**CRAFICARD**) set up by the RBI under the Chairmanship of Shri B Sivaraman in its report submitted to Governor, Reserve Bank of India on November 28, 1979 recommended the establishment of NABARD. The Parliament through the Act 61 of 81, approved its setting up. The Committee after reviewing the arrangements came to the conclusion that a new arrangement would be necessary at the national level for achieving the desired focus and thrust towards integration of credit activities in the context of the strategy for Integrated Rural Development. Against the backdrop of the massive credit needs of rural development and the need to uplift the weaker sections in the rural areas within a given time horizon the arrangement called for a separate institutional set-up. Similarly. The Reserve Bank had onerous responsibilities to discharge in respect of its many basic functions of central banking in monetary and credit regulations and was not therefore in a position to devote undivided attention to the operational details of the emerging complex credit problems. This paved the way for the establishment of NABARD.

NABARD is set up as an apex Development Bank with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas. In discharging its role as a facilitator for rural prosperity NABARD is entrusted with:

I. Providing refinance to lending institutions in rural areas

II. Bringing about or promoting institutional development and

III. Evaluating, monitoring and inspecting the client banks

Besides this pivotal role, NABARD also

I. Acts as a coordinator in the operations of rural credit institutions

II. Extends assistance to the government, the Reserve Bank of India and other organizations in matters relating to rural development

III. Offers training and research facilities for banks, cooperatives and organizations working in the field of rural development

IV. Helps the state governments in reaching their targets of providing assistance to eligible institutions in agriculture and rural development

V. Acts as regulator for cooperative banks and RRBs

VI. Extends assistance to the government, the Reserve Bank of India and other organizations in matters relating to rural development

VII. Offers training and research facilities for banks, cooperatives and organizations working in the field of rural development

VIII. Helps the state governments in reaching their targets of providing assistance to eligible institutions in agriculture and rural development

IX. Acts as regulator for cooperative banks and RRBs

The organizational structure of NABARD is as follows:

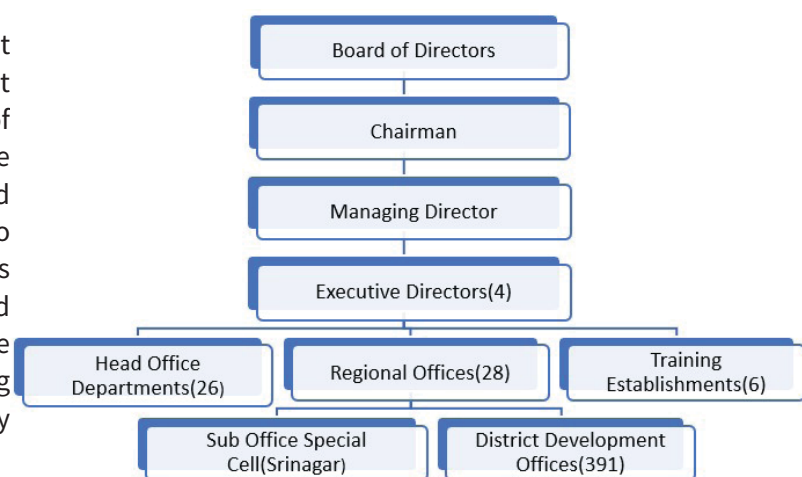


Fig. 3.1 Organisation Chart- NABARD

NABARD'S functions can be broadly classified in following three categories:

1. Credit functions: NABARD's credit functions cover planning, dispensation and monitoring of credit, Framing policy and guidelines for rural financial institutions, providing credit facilities to issuing organizations, Preparation of potential-linked credit plans annually for all districts for identification of credit potential and Monitoring the flow of ground level rural credit

2. Development and Promotional Functions: In order to reinforce the credit functions and to make credit more productive, NABARD has been undertaking a number of developmental and promotional activities such as:

I. Help cooperative banks and Regional Rural Banks to prepare development actions plans for themselves

II. Enter into MoU with state governments and cooperative banks specifying their respective obligations to improve the affairs of the banks in a stipulated timeframe

III. Help Regional Rural Banks and the sponsor banks to enter into MoUs specifying their respective obligations to improve the affairs of the Regional Rural Banks in a stipulated timeframe

IV. Monitor implementation of development action plans of banks and fulfilment of obligations under MoUs

V. Provide financial assistance to cooperatives and Regional Rural Banks for establishment of technical, monitoring and evaluations cells

VI. Provide financial support for the training institutes of cooperative banks

VII. Provide training for senior and middle level executives of commercial banks, Regional Rural Banks and cooperative banks

VIII. Create awareness among the borrowers on ethics of repayment through Vikas Volunteer Vahini and Farmer's clubs

IX. Provide financial assistance to cooperative banks for building improved management information system, computerisation of operations and development of human resources

3. Supervisory Functions: As an apex bank involved in refinancing credit needs of major

financial institutions in the country engaged in offering financial assistance to agriculture and rural development operations and programmes, NABARD has been sharing with the Reserve Bank of India

certain supervisory functions in respect of cooperative banks and Regional Rural Banks (RRBs).

I. NABARD has been entrusted with the statutory responsibility of conducting inspections of State Cooperative Banks (SCBs), District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs)

under the provisions of Section 35(6) of the Banking Regulation Act (BR Act), 1949. In addition, NABARD has also been conducting periodic inspections of state level cooperative institutions such as State Cooperative Agriculture and Rural Development Banks (SCARDBs), Apex Weavers Societies, Marketing Federations, etc., on a voluntary basis.

II. Undertakes inspection of Regional Rural Banks (RRBs) and Cooperative Banks (other than urban/primary cooperative banks) under the provisions of Banking Regulation Act, 1949.

III. Undertakes inspection of State Cooperative Agriculture and Rural Development Banks (SCARDBs) and apex non-credit cooperative societies on a voluntary basis

IV. Undertakes portfolio inspections, systems study, besides off-site surveillance of Cooperative Banks and Regional Rural Banks (RRBs)

V. Provides recommendations to Reserve Bank of India on issue of licenses to Cooperative Banks, opening of new branches by State Cooperative Banks and Regional Rural Banks (RRBs)

VI. Administering Credit Monitoring Arrangements (CMA) in SCBs and CCBs

Supervisory Strategy of NABARD: In the wake of the banking sector reforms, new set of international norms/practices were made applicable to Commercial Banks (CBs) to make them more competitive and sustainable in the changing scenario. The co-operative banks and RRBs were also to function in the general banking environment, emerging out of the financial sector reforms, introduced by the GOI/RBI. Accordingly, the prudential norms were extended to them in phases. While the capital adequacy norm has not yet been made applicable to these banks,

the other prudential norms viz. income recognition, asset classification and provisioning, which were made applicable by RBI to the commercial banking sector had been extended to cover RRBs in 1995-96, SCBs and DCCBs in 1996-97 and by NABARD to SCARDBs in 1997-98. NABARD, through a concrete and time-bound supervision strategy, facilitate these banks to adjust to the new financial discipline so as to internalize prudential norms stipulated.

Off-site Surveillance in NABARD system: As a part of the new strategy of supervision, a system of 'Off-site Surveillance' has been introduced as a supplementary tool to the on-site inspection. Its objectives are to obtain and analyse critical data on a continuous basis, to identify areas of supervisory concern and to identify early warningsignals and risky areas requiring further probe. The system basically envisages desk scrutiny of operations of cooperative banks and RRBs through a set of statutory and non-statutory returns. While the periodical statutory on-site inspections attempt an overall evaluation of the performance of the banks with a stipulated period, off-site surveillance envisages continuous supervision supplementing the on-site inspections with additional instruments of supervision.

d) **CAPART:**

The voluntary sector in India has played a major role in rural development, through mobilizing communities and catalyzing people's initiatives for change, as well as through direct implementation of interventions around specific issues. Formal recognition of the role of voluntary organizations in the Seventh Plan documented to the formation of the Council for Advancement of People's Action

and Rural Technology (CAPART) in 1986, as a nodal agency for catalyzing and coordinating the emerging partnership between voluntary organizations and the Government for sustainable development of rural areas. CAPART was formed by amalgamating two agencies the 'Council for

Advancement of Rural Technology' (CART) and People's Action for Development India (PADI). CAPART is an autonomous body registered under the Societies Registration Act 1860, and is functioning under the aegis of the Ministry of Rural Development, Government of India. Today, this agency is a major promoter of rural development in India, assisting over 12,000 voluntary organizations across the country in implementing a wide range of development

initiatives. The objectives of this organization can be listed as follows:

I. to acquire the activities, programme and assets of two Societies namely People's Action for Development (India) [Registration No.4433] and, Council for Advancement of Rural Technology [Registration No.12945] and all or any of the belonging, funds, rights, privileges, obligations and contracts of the said two Societies which as on the date of registration of this Society shall be deemed to have been amalgamated and merged into this society;

II. to encourage, promote and assist voluntary action in the implementation of projects for the enhancement of rural prosperity;

III. to strength and promote voluntary efforts in rural development with focus on injecting new technological inputs in this behalf;

IV. to act as the national nodal point for coordination of all efforts at generation and dissemination of technologies relevant to rural development in its wider sense;

V. to act as a catalyst for development of technology appropriate for the rural areas, by identifying and funding research and development efforts and pilot projects by different agencies and institutions particularly voluntary organizations;

VI. to act as a conduit for transfer of appropriate technology to Government Departments, public sector undertaking, cooperative societies, voluntary agencies and members of public to encourage adoption of modern techniques and appropriate technology in rural development;

VII. to act as a clearing house of information and data bank;

VIII. to disseminate knowledge on rural technology to manufacturers of machinery tools, equipment and spare parts so that large scale production of technically improved machinery etc. is carried out in the private cooperative and public sectors;

IX. to assist and promote programmes aimed at conservation of the environment and natural resources;

X. to strengthen existing institutions of research and develop or set up institutions, so that national level institutions on matter of purely or largely rural

interest are built up;

XI. to collaborate with other institutions, associations and societies in India or abroad including concerned international agencies constituents of the U.N. system interest in similar objects;

XII. to conduct or sponsor training programmes, conferences, lectures and seminars on rural development activities of particular interest to women, with an accent on improved technologies appropriate to their role in rural development.

XIII. to conduct or sponsor training programmes for trainers, particularly in the voluntary sectors, so that improved technology is disseminated to participants in development in the rural areas;

XIV. to conduct or sponsor training programmes / seminars, workshops and meetings to promote interaction between government agencies and voluntary agencies working in the field of rural development and technology;

XV. to carry out research studies, survey, evaluation and the like on the use of appropriate technology and to offer fellowships, scholarships and prizes in furtherance of the objects of the society;

XVI. to prepare, print and publish paper, periodical-monographs and books in furtherance of the objects of the society; and to do all other such things as the society may consider necessary, incidental or conducive the attainment of its objectives;

XVII. to create awareness amongst rural people and provide a series of escort services to them through the NGOs on matters relating to Intellectual Property Right (IPR) issues in the context of WTO and assist them by protecting rights and all matters connected therewith.

State Level Institutions: State Planning Board, State Institute of Rural Development and Kerala Institute of Local Administration

a) Kerala State Planning Board

The Kerala State Planning Board is an advisory board under the Kerala Government. It was constituted in 1967 with the Chief Minister as the Chairman and a non-official as part-time Vice-Chairman. The board assists the State Government in formulating a development plan based on a scientific assessment of the resources available to the state. A comprehensive

economic review report of the state is prepared by the board every year.

The official duties of the Board are performed by eight important divisions. They are:

1. Plan Co-ordination Division
2. Agriculture Division
3. Evaluation Division
4. Social Service Division
5. Industry and Infrastructure Division
6. Decentralized Planning Division
7. Perspective Planning Division
8. Information and Technology Wing

b) State Institute of Rural Development

The Ministry supports the training activities of States for effective implementation of rural development programmes by providing financial support to State Institutes of Rural Development (SIRDs) and Extension Training Centres (ETCs). The SIRDs and ETCs are State Government institutes for imparting training in the field of rural development to rural development functionaries, elected representatives of Panchayati Raj Institutions and members of Village Monitoring Committees at State level and at District/Block level respectively. (a) State Institutes of Rural Development (SIRDs) These institutes aim at improving the knowledge, skill and attitude of rural development functionaries and elected representatives of Panchayati Raj Institutions at State and District level.

At present, there are 28 SIRDs, one in each State. 100% Central assistance is being provided to SIRDs for non-recurring expenditure while recurring expenditure is shared equally between the Central and State governments. Under the head recurring expenditure, 100% funding support is also provided for five senior core faculty members of SIRDs. The funds under both recurring and non-recurring heads are directly released to SIRDs. The scheme is demand-driven. From 2007-08, the scheme has been merged with the new scheme "Management Support to RD Programmes and Strengthening of District Planning Process" as Central Sector Scheme. The courses conducted by SIRDs include Training Skills and Methodology for ETCs, Planning and implementation of RD schemes, Rural Credit, Computer Information System for

RD, Courses for BDOs, Voluntary Organisations, Management Development Programmes, Integrated Watershed Development, etc.

SIRD and its Role

SIRD is the premier training institute involved in Rural Development in the state. It was established on January 1, 1987 as part of an all-India strategy of creating rural development Institutes in the states. The institute imparts training in Rural Development, Panchayati Raj and Decentralization process and poverty related areas to the various stakeholders including elected representatives engaged in the field of rural development with the objective of improving the socio-economic well-being of the rural people.

SIRD plays a key role in identifying the factors contributing to the effectiveness of development programmes and helps in building the capacities of a large number of development functionaries. The clientele group consists of officials of Rural Development Department in and above the rank of BDOs and elected representatives of Block Panchayats, Officials of Line Departments, NGOs, CBOs etc. In addition to normal training programmes, workshops, seminars etc. are also conducted. SIRD conducts training programmes exclusively for Block/ Grama Panchayat members under Centrally Sponsored Schemes.

Though the Institute was set up in 1987, it has not grown to the extent to which it was envisaged. Though the number of training programmes have increased, its infrastructure and faculty (and support staff) have remained the same. Thus, there is a need to develop an institutional strategy to strengthen SIRD. For this, it was envisaged that an external consulting firm shall be appointed to assess the strengths and weaknesses of SIRD and suggest measures to strengthen it

c) Kerala Institute of Local Administration

Kerala Institute of Local Administration

Kerala Institute of Local Administration (KILA) has been engaged in the capacity building activities for local governance in Kerala since its establishment in 1990. The institute is supported by the government of Kerala, as its nodal agency for training, research and consultancy for the local self-government institutions. The institute engages in different capacity building activities of the local bodies, both rural and urban. As a training and research institute, KILA is committed to the following objectives.

- To undertake various training programmes for the elected representatives and officials
- To facilitate and strengthen the process of decentralized planning
- To undertake action-oriented research activities
- To document best practices on local governance for wider dissemination
- To organize seminars, workshops and discussions

District & Other Level Institutions: District Planning Committee; Panchayati Raj Institutions

a) District Planning Committee (DPC) is the committee formed as per article 243ZD of the Constitution of India at the district level for planning at the district and below. The Committee in each district should consolidate the plans prepared by the Panchayats and the Municipalities in the district and prepare a draft development plan for the district.

Composition of DPCs

The DPC is generally composed of elected members of the local bodies within the district, both rural and urban, as well as some nominated members. The number of members varies with the population size of the districts. The ratio of members from Panchayats and ULBs is based on ratio in which the population of the district is divided between rural and urban areas. An examination of the composition of the DPCs is vital from two perspectives: • It reflects the degree of inclusion of marginalized sections in the district planning process. • It reflects the degree to which the DPC is actually a body independent of state control and interference.

Functions of DPC

The Constitution of India provides the DPCs two specific responsibilities. In preparing the draft development plan, the DPC shall have regard to matters of common interest between the Panchayats and the Municipalities including spatial planning, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation and the extent and type of available resources, both financial or otherwise. The DPC in the endeavor, is also mandated to consult such institutions and organizations as may be specified. In order that the

plans at different levels are prepared, there is need to strengthen the system comprising the machinery of planning and the process of consolidation of plans at the district level.

There is confusion in states as to whether the DPC is to be established as a separate and permanent office or whether it denotes only a meeting that is periodically called and which can be serviced by a part-time secretariat. There is a feeling that the DPC ought not to emerge as yet another layer of bureaucracy to vet people's plans. At the same time, the fact that the DPC is held intermittently and without permanent support undermines its effectiveness as a constitutional institution and a coordinating mentor. On balance, the DPC merits the status of a permanent institution, with adequate Secretariat to service it at the District level. It could also be provided the means of drawing experts to assist it whenever required.

b) Panchayati Raj Institution: Evolution, Features, Composition, Powers, Functions

Panchayati Raj is a system of rural local self-government in India. It has been established in all the states of India by the acts of the state legislature to build democracy at the grass root level. It is entrusted with rural development and was constitutionalized through the 73rd Constitutional Amendment Act of 1992.

Evolution of Panchayati Raj in India

Panchayati Raj was not a new concept to India. Indian villages had Panchayats (council of five persons) from very ancient time, which were having both executive and judicial powers and used to handle various issues (land distribution, tax collection etc.) or disputes arising in the village area.

Gandhiji also held the opinion of empowerment of Panchayats for the development of rural areas. Thus, recognizing their importance our Constitution makers included a provision for Panchayats in part IV of our constitution (directive principles of state policy).

Art. 40 confers the responsibility upon State to take steps to organise Village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government. But it does not give guidelines for organising village panchayats.

Thus, its formal organisation and structure was

firstly recommended by Balwant Rai committee, 1957 (Committee to examine the Community Development Programme, 1952).

The Committee, in its report in November 1957, recommended the establishment of the scheme of 'democratic decentralisation', which ultimately came to be known as Panchayati Raj. It recommended for a three-tier system at village, block and district level and it also recommended for direct election of village level panchayat. Rajasthan was the first state to establish Panchayati Raj at it started from Nagaur district on October 2, 1959.

After this, Ashok Mehta Committee on Panchayati Raj was appointed in December 1977 and in August 1978 submitted its report with various recommendations to revive and strengthen the declining Panchayati Raj system in the country.

Its major recommendation was two tier system of panchayat, regular social audit, representation of political parties at all level of panchayat elections, provisions for regular election, reservation to SCs/ STs in panchayats and a minister for panchayati raj in state council of ministers.

Further, G V K Rao Committee appointed in 1985 again recommended some measures to strengthen Panchayati Raj institutions.

LM Singhvi Committee appointed in 1986 first time recommended for the constitutional status of Panchayati Raj institutions and it also suggested for constitutional provisions to ensure regular, free and fair elections to the Panchayati Raj Bodies.

In response to the recommendations of LM Singhvi committee, a bill was introduced in the Lok Sabha by Rajiv Gandhi's government in July 1989 to constitutionalize Panchayati Raj Institutions, but the bill was not passed in Rajya Sabha.

The V P Singh government also brought a bill, but fall of the government resulted in lapse of the bill. After this P V Narashima Rao's government introduced a bill for this purpose in Lok Sabha in September, 1991 and the bill finally emerged as the 73rd Constitutional Amendment Act, 1992 and came into force on 24th April, 1993.

Features of 73rd Amendment Act 1992

The 73rd Amendment to the Constitution enacted in 1992 added a new part-IX to the Constitution. It

also added a new XI schedule containing list of 29 functional items for Panchayats and made statutory provisions for the establishment, empowerment and functioning of Panchayati Raj institutions. Some provisions of this amendment are binding on the States, while others have been left to be decided by respective State Legislatures at their discretion. The salient features of this amendment are as follows:

1. Organization of Gram Sabhas;
2. Creation of a three-tier Panchayati Raj Structure at the District (Zila), Block and Village levels;
3. Almost all posts, at all levels to be filled by direct elections;
4. Minimum age for contesting elections to the Panchayati Raj institutions be twenty-one years;
5. The post of Chairman at the District and Block levels should be filled by indirect election;
6. There should be reservation of seats for Scheduled Castes/ Scheduled Tribes in Panchayats, in proportion to their population, and for women in Panchayats up to one-third seats;
7. State Election Commission to be set up in each State to conduct elections to Panchayati Raj institutions;
8. The tenure of Panchayati Raj institutions is five years, if dissolved earlier, fresh elections to be held within six months; and
9. a State Finance Commission is to be set up in each State every five years.

Some of the provisions, which are not binding on the States, but are only guidelines:

1. Giving representation to the members of the Central and State legislatures in these bodies;
2. Providing reservation for backward classes; and
3. The Panchayati Raj institutions should be given financial powers in relation to taxes, levy fees etc. and efforts shall be made to make Panchayats autonomous bodies.

Composition of Panchayats

The Panchayati Raj system, as established in accordance with the 73rd Amendment, is a three-tier structure based on direct elections at all the three tiers: village, intermediate and district. Exemption from the intermediate tier is given to the small States having less than 20

Exemption from the intermediate tier is given to the small States having less than 20 lakhs population. It means that they have freedom not to have the middle level of panchayat.

All members in a panchayat are directly elected. However, if a State so decides, members of the State Legislature and Parliament may also be represented in a district and middle-level panchayats.

The middle-level panchayats are generally known as Panchayat Samitis. Provisions have been made for the inclusion of the chairpersons of the village panchayats in the block and district level panchayats.

The provision regarding reservation of seats for Scheduled Castes/Scheduled Tribes has already been mentioned earlier. However, it should also be noted here that one-third of total seats are reserved for women, and one-third for women out of the Quota fixed for Scheduled Castes/Tribes.

Reservation is also provided for offices of Chairpersons. The reserved seats are allotted by rotation to different constituencies in a panchayat area. State Legislatures can provide for further reservation for other backward classes (OBC) in panchayats.

Term of a Panchayat

The Amendment provides for the continuous existence of Panchayats. The normal term of a Panchayat is five years. If a Panchayat is dissolved earlier, elections are held within six months. There is a provision for State Election Commission, for superintendence, direction, and control of the preparation of electoral rolls and conduct of elections to Panchayats.

Powers and Responsibilities of Panchayats

State Legislatures may endow Panchayats with such powers and authority as may be necessary to enable the Panchayats to become institutions of self-government at the grassroots level.

Responsibility may be given to them to prepare plans for economic development and social justice. Schemes of economic development and social justice

with regard to 29 important matters mentioned in XI schedule such as agriculture, primary and secondary education, health and sanitation, drinking water, rural housing, the welfare of weaker sections, social forestry and so forth may be made by them.

Three-tier Structure of Panchayati Raj

Panchayat Samiti

The second or middle tier of the Panchayati Raj is Panchayat Samiti, which provides a link between Gram Panchayat and a Zila Parishad.

The strength of a Panchayat Samiti also depends on the population in a Samiti area. In Panchayat Samiti, some members are directly elected. Sarpanches of Gram Panchayats

Sarpanchs of Gram Panchayats are ex-officio members of Panchayat Samitis. However, all the Sarpanchs of Gram Panchayats are not members of Panchayat Samitis at the same time.

The number varies from State to State and is rotated annually. It means that only chairpersons of some Gram Panchayats in a Samiti area are members of Panchayat Samiti at a time.

In some panchayats, members of Legislative Assemblies and Legislative Councils, as well as members of Parliament who belong to the Samiti area, are co-opted as its members.

Chairpersons of Panchayat Samitis are, elected indirectly- by and from amongst the elected members thereof.

Zila Parishad

Zila Parishad or district Panchayat is the uppermost tier of the Panchayati Raj system. This institution has some directly elected members whose number differs from State to State as it is also based on population. Chairpersons of Panchayat Samitis are ex-officio members of Zila Parishads.

Members of Parliament, Legislative Assemblies and Councils belonging to the districts are also nominated members of Zila Parishads.

The chairperson of a Zila Parishad, called Adhyaksha or President is elected indirectly- by and from amongst the elected members thereof. The vice-chairperson is also elected similarly. Zila Parishad meetings are conducted once a month. Special meetings can also be convened to discuss special

matters. Subject committees are also formed.

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Functions of Panchayat

All Panchayati Raj Institutions perform such functions as are specified in state laws relating to panchayati raj. Some States distinguish between obligatory (compulsory) and optional functions of Gram Panchayats while other States do not make this distinction.

- The civic functions relating to sanitation, cleaning of public roads, minor irrigation, public toilets and lavatories, primary health care, vaccination, the supply of drinking water, constructing public wells, rural electrification, social health and primary and adult education, etc. are obligatory functions of village panchayats.
- The optional functions depend on the resources of the panchayats. They may or may not perform such functions as tree plantation on roadsides, setting up of breeding centers for cattle, organizing child and maternity welfare, promotion of agriculture, etc.
- **After the 73rd Amendment, the scope of functions of Gram Panchayat was widened.** Such important functions like preparation of annual development plan of panchayat area, annual budget, relief in natural calamities, removal of encroachment on public lands and implementation and monitoring of poverty alleviation programmes are now expected to be performed by panchayats.
- Selection of beneficiaries through Gram Sabhas, public distribution system, non-conventional energy source, improved Chullahs, biogas plants have also been given to Gram Panchayats in some states.

Functions of Panchayat Samiti

- Panchayat Samitis are at the hub of developmental activities.
- They are headed by Block Development Officers (B.D.Os).

- Some functions are entrusted to them like agriculture, land improvement, watershed development, social and farm forestry, technical and vocational education, etc.
- The second type of functions relates to the implementation of some specific plans, schemes or programmes to which funds are earmarked. It means that a Panchayat Samiti has to spend money only on that specific project. The choice of location or beneficiaries is, however, available to the Panchayat Samiti.

Functions of Zila Parishad

- Zila Parishad links Panchayat Samitis within the district.
- It coordinates their activities and supervises their functioning.
- It prepares district plans and integrates Samiti plans into district plans for submission to the State Government.
- Zila Parishad looks after development works in the entire district.
- It undertakes schemes to improve agricultural production, exploit ground water resources, extend rural electrification and distribution and initiate employment generating activities, construct roads and other public works.
- It also performs welfare functions like relief during natural calamities and scarcity, the establishment of orphanages and poor homes, night shelters, the welfare of women and children, etc.
- In addition, Zila Parishads perform functions entrusted to them under the Central and State Government sponsored programmes. For example, Jawahar Rozgar Yojna is a big centrally sponsored scheme for which money is directly given to the districts to undertake employment-generating activities.

Community Based Institutions – Scientific inputs and support from the Institutions like ICAR, ISRO, CSIR Institutes.

a) ICAR

The Indian Council of Agricultural Research (ICAR)

is an autonomous apex body responsible for the organisation and management of research and education in the field of Agriculture, Animal Science, and Fisheries in India. The Headquarters of the ICAR are located in Krishi Bhavan, New Delhi. The Minister for Agriculture is the president of the ICAR. Its principal executive officer is the Director General.

He is secretary to the Government of India in the Department of Agricultural Research and Education. Its members include the minister of Agriculture, Animal Husbandry and fisheries and senior officers of the various state governments, representatives of the parliament. The agro industries, scientific organizations and farmers.

The Governing Body is the chief executive and decision-making authority of the ICAR. It is headed by the Director General. It consists of eminent agricultural scientists, educationists, legislators and representatives of farmers. It is assisted by the standing Finance Committee, Accreditation Board, Regional Committees and several scientific panels.

The Secretary, Department of Agricultural Research and Education and Director General of the ICAR functions as the principal advisor to the Government of India in all matters concerning research and education in agriculture and allied fields.

Functions of the ICAR:

The ICAR under the Department of Agricultural Research and Education (DARE), Ministry of Agriculture is one of the important organisation at national as well as at international level. To fulfil its mission, it plays a vital role.

These are:

1. To plan, undertake, aid, promote and coordinate education, research and its application in agriculture, animal science, fisheries, agro-forestry and allied sciences.
2. To act as clearing house for research and general information relating to agriculture, animal husbandry, fishery, agroforestry, home science and allied sciences through its publications and information system and instituting and promoting transfer of technology programmes.
3. To provide, undertake and promote consultancy services in the field of research, education, training and dissemination of information in agriculture,

animal science, fisheries, agroforestry, home science and other allied sciences;

4. To look the problems relating to broader areas of rural development concerning agriculture, including post-harvest technology by developing cooperative programmes with other organisations such as the Indian council of social Science Research, Council of Scientific and Industrial Research, Bhaba Atomic Research Centre, state Agricultural Universities etc.;

5. To do other things considered necessary to attain the objectives of the society.

The vast network of ICAR includes Institutes, Bureaux, National Research Centres & Project Directorates. It is apex scientific organisation under the Department of Agricultural Research and Education of our country.

b) **ISRO**

Rural life in India is essentially agricultural, its settlement system consists of villages or homesteads; socially it connotes greater interdependence among people leading to more deeply rooted community life, and occupationally it is highly dependent on crop farming, animal keeping, small-scale plantation, and related activities.

As a concept, rural development connotes overall development of rural areas with a view to improve the quality of life of rural people. In this sense, it is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities, village and cottage industries, socio-economic infrastructure, community services and facilities, and above all the human resources in rural areas.

But more than 700 million Indians live in rural areas and far-flung villages that do not yet have basic services such as electricity, sanitation, and water, much less knowledge-enhancing technologies such as telecommunication services.

In order to bring about development and enhance the quality of life of the villagers, a definite policy with regard to communication support must be formulated and pursued.

Thus, Space technology should be harnessed by the local bodies to create an information base and for providing service.

Space Technology Applications for Rural

Development are discussed below: Satellite communication and earth observation satellites have demonstrated their capabilities to provide the services relating to healthcare, education, weather, land and water resources, land records, agricultural advisories, etc., relevant at communities/village level. The value-added, high-resolution earth observation images provide community-centric, geo-referenced spatial information for management of natural resources, such as land use/ land cover, terrain morphology, surface water and groundwater, soil characteristics, environment and infrastructure.

Village resource centre

ISRO has embarked upon VRC programme to disseminate the portfolio of services emanating from the space systems as well as other Information Technology (IT) tools, directly down-the-line to the rural communities. VRCs essentially have: digital connectivity (for videoconferencing and information transfer) with knowledge centers and specialty healthcare providers enabled via INSAT; spatial information on natural resources generated using IRS data; a host of information pertaining to management of natural resources and socio-economic relevance; and facilities for primary healthcare services and distance education.

With the involvement of stakeholders, VRCs will catalyse rural entrepreneurship; and facilitate e-Governance and other services of social relevance. ISRO is implementing VRC programme in partnership with reputed NGOs, Trusts and other agencies including the Governmental ones.

VRC Services – Portfolio

Tele-education: Focus is on imparting vocational training at local level - aimed at skill development and capacity building to catalyse livelihood support in rural areas; supplementary teaching to rural children; and non-formal and adult education.

Tele-healthcare: Thrust is on both preventive and curative healthcare at primary level. The Telemedicine system at VRCs consists of customised medical software, with certain medical diagnostic instruments. With the help of local doctor/ paramedic, expert medical consultation and counselling are provided to the villagers from specialty hospitals. Healthcare awareness is also a major activity of VRCs. Land and Water Resources Management:

Information on land and water resources extracted from satellite images is organised in Geographical Information System (GIS), and provided to the villagers through the VRC. The local farmers, availing the support of the skilled/ trained personnel managing VRCs, utilise this information for better management of their land resources.

Interactive Advisory Services: VRCs facilitate interactions between the local people and experts at knowledge centers - Agricultural Universities, Technical Institutions, etc - on a wide range of subjects such as alternative cropping systems, optimisation of agricultural inputs-like seeds, water, fertilizer, insecticides, pesticides, producer oriented marketing opportunities, crop insurance, etc.

Tele-fishery: VRCs located at coastal tracts are being provided with near real time information on satellite derived Potential Fishing Zones (PFZ). Information pertaining to inland fisheries, aquaculture, etc., is also provided through VRCs as relevant.

e-Governance services: The services include information and guidance to local people on village oriented governmental schemes on agriculture, poverty alleviation, rural employment, social safety nets and other basic entitlements, animal husbandry and livestock related, micro-finance related, etc. **Weather Services:** Short, medium and long-term weather forecasts, at local level; and agrometeorology advisory services are being enabled.

Others: Depending on the local needs, each VRC provides a host of other services.

Satellite Communication

One of the major components and driving force related to rural development is communication. It has been given highest priority for bringing desirable social and behavioural change among the most vulnerable rural society. Satellite communications has the ability to simultaneously reach a large population, spread over vast distances, and inherently is a powerful tool to support development education and training.

ISRO had undertaken several projects that focused on development of humanity through sophisticated satellite-based communication. Right from the inception of utilizing space programmes for development, the experiments like Satellite Instructional Television Experiment

(SITE), Kheda Communications Project (KCP), Jhabua Development Communications Project (JDCP), Training and Development Communication Channel (TDCC) have been carried out.

Tele-Education

The tele-education programme launched by ISRO, serviced by the exclusive satellite 'EDUSAT', is primarily intended for school, college and higher levels of education to support both curricula based as well as vocational education. With 5 Ku-band transponders providing spot beams, and one Ku-band transponder providing national beam, and 6 extended C-band transponders with national coverage beams, EDUSAT is specifically configured for audio-visual medium, employing digital interactive classroom and multimedia multi-centric system. Many important institutions such as the IGNOU, UGC, IITs, and many State Education Departments and Universities are making use of the EDUSAT network. Presently, more than 34,500 classrooms are in the EDUSAT network out of which 3,400 are interactive terminals. Satellites can establish the connectivity between urban educational institutions with adequate infrastructure imparting quality education and the large number of rural and semi-urban educational institutions that lack the necessary infrastructure. Besides supporting formal education, a satellite system can facilitate the dissemination of knowledge to the rural and remote population about important aspects like health, hygiene and personality development and allow professionals to update their knowledge base as well. Thus, in spite of limited trained and skilled teachers, the aspirations of the growing student population at all levels can be met through the concept of tele-education.

Tele-Medicine

A healthy citizen contributes to make a healthy nation. Over the years, the government has introduced various healthcare initiatives and policies, which has resulted in the increase in life expectancy of our citizens. However, providing healthcare to millions of people in rural India is really a formidable challenge. It is a matter of concern that a meager 3% of the qualified doctors, who are attached to about 23,000 Primary and 3,000 Community Health Centres, are available to attend to the 70% of the Indian population. Satellite communication technology, combined with information technology provides a

technological means of taking the benefits of the advances in medical sciences to large sections of peoplespreadoutinremoteandinaccessiblevillages.

Telemedicine is a confluence of Communication Technology, Information Technology, Biomedical Engineering and Medical Science. The Telemedicine system consists of customised hardware and software at both the Patient and Specialist doctor ends with some of the Diagnostic Equipments like ECG, X-ray and pathology Microscope/Camera provided at the patient end. They are connected through a Very Small Aperture Terminal (VSAT) system and controlled by the Network Hub Station of ISRO. Through a Telemedicine system consisting of simple computer with communication systems, the medical images and other information pertaining to the patients can be sent to the specialist doctors, either in advance or on a real time basis through the satellite link in the form of Digital Data Packets. These packets are received at the specialist centre.

Disaster Management Support

India is one of the most disaster-prone countries in the world with increasing vulnerability to cyclones, floods, landslides, droughts and earthquakes. The Disaster Management Support (DMS) Programme of ISRO, provides timely support and services from aero-space systems, both imaging and communications, towards efficient management of disasters in the country. The DMS programme addresses disasters such as flood, cyclone, drought, forest fire, landslide and Earthquake. These include creation of digital data base for facilitating hazard zonation, damage assessment, etc., monitoring of major natural disasters using satellite and aerial data; development of appropriate techniques and tools for decision support, establishing satellite based reliable communication network, deployment of emergency communication equipment and R&D towards early warning of disasters.

To support the total cycle of disaster/ emergency management for the country, in near real time, the database creation is addressed through National Database for Emergency Management (NDEM), a GIS based repository of data. NDEM is envisaged to have core data, hazard-specific data, and dynamic data in spatial as well as a spatial form.

Remote sensing applications

Remote sensing has enabled mapping, studying, monitoring and management of various resources like agriculture, forestry, geology, water, ocean etc. It has further enabled monitoring of environment and thereby helping in conservation. In the last four decades it has grown as a major tool for collecting information on almost every aspect on the earth. With the availability of very high spatial resolution satellites in the recent years, the applications have multiplied. In India remote sensing has been used for various applications during the last four decades and has contributed significantly towards development.

India has its own satellites like Indian Remote Sensing Satellite (IRS) series – Resourcesat, Cartosat, Oceansat etc which provide required data for carrying out various projects. Some of the important projects carried out in the country include Groundwater Prospects Mapping under Drinking Water Mission, Forecasting Agricultural output using Space, Agro-meteorology and Land based observations (FASAL), Forest Cover/Type Mapping, Grassland Mapping, Biodiversity Characterization, Snow & Glacier Studies, Land Use/Cover mapping, Coastal Studies, Coral and Mangroves Studies, Wasteland Mapping etc. The information generated by large number of projects have been used by various departments, industries and others for different purposes like development planning, monitoring, conservation etc.

c) CSIR

CSIR covers a wide spectrum of science and technology – from radio and space physics, oceanography, geophysics, chemicals, drugs, genomics, biotechnology and nanotechnology to mining, aeronautics, instrumentation, environmental engineering and information technology. It provides significant technological intervention in many areas with regard to societal efforts which include environment, health, drinking water, food, housing, energy, farm and non-farm sectors. Further, CSIR's role in S&T human resource development is noteworthy.

The Council for Scientific and Industrial Research (CSIR) is concentrating on the rural and small towns to implement the latest technology and creating awareness campaigns about their use and benefits.

Council of Scientific & Industrial Research (CSIR) has been providing the knowledgebase needed for the socio-economic development. During XI plan, CSIR

operationalized a programme named 'CSIR-800', focused at bringing in desired S&T interventions for improving the quality of life of people at the base of the economic pyramid and removing drudgery.

CSIR has adopted villages to promote employment generation. It has thus catalyzed commercial cultivation of Geranium in Uttaranchal and Lavender in Jammu & Kashmir through community participation. In this end to end mission farmers have been trained not only for cultivation of Geranium and Lavender but also for extraction of oil. Likewise, CSIR efforts through development of niche Mentha varieties and their propagation for mass cultivation are noteworthy. The efforts have led India acquire a world leadership position in Menthol mint oil production and export.

CSIR has set up post-harvest centres in Mizoram (Aizawl) and Arunachal Pradesh (Pashighat). These centres are focused at helping the local farmers in the region for value addition to their agricultural produce. The centres house technology for high efficiency drying and processing of ginger, cardamom, turmeric, chillies etc. the farmers are able to sell their produce at 20-25% higher price to these processing centres. The CSIR Post Harvest Technology Centres are thus generating direct employment.

CSIR efforts have led to: empowering people at Kashmir Valley through creation of aromatic industry; development of bioinoculants for enhancing plant productivity, disseminated in UP to the farmers in partnership with the State Government on a very large scale and has enhanced agriculture productivity; mushroom technology transfer and training which has benefitted rural women in North East States; the ethnic products promotion for economic development which has benefitted the women entrepreneurs of Manipur. CSIR has developed indigenous substitute of Ukraine clay in granite ceramic tiles which has reduced the Ukraine clay requirement from 20% to about 1%. This has made major economic difference and benefitted small and medium scale enterprises in Gujarat.

Over the years CSIR has developed technologies for: food and food processing; building and construction; enhancing potability of water; environment and sanitation; cultivation and processing of economic plants; rural roads; farm machinery; solar rickshaw (soleckshaw), leather; pottery etc. The technologies developed have been gainfully utilized in several

states benefiting villages and small towns.

CSIR is partnering with the National Innovation Council (NInC) to provide S&T interventions needed for enhancing the technological base of Micro, Small and Medium Enterprises (MSME). CSIR has adopted six clusters for the purpose. They are (i) Mango Cluster, Krishnagiri (ii) Brass Cluster, Moradabad (iii) Bamboo Cluster, Agartala (iv) Auto Cluster, Faridabad (v) Ayurveda Cluster, Thrissur and (vi) Life Sciences Cluster, Ahmedabad. As a part of this focused effort, CSIR has developed: protocol for enhancing the storage life of Krishnagiri mangoes from 7 days to 35 days; for Brass Cluster, Moradabad, a lacquer has been developed to give more shine to Moradabad Brass artifacts vis-à-vis Chinese Products; and for Agartala Bamboo Cluster, cheaper alternative to Jiget binding material for making Agarbatties has been developed.

CSIR has been disseminating its knowledgebase in various states of country including Andhra Pradesh during XI plan. As a result, several technologies are in use in many rural areas and small towns of Andhra Pradesh. Names of few such rural areas/ small towns in Andhra Pradesh include: (i) Samadhan Kendra – A rural information technology center for farmers (Integral part of the India Development Gateway (InDG) Portal) in Nallajerla (covering 20 villages), Prattipadu (covering 20 villages), Pydiparru (covering 20 villages), and Balusumudi (covering 20 villages) of West Goavari District of Andhra Pradesh. Awareness programs conducted in Pullalapudu, Kunchenapalli, Mandapaka and Bhimavaram of Andhra Pradesh. The technology implemented in chittoor through which more than 70,000 mango farmers benefited. About 1 lakh population benefitted from each centre. (ii) Strategic Medicinal and Industrial Plants based technologies: Biovillages were set up on Citronella and Ashwagandha in dry belts AP.

During XII plan, CSIR has converted CSIR-800 programme into a full-fledged scheme. For XII plan, the technology focus areas under the CSIR-800 scheme are: (i) Affordable health and Nutrition; (ii) Potable Water and Sanitation; (iii) Affordable Housing; (iv) Sustainable Energy, (v) Value-added agriculture; (vi) Energy Efficiency; and (vii) Waste to Wealth.

Thus, CSIR scientists have been concentrating in the rural areas and small towns. These efforts will be further scaled up through TECHVILs to fulfil the desirable objectives of the CSIR-800 scheme during XII plan.

Summary of the block

This block explains how the Rural Development is being carried out in India. The major actors involved in Rural Development their administrative structure have been explained. Their style of functioning from planning and implementation to monitoring and evaluation is described. It becomes clear that there are many actors involved in rural development in India. Ministry of Rural Development and Ministry of Panchayati Raj are major actors of rural development. Ministry of Rural development implements various programmes for betterment of rural poor while Ministry of Panchayati Raj is devoted to strengthen governance at local level. In a way both the ministries are complementary to each other. Under the aegis of these ministries many programmes are implemented. NIRD functions as training institute devoted to training and research in rural development. Place of rural development wing in planning commission shows the importance of rural development has gained in the national priority.

Model Questions

- 5) What are the important functions of planning commission?
- 6) Discuss the role of CSIR in rural development.
- 7) What is the mandate of the Ministry of Rural Development and what are the kinds of programme it deals with?

To Do Activity

Prepare a chart of Institutions for Rural Development of GOI with its functions and identify that how they are helpful in rural development

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Chapter 4-Major Development and Welfare Programs

For uplifting the rural sector of our country, the Ministry of Rural Development and the Government of India in coordination with Department of Rural Development and Department of Land Resources have been carrying forward various schemes. These schemes are formulated to benefit the citizens of rural India who will eventually become the pillars of Indian Economy in the long run. Some of the important schemes are included in this module.

Objectives

After reading this block you would be able to:

- trace the evolution of major development and welfare programs
- define what are these welfare programs
- describe the objectives of these programs
- explain the salient features of the programme;
- outline the institutional framework for its implementation; and
- Learn the significance of these programs for Rural Development;

Mahatma Gandhi National Rural Employment Guarantee Program (MGNREGS)

Enacted on 7 September 2005, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India entitles, by demand, every rural household to a minimum of 100 days of paid work each year at minimum wage. The ensuing public works programme represents an innovative rights-based approach towards supporting income security of rural households while creating productive assets and strengthening local governance.

The first phase of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was launched in February 2006. Initially covering 200 of the poorest districts, all districts with sizeable rural populations were eventually included by 1 April 2008. MGNREGS is the largest public works programme in the world, providing unskilled manual work to 57.8 million adults from 38.9 million rural households during the fiscal year of 2014-15.

Important Points

- Since its inception in 2006, MGNREGS has

provided an alternative source of income to workers in rural areas, particularly women and economically backward communities, created productive assets and empowered the local *Panchayati Raj* Institutions (PRIs) through the implementation and monitoring processes.

- A recent ILO study concludes that MGNREGA satisfies many of the provisions under Recommendation No. 202, such as “universality of protection”, “entitlement to benefits prescribed by national law”, “social inclusion” and “respect for the rights and dignity of people covered by the social security guarantees” (Ehmke, 2015). The legal framework of MGNREGA also reinforces programme sustainability.

- To realize the full potential of an ambitious programme like MGNREGS, policy-makers and implementing agents will need to address several key issues, such as limited public awareness, low administrative and delivery capacities (with large gaps between states), low quality control of assets created and ineffective monitoring and auditing mechanisms (CAG, 2013).

- In states and localities where MGNREGS has been implemented well, many of its social and economic objectives are found to have been achieved (Ehmke, 2015). Hence, MGNREGS serves as a South-South learning example for other developing countries looking to design and implement public works programmes targeted at poor rural households and deliver the social protection floor (SPF).

Budget 2017 announced an allocation of ₹48,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. While this is the highest allocation ever to be made under the scheme, it is just ₹501 crore more than the actual spending for 2016-17.

Need for MGNREGS

Almost 270 million people live below the poverty

line in India, 80.3 per cent of which live in rural areas (RBI, 2014). Poverty and unemployment increasingly afflict the growing population of small and marginal farmers and landless agricultural labourers, fuelling mass migration to urban areas (Sharma, 2011). Poverty is also most acute among female-headed households and the marginalized communities, namely the scheduled castes (SCs) and scheduled tribes (STs).

MGNREGS was introduced in the context of the then-ruling Government's inclusive growth and rights-based policies that recognized social and economic development as entitlements of citizens. MGNREGS aims to:

- provide an alternative source of income during the low agricultural season and poor monsoons;
- empower grassroots governance;
- create durable assets such as roads and irrigation canals that would generate sustainable rural livelihoods and discourage migration to urban areas; and
- encourage conservation of the environment.

Working of MGNREGA

MGNREGA enforces the right of Indian citizens to work and is based on certain articles of the Indian constitution. The programme is demand-based and self-targeting for rural households who are in need of minimum income support. During the fiscal year 2014-15, MGNREGS employed 57.8 million workers, approximately 16.9 per cent of the rural labour force.

MGNREGA is modelled on the principles of transparency and grassroots democracy. It stipulates decentralized administration and governance, in line with which, every state implements its own MGNREGS and funds it jointly with the national Ministry of Rural Development (MORD). Most of the planning, implementation, monitoring and evaluation activities are delegated to the local PRIs.

The uniqueness of MGNREGS lies in its largely bottom-up, multi-agency and multi-level processes for proposing works, registering beneficiaries, financing and sharing costs, measuring output and paying wages. At the lowest level, the *Gram Sabha* (village assembly) is designated with recommending appropriate projects. The elected *Gram Panchayat* (village committee) is responsible for decision-making, planning and implementation (at least 50

per cent of works by law).

Work should be provided within a 5-kilometre radius of the village, otherwise monetary compensation is given for the additional travel and living expenses. If work is not provided within 15 days of a worker's application, state governments are liable to provide an unemployment cash benefit. Contractors and labour-replacing machinery are banned and at most 40 per cent of the total project cost can be used for materials, skilled labour and administrative costs. The rest is safeguarded as wages for beneficiaries performing unskilled manual work.

NREGASoft is a specialized management information system used for management and monitoring of MGNREGS.

Performance of MGNREGS

By design, the MGNREGA fulfils many of the provisions under Recommendation No. 202, such as universality of protection, entitlement to benefits prescribed by national law, social inclusion and respect for the rights and dignity of people. Administrative data from 2014-15 show that MGNREGS has been successful at ensuring the participation of women and the disadvantaged SC and ST communities. More than half (54.5 per cent) of the work provided has benefited women while 39.1 per cent has benefited SC and ST communities. With 98 million new bank/post office accounts opened for MGNREGS work payments, it has encouraged the financial inclusion of the rural poor (MORD, 2015). Despite contributing to poverty reduction among rural households, the scheme has faced several setbacks. Some of the problems identified during the public audit carried out by the Comptroller and Auditor General of India (CAG) include shortage of staff, insufficient public awareness of the scheme, lack of effective monitoring and audit mechanisms at the local levels and late wage payments, which reduce the reliability of the scheme as a livelihood coping mechanism. Furthermore, the decentralized organization of MGNREGS does not fully address the large inter-state differences in administrative and service delivery capacities. In particular, states with large populations of rural poor – Bihar, Maharashtra and Uttar Pradesh – have been found to underutilize central Government funds to implement MGNREGS.

To increase the effectiveness of MGNREGS, the following steps, among others, have been identified:

- hire more staff where there are staff shortages;
- utilize Information, Education and Communication (IEC) funds to increase beneficiary awareness;
- encourage state governments to pay unemployment allowances through co-funding and monitoring; and
- improve administrative records and programme monitoring, especially at the local level, to ensure compliance, prevent misappropriation of funds and evaluate performance of MGNREGS.

MGNREGS has since introduced guidelines on compensation for late wage payments, initiated mass media campaigns and provided financial assistance to states for the staffing of social audit units and training of MGNREGS staff.

Public Distribution System (PDS), SarvaSiksha Abhiyan (SSA), National Rural Livelihood Mission (NRLM), Pradhan Mantri GraminAwaas Yojana (PMGAY)

a) Public Distribution System

Public distribution system is a structure that is sponsored by a government and includes chain of shops trusted with the work of distributing basic food and non-food commodities to the disadvantaged group of the society at very low prices. The central and state governments shared the accountability of regulating the Public distribution system. While the central government is responsible for procurement, storage, transportation, and bulk allocation of food grains, state governments hold the responsibility for distributing the same to the consumers through the established system of Fair Price Shops. State governments are also responsible for operational responsibilities including allocation and identification of families below poverty line, issue of ration cards, supervision and monitoring the functioning of FPSs system (PDS) is an Indian food security system. Established by the Government of India under Ministry of Consumer Affairs, Food, and Public Distribution and managed cooperatively with state governments in India, it distributes sponsored food and non-food stuffs to poor community of India. Some of the commodities distributed by food department include staple food grains, such as wheat, rice, sugar, and kerosene, through as ration shops established in several states across the nation. Food Corporation of India, a Government-owned

corporation, acquires and maintains the Public distribution system.

Public distribution system can be differentiated from private distribution in terms of control exercised by public authority and the intention primarily being social welfare in contrast to private gain. In broad sense, the system includes all the agencies that are involved from procurement stage to the final delivery of goods to the customer. The agency that is involved in the process of procurement, transportation, storage and distribution are Food Corporation of India. At the state level, it is the civil supply departments/ corporations and fair price shops, which are the agencies, involved in provision of Public distribution system. The fair price shops are the last linkage in this process, which are generally owned by private individuals. Therefore, significant aspect that differentiates Public distribution system is the involvement of government agencies and government control over the whole distribution structure.

The objectives of the Public Distribution System are as follows:

1. To protect the low income groups by guaranteeing the supply of certain minimum quantities of food grains at affordable price.
2. Ensuring equitable distribution.
3. Controlling the price rise of Essential Commodities in the open market.

The Public Distribution System has been premeditated and implemented by both the central and state governments. Central government primarily deals with the buffer stock operations (through FCI) and also controls the external and internal trade of food grains. The Central government through its procurement activity tries to even out the differences of surplus and deficit food grain producing states.

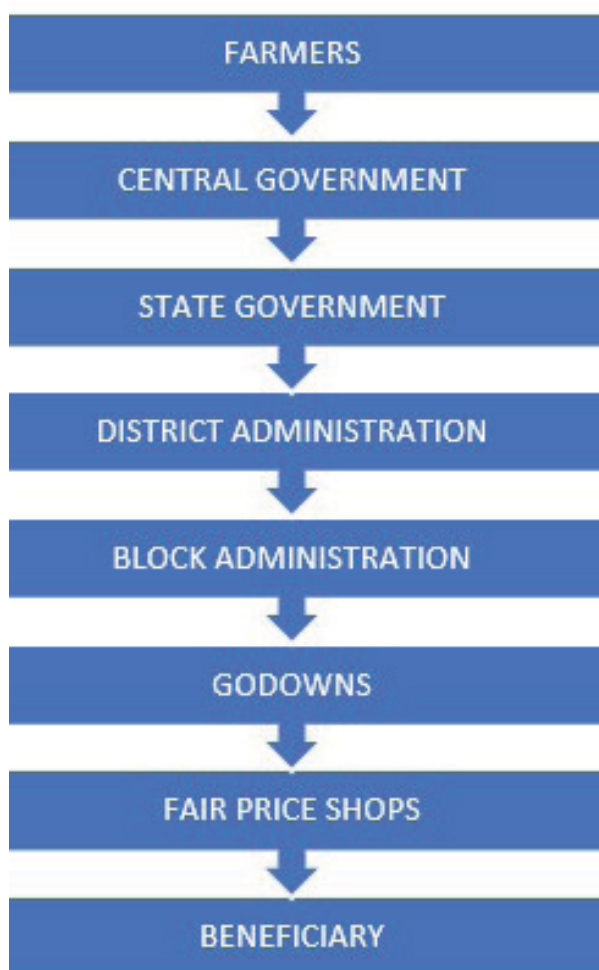


Fig. 4.1 Public distribution system flow

Evolution of Public Distribution System

Public distribution system in India has developed since many decades. In Indian scenario, there is numerous natural disasters occurring and it results in famines and droughts that cause acute scarcity conditions. Government of India took various measures to help the victims in which the food security system was initiated. Such effort was taken up for the first time in 1939 under the British regime when the Second World War started. The government thought of distributing the food grains to the poor of some selected cities in which there was scarcity and also a situation where private, failed to provide commodities affordable by the poor.

In 1943, after the great Bengal Famine, this distribution system was stretched to some more cities and towns. Continued periods of economic stress and disturbance like wars and deprivations gave rise to a form of food security system. Originally, it concerned itself mainly with management of scarce food supplies, and afterwards it was found necessary to use a more organised and institutionalised

approach including measures suspending normal activities of markets and trade. Such type of food security service existed in India for many years, in the shape of constitutional rationing in particular urban areas and continues to be present even today in a few metropolitan centres.

Reports signified that the development of Public Distribution System in India can be grouped into three time periods that include;

1. From 1939 to 1965
2. From 1965 to 1975
3. From 1975 onwards.

Features of the Public Distribution System

Public Distribution System of food supplies began to relief victims affected by the famine and drought in 1939, and has increased its range of work to include a larger area of operations for procurement, and distribution of food grains and other civil supplies, pricing policies. The indispensable features of the Public Distribution System are mentioned below:

1. Public Distribution System is a system of distribution of selected essential goods through the fair price shops (ration shops or co-operatives owned by the government) which are operated by private dealers under the government's control and direction.
2. Rice, wheat and sugar are main food grains throughout the period. The other important items are kerosene, edible oil which are distributed to disadvantaged group of society.
3. The working of the Public Distribution System did not hamper the functioning of the free market mechanism except in the limited statutory rationing areas but works along with it. Therefore, this could be observed as a "dual economy" in the vital commodities. Customers have liberty to either purchase through Fair Price Shops or from the open market.
4. The required amounts of food grains and other items are acquired by the government through internal procurement and or through imports and a buffer stock is maintained with meet the demand of shortage period. The government feeds the Public Distribution

System with supplies, bears the cost of subsidy, and decides as to which goods to supply, at what rates, what amount to be sold per head or per family.

5. The purpose of Public Distribution System is to offer basic minimum quantity of essential commodities at lowest prices especially to poorer sections of society and also to stabilise their open market prices or at least to stop an unwarranted rise in such prices under crisis period. The prices charged are usually lower than open market prices and also lower than the procurement and other costs incurred by the government.
6. It has been principally an urban oriented system. Its origin as well as development has been in sensitive urban areas where a scarcity of food grains and other essential commodities could become political obligations of administration.

In exposure and public expenditure, it is reflected as significant food security network. However, the food grains supplied by the ration shops are not enough to fulfil the consumption necessities of the poor or inferior quality. The PDS has been condemned for its urban unfairness and its failure to serve the poorer sections of the population successfully.

b) **Sarva Shiksha Abhiyan** is an effort to universalize elementary education by community - ownership of the school system. It is a response to the demand for quality basic education all over the country. During the year 2000 there was a conscious effort towards convergence of programmes and approaches concerning realization of the goals of Education for all - the country has launched the Sarva Shiksha Abhiyan. This provides the umbrella under which all the programmes pertaining to Universalisation of Elementary Education have been merged. A number of new initiatives have proposed to improve the access to and participation of children in elementary education as well as for improving the quality of education provided in the primary schools.

The Sarva Shiksha Abhiyan will be implemented by the Government of India in partnership with the State government with a long term perspective on cost sharing and through district level decentralized management frame work involving local bodies.

Sarva Shiksha Abhiyan (SSA) is Government of

India's Flagship Programme for achievement of Universalization of Elementary Education in a time bound manner, as mandated by 86th amendment to the constitution of India making free and compulsory Education to the Children of 6-14 years age, a Fundamental Right, SSA is being implemented in partnership with State Government to cover the entire country and address the need of 192 million children in 1.1 million habitations.

It is envisaged that the campaign, to be launched in mission mode will move towards achieving the following four goals:

- i) Providing access to all children in the age group 6-14 years through formal primary schools or through other equivalent alternative delivery means by 2003;
- ii) Completion of five years of primary education by all children by 2007;
- iii) Completion of eight years of elementary education by all children by 2010 and
- iv) Provision of elementary education of satisfactory quality for all by 2010.

The programme will provide adequate opportunities for NGOs and private sectors to contribute towards the achievement of these goals and lead to wards a community-owned initiative for universalizing elementary education.

Aims of Sarva Shiksha Abhiyan

The Sarva Shiksha Abhiyan is to provide useful and relevant elementary education for all children in the 6 to 14 age group by 2010. There is also another goal to bridge social, regional and gender gaps, with the active participation of the community in the management of schools.

Useful and relevant education signifies a quest for an education system that is not alienating and that draw on community solidarity. Its aim is to allow children to learn about and master their natural environment in a manner that allows the fullest harnessing of their human potential both spiritually and materially. This quest must also be a process of value passed learning that allows children an opportunity to work for each other's well being rather that to permit mere selfish pursuits.

Objectives of Sarva Shiksha Abhivan:

- All children in school, Education Guarantee or alternative school centres, 'back-to-school' camp by 2003.
- All children complete five years of primary schooling by 2007.
- All children complete eight years of elementary schooling by 2010.
- Focus on elementary education of satisfactory quality with emphasis on education for life. Bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010. Universal retention by 2010.

c) National Rural Livelihood Mission (NRLM)

To address the challenge of rural poverty, the Ministry of Rural Development conceived a mission mode scheme titled as National Rural Livelihood Mission (NRLM) in the year 2010. NRLM was renamed as DAY-NRLM (DeendayalAntyodaya Yojana – National Rural Livelihood Mission) with effect from March 29, 2016. It is a centrally sponsored scheme and the Central and State Governments jointly fund the projects. The implementation responsibility of the Mission is vested with State Rural Livelihood Missions (Special Purpose Vehicles). At the district level, a District Mission Management Unit (DMMU) is responsible for planning and implementation, but under the overall control of the district administration. At the block level, a Block Mission Management Unit implements the Mission activities. The Mission is implemented in a phased but intensive manner, taking up certain number of blocks in each year. The Mission is expected to saturate mobilization of all rural poor households by 2023-24.

The Department of Rural Development in the Ministry of Rural Development, Government of India (GoI) has the overall responsibility of policy formulation, monitoring and evaluation of the programme and for release of funds.

Objective of the Scheme

The objective of the Mission is to promote sustainable livelihoods for the poor such that they come out of poverty. The institutions of the poor are intended to facilitate (i) access to formal credit; (ii) support for diversification and strengthening of livelihoods; and (iii) access to entitlements and public services.

Key Features of the Scheme

Key features and components of the Scheme include:

- One member (preferably a woman) from each rural poor household would be brought under the Self Help Group (SHG) network. Women SHG groups would have bank-linkage arrangements.
- SHGs would be federated at village level and higher levels to provide space, voice and resources and to reduce dependence on external agencies.
- The Mission consists four components, viz.,
 - (i) social mobilization, community institution and capacity building;
 - (ii) financial inclusion;
 - (iii) livelihood promotion; and
 - (iv) convergence.
- Participatory social assessment would be organised to identify and rank all households according to vulnerability. The ranking would be with reference to poorest of the poor, single woman and woman-headed households, disabled, landless, and migrant labour and they would receive special focus.
- Training and capacity building of the poor, particularly in relation to managing the institutions, livelihoods, credit absorption and credit-worthiness.
- The Mission also supports development of skills for rural youth and their placement, training and self-employment through rural self-employment institutes (RSETIs), innovations, infrastructure creation and market support.
- Provision of Revolving Fund as a support to SHGs to strengthen their institutional and financial management capacity and build a good credit history.
- Provision of Community Investment Support Fund (CIF) in the intensive blocks to the SHGs through the Federations to advance loans and/or undertake common/collective socio-economic activities.
- Introduction of financial inclusion model, loaning from banks, association and coordination with banking/financial institutions and coverage from loss of life, health etc.
- Provision of Interest Subvention on loans availed by SHGs to cover the difference between the lending

rate of the banks and 7%.

- Convergence with various ministries and agencies dealing with poverty reduction of rural poor.
- Highly decentralised planning; and States will have liberty in developing their own action plan for poverty reduction.
- NRLM to have suitable linkages at the district level with District Rural Development Agencies (DRDAs) and Panchayat Raj Institutions (PRIs).

Services and Beneficiaries

The beneficiaries under the scheme are rural poor; and instead of providing direct financial support, the scheme envisages that the poor are organised into institutions and make them own the institutions, acquire sufficient capacity building and handholding support, access institutional credit and pursue livelihoods based on their resources, skills and preferences.

Organisational Set up

National Level Functionaries -At the national level, there will be an Advisory Committee of NRLM under the Chairmanship of Minister for Rural Development. It consists of representatives from Civil Society Organisations (CSOs), financial institutions, industry associations, academicians, and poverty & development experts. The Committee would be a policy making body setting the overall vision and direction of the Mission. It lays down priorities and reviews overall progress.



Fig. 4.2 : NRLM Organizational Set-up at National Level

There is NRLM Division in the Department and Joint Secretary / Additional Secretary of the Division will lead the Mission as Mission Director. There would be a National Mission Management Unit (NMMU)

comprising multi-disciplinary team of experts to manage the Mission. A Technical Advisory Group (TAG) would be constituted and the Group would have a Mission Manager who coordinates and appraises the missions in the States.

d) Pradhan Mantri GraminAwaas Yojana (PMGAY)

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi has given its approval for the implementation of the rural housing scheme of Pradhan Mantri Awaas Yojana – Gramin. Under the scheme, financial assistance is provided for construction of pucca house to all houseless and households living in dilapidated houses.

The expenditure involved in implementing the project in a span of 3 years from 2016-17 to 2018-19 is Rs.81975 crore. It is proposed that one crore households would be provided assistance for construction of pucca house under the project during the period from 2016-17 to 2018-19. The scheme would be implemented in rural areas throughout India except Delhi and Chandigarh. The cost of houses would be shared between Centre and States.

The details are as follows: -

- Implementing the rural housing scheme of Pradhan Mantri Awaas Yojana -Gramin.
- Providing assistance for construction of 1.00 crore houses in rural areas over the period of 3 years from 2016-17 to 2018-19.
- Enhancing the unit assistance to Rs. 1,20,000 in plain areas and to Rs. 1,30,000 in hilly states/difficult areas /IAP districts.
- Meeting the additional financial requirement of Rs 21,975 crore by borrowing through National Bank for Agriculture and Rural Development (NABARD) to be amortised through budgetary allocations after 2022.
- Using SECC-2011 data for identification of beneficiaries.
- Setting up of National Technical Support Agency at national level to provide technical support in achieving the target set under the project.

Implementation strategy and targets: -

- Identification of beneficiaries eligible for assistance and their prioritisation to be done using information from Socio Economic and Caste Census (SECC) ensuring total transparency and objectivity.

- ii. The list will be presented to Gram Sabha to identify beneficiaries who have been assisted before or who have become ineligible due to other reasons. The finalised list will be published.
- iii. The cost of unit assistance to be shared between Central and State Governments in the ratio 60:40 in plain areas and 90:10 for North Eastern and hilly states.
- iv. Annual list of beneficiaries will be identified from the total list through participatory process by the Gram Sabha. Gram Sabha will need to justify in writing with reasons for any alteration of priority in the original list.
- v. Funds will be transferred electronically directly to the account of the beneficiary.
- vi. Inspection and uploading of geo referenced photographs will be done through a mobile app. Beneficiary will also be able to track the progress of his payments through the app.
- vii. The beneficiary is entitled to 90 days of unskilled labour from MGNREGA. This will be ensured through a server linkage between PMAY and MGNREGA.
- viii. Locally appropriate house designs, incorporating features to address the natural calamities common to the region will be made available to beneficiaries.
- ix. To address the potential shortage of masons training for masons will be undertaken as an ongoing process.
- x. To meet the additional requirement of building materials, manufacture of bricks using cement stabilised earth or fly ash will be taken up under MGNREGA.
- xi. The beneficiary would be facilitated to avail loan of up to Rs.70,000/- for construction of the house which is optional.
- xii. The unit size is to be enhanced from the existing 20 sq.m to up to 25 sq.m including a dedicated area for hygienic cooking.
- xiii. Intensive capacity building exercise for all the stake holders.
- xiv. Support will be provided at district and block levels for technical facilitation and addressing quality issues in house construction.
- xv. A National Technical Support Agency will be set up to provide technical support to the Centre

and States to facilitate construction of the houses targeted and to ensure their quality.

A house is an economic asset and contributes to upward social mobility with salutary impact on health and educational achievement. The tangible and intangible benefits flowing from a permanent house are numerous and invaluable to both the family and the local economy.

Construction sector generates the second largest employment opportunities in India. The sector has strong backward and forward linkages to over 250 ancillary industries. The development of rural housing creates jobs for those living in the rural community to meet the new demand in the construction-related professions. Purchase of building material, use of services of skilled and unskilled labour, transport services and the consequent flow of financial resources create a positive cycle of economic activities and increases demand in villages.

The impacts occur in two phases: during construction and during occupancy. The positive spinoffs include social integration including enhanced social capital and sustainable communities. Security and comfort of a home provides the launch pad for feeling of enhanced social security, positive self-perception and a powerful fillip to overcoming the difficulties of poverty.

The intangible benefits from improvement in housing condition are gains in labour productivity and positive health benefits. It positively influences human development parameters of nutrition, sanitation, maternal and child health. Overall improvement in quality of life occurs along with improvements in the physical environment.

Background

The Government in the President's address in the Joint Session of Parliament in May 2014 has announced that "By the time the nation completes 75 years of its Independence (by 2022), every family will have a pucca house with water connection, toilet facilities, 24x7 electricity supply and access". Further, Union Minister for Finance, during the presentation of Annual Budget for 2015-16 has announced the intention of the Government to achieve 'Housing for All' by 2022. This proposal prepared by Department of Rural Development is to restructure the current programme on rural housing to achieve this objective to provide pucca house to all who are houseless and

living in dilapidated houses. The urban component has already been approved on 25th June, 2015 and is under implementation.

Under the existing Rural Housing Scheme (Indira Awaas Yojana (IAY)) implemented by Ministry of Rural Development, financial assistance of Rs.70,000/- in plain areas and Rs.75,000/- in hilly/difficult areas including IAP districts, is provided to the rural BPL households for construction of a dwelling unit. Since inception of the scheme, 351 lakh houses have been constructed, incurring a total expenditure of Rs 1,05,815.80 crore. The new scheme will be a substantial augmentation of housing effort in rural areas while ensuring quality of the houses constructed.

Swachh Bharat Mission (SBM), National Health Mission (NHM), Swajaldhara - Backward Region Grant Fund (BRGF)

a) Swachh Bharat Mission (SBM)

To accelerate the efforts to achieve universal sanitation coverage and to put focus on safe sanitation, the Prime Minister of India launched the Swachh Bharat Mission on 2nd October, 2014. The Mission Coordinator shall be Secretary, Ministry of Drinking Water and Sanitation (MDWS) with two Sub-Missions, the Swachh Bharat Mission (Gramin) and the Swachh Bharat Mission (Urban), which aims to achieve Swachh Bharat by 2019, as a fitting tribute to the 150th Birth Anniversary of Mahatma Gandhi, which in rural areas shall mean improving the levels of cleanliness in rural areas through Solid and Liquid Waste Management activities and making Gram Panchayats Open Defecation Free (ODF), clean and sanitised. ODF would mean the termination of faecal-oral transmission, defined by, a) no visible faeces found in the environment/village and, b) every household as well as public/community institution(s) using safe technology option for disposal of faeces, as defined by the Ministry. The Mission shall strive for this by removing the bottlenecks that were hindering the progress, including partial funding for Individual Household Latrines from MGNREGS, and focusing on critical issues affecting outcomes.

Objectives

To achieve “Swachh Bharat” by 2019, the main objectives of the SBM(G) are as under:

a) Bring about an improvement in the general quality

of life in the rural areas, by promoting cleanliness, hygiene and eliminating open defecation

b) Accelerate sanitation coverage in rural areas to achieve the vision of Swachh Bharat by 2nd October 2019

c) Motivate communities and Panchayati Raj Institutions to adopt sustainable sanitation practices and facilities through awareness creation and health education

d) Encourage cost effective and appropriate technologies for ecologically safe and sustainable sanitation

e) Develop, wherever required, community managed sanitation systems focusing on scientific Solid & Liquid Waste Management systems for overall cleanliness in the rural areas

f) Create significant positive impact on gender and promote social inclusion by improving sanitation especially in marginalized communities

The Strategy is to move towards a ‘Swachh Bharat’ by making it a massive mass movement that seeks to engage everyone in the task of cleaning homes, work places, villages, cities and surroundings, in a collective quest. The focus is to provide flexibility to State governments, as sanitation is a State subject, to decide on their implementation policy, use of funds and mechanisms, taking into account State specific requirements. This is to enable States to develop an Implementation Framework that can utilise the provisions under the Mission effectively and maximize the impact of the interventions. The Government of India’s role would be to complement the efforts of the State governments through the focused programme being given the status of a Mission, recognizing its dire need for the country. The key elements of the Strategy include:

- Augmenting the institutional capacity of districts for undertaking intensive behaviour change activities at the grassroots level

- Strengthening the capacities of implementing agencies to roll out the programme in a time-bound manner and to measure collective outcomes

- Incentivizing the performance of State level institutions to implement behavioural change activities in communities It is suggested that Implementation Framework of each State be

prepared with a road map of activities covering the three important phases necessary for the Programme: (i) Planning Phase (ii) Implementation Phase (iii) Sustainability Phase. Each of these phases will have activities that need to be specifically catered for, with concrete Plans of Action, which shall need specific preparation and planning. (as shown in fig. 4.3)

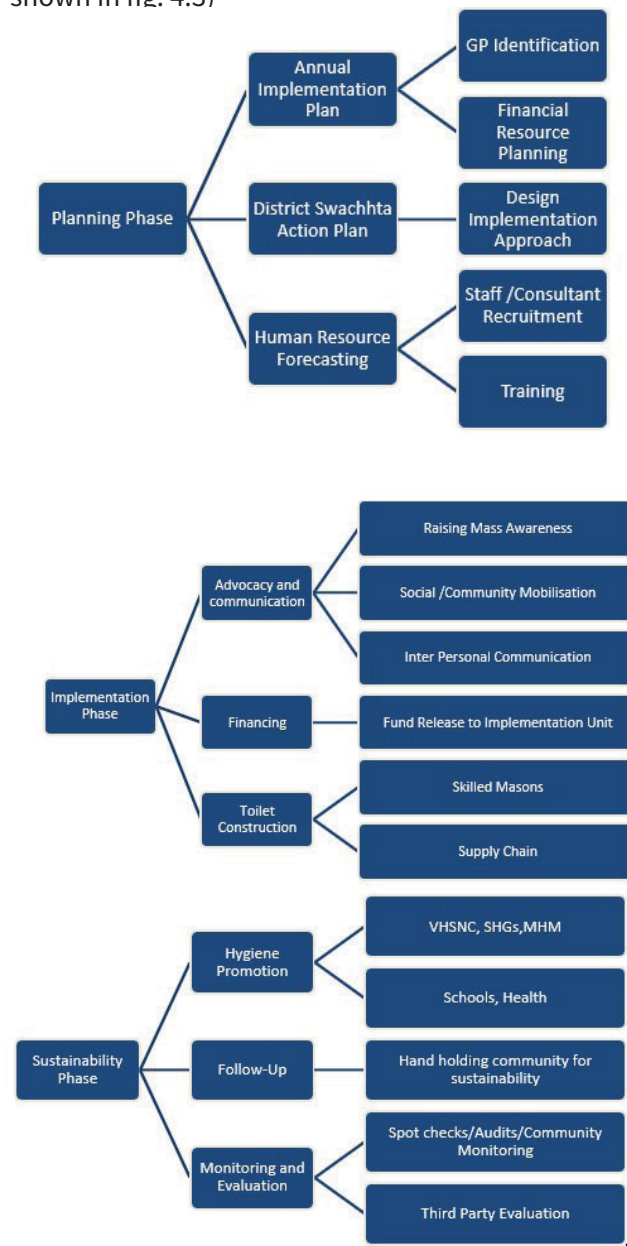


Fig. 4.3 : A schematic representation of SBM(G) Programme Implementation

b) National Health Mission (NHM)

The National Health Mission (NHM) encompasses its two Sub-Missions, the National Rural Health Mission (NRHM) and the National Urban Health Mission (NUHM). The main programmatic components include Health system strengthening in rural and

urban areas, Reproductive Maternal-Neonatal-Child and Adolescent Health (RMNCH+A) and Communicable and Non Communicable Diseases. The NHM envisages achievement of universal access to equitable, affordable & quality healthcare services that are accountable and responsive to people's needs.

The National Rural Health Mission (2005- 12) was launched in April 2005 by GOI. It seeks to provide effective healthcare to rural population throughout the country with special focus on 18 states, which have weak public health indicators and/or weak infrastructure. These States are Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Jammu and Kashmir, Manipur, Mizoram, Meghalaya, Madhya Pradesh, Nagaland, Orissa, Rajasthan, Sikkim, Tripura, Uttaranchal and Uttar Pradesh. GOI would provide funding for key components in these 18 high focus States (1). The NRHM will cover all the villages in these 18 states through approximately 2.5 lakh village-based "Accredited Social Health Activists" (ASHA) who would act as a link between the health centers and the villagers. One ASHA will be raised from every village or cluster of villages, across 18 states. The ASHA would be trained to advise village populations about sanitation, hygiene, contraception, and immunization; to provide primary medical care for diarrhea, minor injuries, and fevers; and to escort patients to medical centers. They would also be expected to deliver direct observed short course therapy for tuberculosis and oral rehydration; to give folic acid tablets and chloroquine to patients; and to alert authorities to unusual outbreaks. ASHA will receive performance-based compensation for promoting universal immunization, referral and escort services for RCH, construction of household toilets, and other health care delivery programs.

Goals and Strategies

The goals of the NRHM includes:

- (i) reduction in Infant Mortality Rate (IMR) and Maternal Mortality Ratio (MMR);
- (ii) universal access to integrated comprehensive public health services;
- (iii) child health, water, sanitation and hygiene;
- (iv) prevention and control of communicable and noncommunicable diseases, including locally endemic diseases;

- (v) population stabilization, gender and demographic balance;
- (vi) revitalize local health traditions and main-stream Ayurvedic, Yoga, Unani, Siddha and Homeopathy Systems of Health (AYUSH);
- (vii) promotion of healthy life styles.

NHM envisages “Attainment of Universal Access to Equitable, Affordable and Quality health care services, accountable and responsive to people’s needs, with effective inter-sectoral convergent action to address the wider social determinants of health”.

To attain the above vision, NHM would seek to:

Range and delivery of services

- Prioritize achievement of universal coverage for Reproductive Maternal, Newborn, Child Health and Adolescents (RMNCH+A) services, National Disease Control and Non Communicable Diseases programmes in rural and urban areas.
- Go beyond maternal and child survival to ensuring quality of life for women and children.
- Expand focus from child survival to development of all children 0-18 years through a mix of Community, Anganwadi and School based health services.
- Build an integrated network of all primary, secondary and a substantial part of tertiary care, providing a continuum from community level to the district hospital, with robust referral linkages to tertiary care and a particular focus on strengthening the Primary Health Care System including outreach services in urban slums.
- Strengthening existing health care system to address the rising burden of Non- Communicable Diseases
- Ensure that all public health care facilities or publicly financed private care facilities provide assured quality of health care services.
- Converge with Ministry of Women & Child Development and other related Ministries for effective prevention and reduction of under-nutrition in children aged 0-3 years and anaemia among children, adolescents and women and provision of safe drinking water and sanitation.

Equity

- Plan for differential financial investments and

technical support to states, districts and cities, with higher proportions of vulnerable population groups, including urban poor and destitute, and with difficult geographical terrain that face special challenges to meeting health goals.

- Ensure increased access and utilization of quality health services to minimize disparity on account of gender, poverty, caste, other forms of social exclusion and geographical barriers.
- Address shortages of skilled workers in remote, rural areas, urban slums, and other under-served pockets through appropriate monetary and non-monetary incentives.
- Reduce out of pocket expenditure on health care, eliminate catastrophic health expenditures and provide social protection to the poor against the rising costs of health care, through cashless services delivered by public health care facilities, supplemented by contracted-in private sector facilities where-ever necessary.

Health system strengthening

- Support and supplement state efforts to undertake sector wide health system strengthening through the provision of financial and technical assistance; incentivize States to undertake health sector reforms that lead to greater efficiency and equity in health care delivery.
- Improve Public Health Management by encouraging states to create public health cadre, and strengthening/ creating effective institutions for programme management, providing incentives for improved performance and building high quality research and knowledge management structures.
- Support states to develop a comprehensive strategy for human resources in health, through policies to support improved recruitment, retention and motivation of health workers to serve in rural, remote tribal and underserved areas, improved workforce management, achievement of IPHS norms of human resource deployment, development of mid level care providers and creation of new cadres with appropriate skill sets, and in-service training.
- Empower the ASHA to serve as a facilitator, mobilizer of community level care.
- Ensure Quality Assurance for improved credibility

of public health services.

- Strengthen Health Management Information Systems as an effective instrument for programme planning and monitoring, supplemented by annual district level surveys and a strong disease surveillance system.
- Ensure universal registration of births and deaths with adequate information on cause of death, to assist in health outcome measurements and health planning.
- Create mechanisms to strengthen Behaviour Change Communication efforts for preventive and promotive health functions, action on social determinants and to reach the most marginalized.
- Mainstream AYUSH, so as to enhance choice of services for users and learning from and revitalizing local health care traditions.
- Develop effective partnerships with the not-for-profit, Non-Governmental Organizations in all aspects of health care and with the for-profit, private sector to bring in additional capacity where needed to close gaps or improve quality of services.
- Establish Accountability Frameworks at all levels for improved oversight of programme implementation and achievement of programme goals. The mechanisms for accountability shall range from participatory community processes like Jan Sunwais/Samwads, Social Audit through Gram Sabhas and professional independent concurrent evaluation.
- Implement pilots for Universal Health Coverage (UHC) in selected districts in both EAG and non-EAG states to test approaches and innovations before scaling up.

Program management

- Continue to strengthen (1) Program management structures at state, district, city, block and facility levels (2) Involvement of Panchayati Raj Institutions (PRIs) /Urban Local Bodies (ULBs) representatives in the governance and oversight of health services and (3) People's organizations such as the Village Health Sanitation and Nutrition Committees (VHSNC) and Mahila Arogya Samitis (MAS) for convergent inter-sectoral planning and monitoring.
- Build state, district and city capacity for decentralized outcome-based planning and

implementation, based on varying diseases burden scenarios, and using a differential financing approach. There will be a focus on results and performance based funding including linkage to caseloads.

- Enable integrated facility development planning which would include infrastructure, human resources, drugs and supplies, quality assurance, and effective Rogi Kalyan Samitis (RKS).
- Incentivize good performance of both facilities and providers.
- Create a District Level Knowledge Center within each District Hospital to serve as the hub for a range of tasks that inter alia includes, provision of secondary and selected elements of tertiary care, being the site for skill based training for all cadres of health workers, collating and analyzing data and coordinating district planning.

c) Swajaldhara - Backward Region Grant Fund (BRGF)

In December 2002, the Government of India launched the Swajaldhara programme for national rural drinking-water supply, based on principles of community management, demand responsiveness and participation. Swajaldhara (which is loosely translated as 'streams of pure water') had been piloted since 1999 through the Sector Reform Pilot Projects (SRPPs) in 67 districts in 26 (out of 29) Indian states. Implemented by the Rajiv Gandhi National Drinking Water Mission (RGNDWM) of the Ministry of Rural Development, it is a huge step and a bold break from the past.

Key principles of Swajaldhara

1. Demand-responsive, adaptable approach with full community participation.
2. Communities to own drinking water assets and to plan, implement, operate, maintain and manage WSS schemes.
3. Users to pay part of capital cost and all of O&M cost.
4. Systems to include rainwater harvesting and groundwater recharge systems (e.g. water harvested from roof tops is channelled into old disused wells, or next to tube-wells)
5. Government to shift its role from direct service

delivery to that of planning, policy formulation, monitoring and evaluation, and partial financial support.



Fig. 4.4 Institutional structure in water supply and sanitation in India

Working of Swajaldhara

Guidelines for implementing Swajaldhara were circulated to state governments in December 2002 and June 2003. Villages were to formulate plans for water supply schemes with district government officials and submit proposals for funding. Each state government Rural Water Supply Department issued government orders to district engineers, and the District Collectors (bureaucratic heads of the district governments) were also informed. Each district then worked out how best to implement the programme, calling on local NGOs and other resource persons to help. This was probably easier in the 67 SRPP districts (out of 601 districts in total) than for the other districts, and implementation has been uneven. With 28 states and 7 union territories, and with some states the size of medium sized developing countries, the institutional structure for rural water supply and sanitation is quite complex. In the four-tier government structure (national, state, district and village), the core of the Swajaldhara is the Village Water and Sanitation Committee, supported by the government-staffed District Water and Sanitation Missions and District Water and Sanitation Committees that include NGOs as well.

In April 2001, before Swajaldhara, around 88 per cent of India's 1.4 million rural habitations ('habitation' is the government's term for a small village) had been 'fully covered' with safe potable drinking water supply (following the RGNDWM norms of 40 litres per person per day, within a reasonable distance). By April 2004, this proportion had risen to 94 per cent, but the RGNDWM recognizes that its coverage surveys (last done in 1993, and now in 2003) do not assess all 12 months of the year, that there still

are habitations with water quality problems, and that even 'fully covered' habitations can slip back during extreme summer weather. Note also that the increase of 6 per cent coverage has been achieved by a mixture of the earlier Accelerated Rural Water Supply Programme and Swajaldhara, but working in a 'community management' mode. Swajaldhara is now to be prioritized for the 6 per cent of habitations that are not currently 'fully covered'. But more needs to be done: even in a water-rich state like Kerala there are pockets of acute water shortage, with dug wells drying up in hilly pockets and traditional water sources that have little support from the official government programme. Swajaldhara is a huge step towards scaling up effective and sustainable community management of water supply in India. But the greater tasks of improving quality and sustainability lie ahead, requiring a different kind of effort. The challenge now is to address new dimensions of scaling up.

e) Backward Regions Grant Fund (BRGF)

The Backward Regions Grant Fund (BRGF) which was launched by the Prime Minister in the month of February 2006, is an area development intervention that is aimed at promoting decentralized planning and development through a yearly untied development and capacity building grants to 250 (now 254) backward districts across 27 states in the year 2006-07. BRGF has been designed with the dual purpose of meeting the unfulfilled critical infrastructural (development) gaps and strengthening of the participatory development processes through decentralized planning and implementation. In the short term, the programme aims at increasing infrastructural facilities in the backward regions and strengthening the development planning capacity of local institutions.

In the long term, it aims at reducing overall backwardness of the regions/districts, reducing poverty and improving livelihood conditions in the areas. A majority of these districts invariably fall in the backward states, and are heavily populated by the Scheduled Castes (SCs), Scheduled Tribes (STs) and Muslim minorities, especially in eastern India. fall in the erstwhile BIMARU states (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh), which now also include the states of Uttarakhand, Chhattisgarh and Jharkhand, and there is a large concentration of the BRGF districts in the eastern, North-eastern and central parts of India.

Objectives of the BRGF

The Backward Regions Grant Fund Programme Guidelines (henceforth guidelines) state the objectives of the BRGF as follows: “The BRGF is designed to redress regional imbalances in development. The fund will provide financial resources for supplementing and covering existing developmental inflows into identified districts so as to:

1. Bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows.
2. Strengthen to this end Panchayat and Municipality level governance with more appropriate capacity building, to facilitate participatory planning, decision making, implementation and monitoring, to reflect local felt needs.
3. Provide professional support to local bodies for planning, implementation and monitoring their plans
4. Improve the performance and delivery of critical functions assigned to Panchayats, and counter possible efficiency and equity losses on account of inadequate local capacity.”

The Scope of the Programme

The BRGF programme aims at integrating all the available resources at the district level through district level planning. Inputs for the planning would be provided by the three tiers of PRIs for rural areas and municipal bodies falling within the respective district for urban areas. Each tier of the PRIs would assess the available resources and development requirements, and on the basis of the latter would propose a plan of works to be undertaken within its jurisdiction. Similarly, the urban local body would get ward level inputs from the urban ward or area and on that basis suggest which development works need to be given priority. At each level of the PRIs, works would be selected in the Gram Sabha meeting and priority would be given to works preferred by the majority. Finally, the District Planning Committee (DPC) would integrate all the proposals received from the rural and urban areas into an integrated District Annual Plan.

Pradhan Mantri Grameen Sadak Yojana (PMGSY), Integrated Wasteland Development Program (IWDP)

a) Pradhan Mantri Grameen Sadak Yojana

(PMGSY)

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched on 25th December, 2000 as a Centrally Sponsored Scheme to provide road connectivity in rural areas of the country. The programme envisages connecting all habitations with a population of 500 persons and above in plain areas and 250 persons and above in Hill States, Tribal (Schedule V) areas, the Desert Areas (as identified in Desert Development Programme) and in the 60 Left Wing Extremism affected / Integrated Action Plan districts as identified by the Ministry of Home Affairs/Planning Commission.

Objectives

- The primary objective of the Programme is to provide connectivity to unconnected habitations in rural areas by means of all-weather roads. This is to be done in a time frame that habitations with a population of 1000 and above shall be covered in three years, and those with a population of 500-1000 shall be covered by the end of the Tenth Five Year Plan period.
- In respect of the Hill States (the States in the North East, Sikkim, Himachal Pradesh, Jammu & Kashmir and Uttaranchal), the desert areas as identified in the Desert Development Programme and the Tribal Areas (Schedule V), the objective is to connect habitations with a population of 250 and above.
- The programme can provide for the upgradation of the existing roads to prescribed standards. However, it must be noted that upgradation is not a key component of the programme and cannot exceed 20 per cent of the allocation of the State. And, in upgradation works, priority should be given to the work of conversion of fair-weather roads to all-weather roads.
- The programme envisages single connectivity. If a habitation is connected to another habitation by an all-weather road, no further work can be taken up under the PMGSY for that habitation.

Planning for Rural Roads

- In each district, the District Panchayat / Zilla Panchayat has approved its District Rural Roads Plan indicating the existing road network system and also the roads proposed for connecting the unconnected habitations to the existing road network, in an economical and efficient manner.

- Out of this Plan, the District Panchayat has identified a Core Network consisting of some of the existing roads as well as all the Guidelines Pradhan Mantri Gram Sadak Yojana roads proposed for new connectivity under the programme, in order to provide at least single access to all connected / eligible habitations. The Core Network is the basis for all planning in the rural roads sector.

- The District Rural Roads Plan and Core Network have been finalised by the District Panchayat in consultation with the Intermediate Panchayat / Panchayat Samiti and elected representatives.

Impact of implementation of PMGSY programme:

- Enhancement of employment opportunity
- better health and educational facilities
- Easier for the farmers to move their agricultural products to the mandis/haats on bullock carts and even on tractors
- Taxi services are being started on PMGSY roads that in-turn has made it possible for the villagers to visit the health centers in relatively short time thereby decreasing the health-related problems for the villagers
- PMGSY roads have allowed them to send their children to the schools situated in other villages on the route of the new road
- With increasing numbers of commuters on these roads, lots of road side shops and markets have also come up that have further opened up new employment opportunities to large number of villagers
- Large numbers of people have gained employment in their native villages and this has in effect contributed towards stopping the problem of migration of villagers in search of better opportunities
- The rural people of the sample villages have benefited in many ways, especially in terms of increased economic opportunities.
- Due to increased availability of local transport, it has become less time consuming in reaching a health facility in case of medical emergencies. Undoubtedly the rural connectivity has had a positive impact upon the overall well-being of the

rural people.

b) Integrated Wasteland Development Program (IWDP)

The Integrated Wastelands Development Programme (IWDP) had been under implementation since 1989-90 by the National Wastelands Development Board (NWDB) in the Ministry of Environment and 30 Forests, and was transferred to the Ministry of Rural Development in July 1992. The IWDP envisages development of all the non-forest wastelands in the country. The basic approach in implementation of this programme was modified in April 1995 when the Guidelines for Watershed Development for the development of problem lands through watershed approach came into force.

Objectives of IWDP

The basic purpose of the programme is to develop wastelands/degraded lands in the country in an integrated manner based on village/micro watershed treatment plans. Specifically, the programme aims at fulfilling the following objectives:

- 1) Developing wastelands/degraded lands on watershed basis, keeping in view the capability of land, site-conditions and local needs.
- 2) Promoting the overall economic development and improving the socio-economic condition of the resource poor and disadvantaged sections inhabiting the programme areas.
- 3) Restoring ecological balance by harnessing, conserving and developing natural resources, i.e. land, water, vegetative cover.
- 4) Encouraging village community: a) to undertake sustained community action for the operation and maintenance of assets created and to further the development of the potential of the natural resources in the watershed; and b) to adopt simple, easy and affordable technological solutions and institutional arrangements that make use of, and build upon, local technical knowledge and available materials.
- 5) Employment generation, poverty alleviation, community empowerment and development of human and other economic resources of the village.

Impact Evaluation

During the past few years, to assess the impact created by the programme in terms of both the

physical and social benefits and the weaknesses in the implementation of the programme that might be diluting or hampering its full potential, the Ministry of Rural Development commissioned several evaluation studies in most of the states where IWDP is being implemented. As for the benefits that have accrued in the project areas, the evaluation studies reveal that:

- 1) overall productivity of land has improved, water table has increased, vegetative cover has improved and irrigation/drinking water wells have been recharged, suggesting a better position in terms of the availability of water and the improved natural resource base in the project areas as compared to non-project areas;
- 2) overall economic condition of the project areas has improved significantly;
- 3) the impact of drought was of a much lower intensity in the drought affected areas where watershed projects have been successfully executed;
- 4) public demand for watershed projects has increased significantly indicating improved social awareness about the programme; and
- 5) out migration of non-agricultural labour has reduced.

Provisions of Urban Amenities in Rural Areas (PURA), PPP/CSR Initiatives in Rural Development (the names may be changed as per government programs)

a) Provisions of Urban Amenities in Rural Areas (PURA)

Provision of Urban Amenities in Rural Areas (PURA) is a Central Sector scheme re-launched by Ministry of Rural Development (MoRD), Government of India during remaining period of the XI Plan with support from Department of Economic Affairs and the

technical assistance of Asian Development Bank. MoRD intends to implement the PURA scheme under a Public Private Partnership (PPP) framework between Gram Panchayat(s) and private sector partners. The scheme envisages twinning of rural infrastructure development with economic re-generation activities and is the first attempt at delivering a basket of infrastructure and amenities through PPP in the rural areas. It is an effort to provide a different framework for the implementation of rural infrastructure development schemes and harness private sector efficiencies in the management of assets and delivery of services. This would perhaps be the first such attempt at PPP in integrated rural infrastructure development and management in the world.

Objective: -

The primary objectives of the scheme are the provision of livelihood opportunities and urban amenities in rural areas to bridge the rural – urban divide. The objectives of PURA are proposed to be achieved under the framework of Public Private Partnership between Gram Panchayats and private sector partner with active State Government support. Core funding shall be sourced from the Central Sector scheme of PURA and complemented by additional support through convergence of different Central Government schemes. The private sector shall also bring on board its share of investment besides operational expertise. The scheme would be implemented and managed by the private sector on considerations of economic viability but designed in a manner whereby it is fully aligned with the overall objective of rural development.

Mission

Holistic and accelerated development of compact areas around a potential growth centre in a Gram Panchayat (or a group of Gram Panchayats) through

Table 4.1. List of amenities and economic activities proposed to be provided under PURA

Amenities to be provided under MoRD Schemes	Amenities to be provided under Non-MoRD Schemes	Add-on Projects (Revenue earning, people centric projects)
1. Water and Sewerage 2. Construction and maintenance of Village Streets 3. Drainage 4. Solid Waste Management 5. Skill Development 6. Development of Economic Activities	7. Village Street Lighting 8. Telecom 9. Electricity, etc.	10. Village linked tourism 11. Integrated Rural Hub, Rural Market. 12. Agri – Common Services Centre, Warehousing, etc. 13. Any other rural-economy based project

Public Private Partnership (PPP) framework for providing livelihood opportunities and urban amenities to improve the quality of life in rural areas.

An illustrative list of amenities and economic activities proposed to be provided under PURA are as follows: -

b) PPP/CSR Initiatives in Rural Development

Diverse organisations and individuals i.e. multi-stakeholders are in the fray to achieve the goal of inclusive and sustainable development of rural India. The stakeholders include Government Development Administration, Non-Government Organisations, Cooperative Societies, Voluntary agencies and Public and Private sector enterprises, Corporates etc. The Section 135 of the Indian Companies Act, 2013 formalised the contribution of the Corporates of particular size and income, under the caption “**Corporate Social Responsibility**”, for social development investment. Such corporates are mandated to invest 2% of last 3 years average net profits on CSR activities as specified in Schedule VII of the Companies Act, 2013 and as amended from time to time. Since then, wide range of initiatives have been taken by the Corporates and made substantial contribution for the development of rural India.

However, the feedback available so far on the impact of the initiatives under CSR is mixed one. It is felt that there is an urgent need to create a platform for assisting the Corporates, building the capacity of the functionaries engaged in CSR, helping them to identify most needy and sustainable interventions for them to invest and bring a change for the people, enable to make sustainable projects and facilitate their implementation through people’s participation and bringing behaviour changes among the beneficiaries. The CSR activities can multiply their outcomes by adequately converging with other initiatives/ programs of the State and Central Governments.

Public Private Partnership - The concept Public Private Partnership describes a spectrum of possible relationships between public and private sectors for the cooperative provision of infrastructure services. The only essential ingredient is some degree of private participation in the delivery of traditionally public domain services. Private actors may include private businesses, as well as non-governmental organizations and community-based organizations. A Public Private Partnership is a contractual agreement between a public agency (federal, state or local) and

a corporation. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. New Public Management (NPM) is a liberal replica of PPP signifying a pattern of reform of public management per se.

Essentials of Public Private Partnerships

If Public Private Partnerships are to succeed, governments must:

- Enact adequate legal reforms to allow the private sector to operate efficiently and effectively.
- Develop and enforce regulations that are clear and transparent to private investors.
- Remove unnecessary restrictions on the ability of private enterprises to compete in the market.
- Expand opportunities for local private enterprises to develop management capabilities.
- Create incentives and assurances to protect current state employees after PPPs take over services provision, and
- Redefine the role of government from directly producing and delivering services to facilitating and regulating private sector service provision.

The potential benefits expected from PPP are:

- a.) Cost-effectiveness: The selection of the developer/service provider depends on competition or some benchmarking, the project is generally more cost-effective than before,
- b.) Higher Productivity: By linking payments to performance, productivity gains may be expected within the programme/project,
- c.) Accelerated Delivery: Since the contracts generally have incentive and penalty clauses vis-a-vis implementation of capital projects/programmes leading to accelerated delivery of projects,
- d.) Clear Customer Focus: The shift in focus from service inputs to outputs create the scope for innovation in service delivery and enhance customer satisfaction,
- e.) Enhanced Social Service: Social services to the mentally ill, disabled children and delinquents etc. require a great deal of commitment. Various social services are today provided through private sector and voluntary organizations,

f.) Recovery of User Charges: Innovative decisions can be taken with greater flexibility on account of decentralization. Wherever possibilities of recovering user charges exist, these can be imposed in harmony with local conditions.

Summary

In this block, we have read about the efforts made by the Government of India for the development of rural areas. We have seen that how these Programme are helpful in overall economic and social development of the rural communities. We also learnt about the Guidelines that govern the implementation of these programme, the institutional framework specified at various levels for the purpose and the salient features of the programme. Further, we learnt that we require active participation of other players like the corporate sector, financial institutions and external donors in order to comprehensively develop these areas.

Model Questions

Q1. What is the basic purpose of Integrated Wasteland Development Programme?

Q2. What are the features of PURA scheme?

Q3. Analyse the impact of implementation of PMGSY programme.

Q4. Describe the need of MGNREGS for Indian rural community.

To Do Activity

Do the SWOT Analysis of any two rural welfare Programmes.

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Chapter 5-Case Studies and Good Practices

Introduction

Over a period of about seventy years number of rural development experiments and programmes were conducted in India. Long before the introduction of the Government managed extension system at the national level in 1952, there had been sporadic attempts in developing the rural life. Knowledge of the early extension efforts shall serve as a useful background in understanding the development of systems of extension in India. The early extension efforts had two distinct patterns. First, there were attempts by some benevolent persons and private agencies to improve rural life. Second, attempts were made at government level to initiate some projects to solve the pressing problems in agriculture. When these experiments were conducted there existed certain conditions like, agriculture was the primary occupation to a large percentage of population, extremely low purchasing power, lack of application of science and technologies, lack of understanding about the natural resources especially the flora and fauna of the region and their commercial usage, lack of socioeconomic organisations, etc. This block consists of all these experiments and best practices.

Objectives: -

After reading this block you would be able to:

- Describe the experiments in Rural Development before Independence
- Learn the significance of individual models related to rural development
- Explain the important strategies adopted in different experiments and its impact on rural development.

Experiments in Rural Development before Independence: Sriniketan, Marthandam, Sevagram, Wardha experiment

a) Sriniketan

Early effort at rural development was initiated by Shri. Rabandranath Tagore in 1908 by establishing youth organization in the KaligramProgana of his Zamindari. He tried to create a class of functionary workers who could learn to identify themselves with the people. In 1921 he established a Rural Reconstruction Institute at Shantiniketan in West Bengal. A group of eight villages was the centre of the programme.

This project, co-incidentally, had many elements of extension education in both spirit and action. Activities like demonstration on scientific methods of agriculture, training of youths, adult education and health co-operatives were important aspects of the work aimed to make a group of villages self-reliant. This was a very comprehensive programme combining culture, health, education and economic aspects of village life together. Concept of village level workers and regeneration of village organization were put to work. This project was closely guided by Mr. Leonard Elmhirst, an Englishman trained in economics from USA.

Objectives of the Programme

1. To create a real interest in people for rural welfare work.
2. To study rural problems and to translate conclusions into action.
3. To help villagers develop their resources and to improve village sanitation.

These objectives were desired to be achieved by creating a spirit of self-help, developing village leadership, organizing village scouts called Brati Balika, establishing training centers for handicrafts and establishing a demonstration centre at Shantiniketan.

These demonstration centers conducted demonstration or farmer's holding for improved practices. Under this programmes establishment of dairy to supply pure milk and better animals to the farmers poultry farm for development of farmers. The students and worker of the institute were provided facilities for training in tanning, pottery, embroidery tailoring etc. This institute also had a mobile library and runs night schools film shows in the rural areas.

Though the institute could not get much help from the government it could not conduct research work on the lines initially planned by R. N. Tagore and so its work remained limited to the eight villages only. But in the course of history, the Government of Independence India did recognize it as an important pioneering centre of extension research in India.

b) Marthandam

The work was commenced by Dr. Spencer Hatch an

American Agricultural expert in Travancore under the auspicious of young Men's Christian Association (YMCA) in 1921. The aim of the project was to bring more abundant life for rural people. It was intended to symbolize the three-fold development, not only spiritual, mental and physical but also economic and social. The essential technique of the centre was 'Self-help with intimate expert counsel'. From the demonstration centre at Marthandam, about hundred villages were covered through Y.M.C.A. centers in villages. The extension secretary was appointed supervise the activities of the group. Marthandam was in a strategic position to serve the villages. It kept prize bulls and goats, model bee-lives, demonstration plots for improving grain and vegetable seeds, poultry runs with prize laying-hens, a weaving shed, etc. Inside the centre, there was equipment like honey extractors, health charts and the items needed for other cottage vocations. At the centre, cottage vocations were taught and agricultural implements tested. The emphasis throughout was on self-help and co-operation. The successful output of this project was the Egg-selling Club. In 1939 which became a self governing body. Another co-operative society was honey club, where the villagers were taught the use of modern bee-hives and extracted honey scientifically. The honey was cured and marketed co-operatively. There were Bull clubs, weaver's club also. The activities conducted at centre could meet the mental, physical and spiritual needs of the villagers. The main shortcomings of the project were inadequate funds and governmental help. The activities were mainly organized the Marthandam and the village workers did not stay in villages. The religious bias of the institution was also a major hindrance in its activities.

c) Gandhian Constructive Programme / Sevagram, Wardha experiment

Mahatma Gandhi started his constructive programme of rural development in an entirely different fashion, at Champaran in 1917, at **Sevagram** in 1920 and at **Wardha** in 1938. His action plan involved the rebuilding of every aspect of human life, economic, educational, social and political, and envisaged a society based on self-supporting and self-governing villages.

The main pillars of his famous constructive programme were:

(a) Production and use of Khadi

(b) Promotion of village industries

(c) improvement of cattle

(d) socio-economic equality

(e) Basic and adult education

(f) development of regional languages with Hindi as the link language,

(g) removal of untouchability

(h) communal harmony

(i) women's uplift

(j) village cleanliness

(k) prohibition

(l) education in health and hygiene

(m) organisation of peasants and labour for securing their just rights.

(n) Organisation of students and youths for social work and

(o) Panchayat Raj (Gram Swaraj) that is self-governing society at the village level.

The village was at the centre stage, aiming at self-sufficiency as the key-note of the system. According to Gandhiji, the rural and urban areas had complementary relationship. They were not two sectors representing two groups or classes of people pitted against each other.

The village could be

(i) a source of raw material,

(ii) a market for goods produced in urban areas, and

(iii) an entity in itself. It cannot flourish as a source of raw material or as a market but as an entity in itself; it makes the villager a worthy citizen. Gandhiji emphasised self-sufficiency in food and cloth. He was in favour of 'Gram Swaraj'. His views on Khadi, basic education, village self-sufficiency and the like have been actively debated by his followers and his critics. The Gandhian philosophy was accepted officially. The adoption of khadi and village industry programme, the notion of village self-sufficiency and faith in the "Panchayat Raj" movement are some of the results of the impact of the Gandhian tradition. The 'Bhoodan' and 'Gramdan' movements led by Acharya Vinoba Bhave and the late Jaiprakash Narain

are the contributions as well as the off-shoots of Gandhian philosophy.

All the people engaged in reconstructive programme felt that their work was needed in a great programme for their country reconstruction. They were soldier of the Grand Army of the Father of Nation. They were builders of a new society and torchbearers of new civilization in this country which, due to their efforts, has again been recognized as an important country.

Baroda experiment, Firka Development, Nilokheri and Etawa Pilot Project

a) Rural Re-Construction Programme In Baroda

The Maharaja of Baroda was a progressive and enlightened man and he started the Baroda experiment in 1932. This programme aimed at developing “will to live better” and a capacity for self-help and self-reliance.

The programme included the following items:

1. Improvement of communication,
2. Digging of drinking water wells,
3. Anti-malarial measures,
4. Pasture development,
5. Distribution of improved seeds,
6. Training in Cottage crafts,
7. Establishment of Panchayats and Co-operatives covering every Village,
8. Development of village schools as Centre for teach agriculture and for improving the will to live better. The programme had full legislative and financial support.

b) The Firka Development Scheme

The Firka Development scheme of Madras was a Government sponsored Scheme in 1946 this programme aimed at organizing the villagers for a Happier, more prosperous and fuller life in which the individual villagers had the opportunity to develop both as an individual and as a unit of a well-integrated society. The short term objectives of the scheme was to develop basic amenities and an institutional framework for carrying out communication, water supply, sanitation, formation of local self-governments (i.e. panchayats) and cooperatives: ‘The long term objectives were to attain self-sufficiency in

food, Clothing, shelter, development of agriculture, animal husbandry, khadi and village industries.”

The administrative machinery consisted of Director of Rural Welfare at the State level, the Collector at District level, the Rural Welfare Officer at Firka level and 5 to 10 Gramasevaks under him. Besides these, staffs for Agriculture and Public Works were also provided for every Firka. Later in 1953-54, when the Community Development Programme and National Extension Service Programme were adopted by Madras State, the Firka Development Scheme was merged with it.

Pre-independent efforts of rural development programs were limited and confined to specific areas. All pre-independent efforts were isolated in nature and lacked a permanent organizational structure (Govt.). As a result, after showing some initial results, these projects withered away gradually without any tangible and permanent impact. Thus, various old programs suffered on account of the following reasons – lack of government backing, lack of financial resources, lack of research support, lack of specialized facilities and lack of several other related factors. The failures of all the pre independent rural development efforts have been summed up in a comprehensive way as under: Gaikwad (1986) concluded that: Earlier experiments were at least poor examples of rural reconstruction, considering their tall philosophical ideas, narrow and shallow base of thinking on material aspects of life, and poor and transient impact on the economy of rural people and these kept the society rural. In these experiments, there was not much that would build a technologically progressive economy. One would like to consider persons like Andrews, Empires, Miss Green, Dorothy Straight, Dr. Hatch, Brayne, Myer etc. as representatives of technologically and industrially advanced Western societies. Yet, they introduced very little of industry and technology of the west in their experiments.

Immediately after the attainment of independence and before the commencement of planned economic development through Five Year Plans, three important programs of rural reconstruction were introduced in India. They were

- 1 The Etawah Pillot Project
- 2 The Nilokheri Experiment

c) The Etawah Pilot Project

In 1948, Albert Mayor started the Etawah Pilot Project

for the development of the rural areas of Etawah District in Uttar Pradesh. The main objective of the project was “to see what degree of productive and social improvement as well as initiative, self-confidence and co-operation can be developed. The problem was to ascertain how quickly these results may be attained and remain permanently a part of the people’s mental, spiritual, technical equipment and outlook after the special pressure is lifted.” The other important features were: production intensity, people’s cooperation, development of appropriate attitudes, careful selection of Personnel, self-reliance, local resources and supply and development of Village leadership. The effort was made to introduce the Concept of Decentralized Economy leading to Agro-Industrial Economy which in turn led to the development of agriculture, horticulture, poultry, piggery, fishery, and other forms of animal husbandry. For intensive operation of the programme, 97 Villages of Mahadeva Block in Etawah District were selected. Various activities like agricultural Demonstrations, soil conservation, improvement in animal husbandry, village sanitation and the co-operation of various departments and non-official agencies were carried out. In order to secure people’s participation, a programme of social education was also started. The Project was successful in achieving its aim and within 3 years, it was extended to 300 Villages of the Etawah District in UP.

d) The Nilokheri Experiment

S. K. Dey, the former Minister for Community Development and Cooperation was the founder of the Nilokheri Experiment in 1948, when nearly 7000 displaced persons were rehabilitated in Nilokheri town after independence. The scheme was also known as “Mazdoor Manzil” because of its principle ‘he who will not work, neither shall he eat’. Under this programme, the main activities were a Vocational Training Centre run on cooperative lines and the Colony had its own dairy, poultry, piggery, printing press, engineering workshops, tannery, and bone-meal factory. People were given vocational training of their choice to run these Co-operative Enterprises. Rights for education and medical care for the sick were also guaranteed.” The Nilokheri project, in spite of its limitations, left an imprint on the Community Development Programme in the country. It gave the idea of agro-industrial Township as the nerve-Centre of rural development. The programme found place in the First Five Year Plan and in the layout of the Financial Plan of the first Community Projects.

Nilokheri was seen as a symbol of progress, but the Colony developed its own hierarchical structure and the industries started facing troubles due to lack of competitive advantages. Nilokheri is still an important Centre for the training of Panchayati Raj and Rural Development Functionaries.

Individual Models: Ralegaon Siddhi Experiments of Anna Hazare and Impact on Rural Development -

Anna Hazare’s Ralegaon Siddhi Experiment

Anna Hazare, a well known social activist, is now a national figure. Various state governments like Goa, Andhra Pradesh, Jammu and Kashmir have invited Anna Hazare to learn from his development work at Ralegaon Siddhi. Ralegaon Siddhi, the former drought prone village of Ahmednagar District, has been transformed into an oasis, by the non tiring efforts of Anna Hazare in the last 25 years. The main thrust of Anna Hazare was to convince the people to embrace watershed management techniques intelligently.

Watershed management is not something which the villages would not understand. Simply put, it needs one to conserve rain water in every way possible. Starting off with trenches and earth bunds on hill slopes to farm ponds and check dams supported by boulders the village of Ralegaon Siddhi started harvesting rain water. The availability of water around the year has helped in changing the face of the village economy.

i) Persuasion: Anna initially tried to convince the need of the school building to the villagers. Villagers were reluctant as they thought it is Government’s responsibility to get the work done. So, Anna decided to use the religious undercurrent amongst the villagers and tried to convince the villagers for reconstruction of the Yadav Baba temple, but as villagers were reluctant to take any initiative, they did not pay much attention to it.

ii) Gandhian Approach: After failed persuasion, Anna decided to work alone which was one of the principles of Mahatma Gandhi that he used to practise in his lifetime, i.e. self practising. Anna had also invested his entire pension (provident fund and gratuity.) worth Rs 20,000/- (received through voluntary retirement from army) for the work (Mehta, 2008). This was remained unnoticed in the initial period, but as the time passed, villagers watched Anna contributing own money and working alone for reconstruction, then

they too started responding to Anna by collecting an amount of Rs. 90000/- and contributed in this work. Eventually, young people have also joined in. Anna then organized 'Tarun Mandal' (Youth organisation) and the participation from all section of the society was guaranteed and encouraged and thus the entire work of Yadav Baba temple was completed.

iii) Creation of a Common Platform: Thus, Yadav Baba temple became the common meeting place for the villagers for informal talks. Villagers used to come for evening informal gatherings and discuss village affairs and common concerns. This was a starting point of friendship, cooperation and communication within the villagers. The Temple Sabhagruh (hall) has become the common gathering platform for the villagers.

iv) Moral Cleansing: During the gatherings, Anna would quotations of great men like Swami Vivekanand and Vinoba Bhave. All the religious rituals were arranged to persuade people for moral behaviour. The general attitude of the villagers started changing, bringing in the equality. Untouchability which was prevalent in the village, had disappeared in the process of transformation as Anna took efforts to address both the segments of the society for the eradication of the same from the village. Harijan (People from lower castes or Dalits) were authorized to enter into the temple and encouraged to share their views with the villagers.

v) Selfless Leadership: Anna had set an example in front of the villagers by working selflessly for the village. He contributed Rs. 20,000, his gratuity fund for the building materials required for the reconstruction of the temple. He started residing in the temple with a vow to remain single and dissolved all the family ties. Villagers got inspired and impressed by this sincere effort, sacrifice & selflessness and so have chosen him as their leader and idol.

vi) Identification of the Serious Common Problem: The informal discussion sessions held during the evening gatherings soon identified the basic reasons behind the scenario in the village. Lack of strong livelihood support was identified as a main reason of breakdown, division and distressed amongst the villagers. The shortage of water was the main concern for the agrarian economy of the village. Slowly these evening gatherings were expanded into village meetings, identified availability of water as one of the first priorities.

vii) Initiating the Process of Change at Individual Level: Anna's leadership and selflessness has set an example for the villagers and they accepted the voluntary personal code of conduct, which was strictly observed to bring a change in the moral behaviour of the villagers. Once the villagers agreed to accept this moral conduct at personal level, it was then further extended to social morality. In Ralegan Siddhi, the entire change was framed by Hindu religion guidelines and the temple was the starting point of the entire participatory development in the village. Villagers have taken an oath in the temple, to accept the voluntary and the social ban on the drinking & production of alcohol in the village. All these changes also soon led to the eradication of the untouchability and the caste discrimination from the village.

viii) Socialization of Costs and Surpluses: The ban on Alcohol is followed by implementations of many social projects such as, developing the public utilities, tree planting, deepening of wells, etc. All the activities along with the resource management were carried out through voluntary labour (Shramdaan). This has reduced the labour cost and also gave the sense of belongingness. All the labour cost saved from the participatory work was set aside as a village fund to use it in the future works. Villagers were asked to give some part of their profits; they gained due to the community work to the village fund. Majority of the Government schemes are implemented at Ralegan Siddhi, and the only financial support accepted was the money coming through these schemes. For the upliftment of the deprived section of the society, villagers have come together to cultivate the land belonging to the Harijan's through associative farming. Tarun Mandal has taken an initiative in paying off all the loans through the agricultural produce from their land. The concept of 'Grain Bank' was tried in the village to make food grains available during slack periods at low cost. The construction of masonry (pacca houses) for Harijan's through community participation again by offering voluntary labour had reduced the cost of construction as well as reduced the social gap amongst the villagers.

ix) Democratic Decision making Process: Every new initiative was put forth in Gram Sabha for the thorough discussions. All the pros and cons would be discussed and considered prior to finally taking up the task for implementation. The process of implementation of the schemes, contribution in terms of involvement, for voluntary labour as well as

monetary help use to finalised during the meeting. Every villager was encouraged to put forth their views freely in the village meetings.

x) Social Reform with Strict Discipline: Once the decision is taken in the village meeting for eradication of any social evil, it would be implemented in the village with strict discipline. Anyone who was found drunk in the village was tied up to the temple pillar and be beaten by the military belt. That person would be kept for in that same position for a day to make him feel ashamed. As it was a collective decision, no one used to question the punishment. Similarly, dowry and extravagance were also eradicated from the village. Even though the punishment seems to be harsh, it worked for the betterment of the village at Ralegan Siddhi.

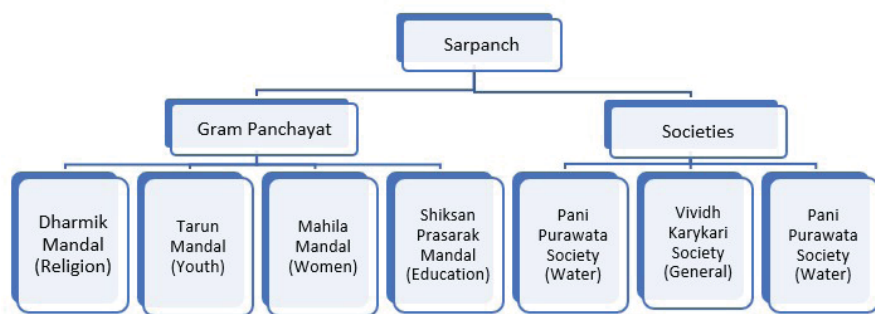
xi) Need-based Planned Socio-Economic Development: All the decisions were taken in the village meeting and so prioritising of the work was done as per need and the aspiration of the community. The main concern was given to the rain water harvesting & management of the watershed projects. This initiative recharged the ground water chased by the regeneration of plants, grasses; improvement in locally appropriate farming systems, constant vigilance and supervising the distributions of water to irrigate crops cautiously.

The selection of cropping pattern was mainly in accordance to the availability of the soil moisture and the needs of the villagers. Fertilizers were prepared through organic manure by using human and animal wastes as well as crop deposit. The initiatives like community latrines, biogas plants for cooking and solar street lights were thought of and implemented in the village.

xii) Cooperative Management System: This system started for managing water requirement and distribution for the irrigation of the farms. To overcome the problem of non availability of loans for the purpose of irrigation, farmers formed a cooperative society, from where they would take loan and distributed amongst the members as per land share and also for digging of wells. Water share was given on the equitable share. Water ration cards are maintained by farmers.

xiii) Special Focus on Women: The overall improvement in the livelihood had improved the status of women in the village. First ever Mahila Panchayat (Women's assembly) in India was introduced in Ralegan Siddhi to increase women participation in decision making. Mahila Mandal (Women's groups) and Women's Self Help Groups (SHG) were next steps to deal with women's issue. Dairy was run by women's of the village. There are twenty SHGs working in the village right now. The women empowerment is done through awareness programmes through this SHG's formed in the village.

xiv) Facilitating village organizations: To administer various village interactions, village level organisations were formed for the easy execution of the activities. These include cooperative societies, Pat Sanstha, Youth clubs, Mahila Mandal, SHG's, Dharmikmandals (Religious groups). Each of these units are separately registered and fairly independent to take own decisions .



Source: Pagare and Pagare (1992)

Fig. 5.1: Flow Chart of Administration structure in Ralegan Siddhi.

xv) Encouraging the Second Line Leadership: Along with the above initiatives taken by Anna and actively followed by the villagers, Anna also established and encouraged second line of leadership in the village. He has started awareness, training and motivational programmes for youths from other villagers and states. Anna insists that as far as possible the leader should remain bachelor, even if he has softened his stand now. He has also suggested that a fixed deposit of 40 to 50 thousand rupee should be kept in the account of the person who is ready to devote his life for this clause, so that he can then fully devote his time into the village.

xvi) Ralegan Siddhi, a model village: The village is projected as a model village, where many

international delegations, international scholars, international students also visit the village to Sarpanch Gram Panchayat Dharmik Mandal (Religion) Tarun Mandal (Youth) Mahila Mandal (Women) Shikshan Prasarak Mandal (Education) Societies PaniPurawata Society (Water) Vividh Karyakari Society (General) PaniPurawata society (Water) 296 understand the development that have happened in the village. Villagers from all over India visit Ralegan Siddhi to see the development and to attain the training programmes. "A visit to Ralegan has become an essential component of the training programmes of MSW students, agricultural universities, trainee Block Development Officers, Bank Officers and IAS officers, not only of Maharashtra but also of other states." (Awasthi R., 1994)

Tarun Bharat Sangh Experiment of Rajendra Singh and its Impact -

Tarun Bharat Sangh

Tarun Bharat Sangh (TBS) was established in 1975 to help victims of fire accidents in Rajasthan University Campus. It started its activities by providing health, water, and rehabilitation services to forty-four slum dwellers victimized by this accident. TBS was supported by student union and student organizations in pursuing the task. During initial days, only a limited number of enthusiastic youths continued TBS 's activities by organizing service camps to take up various problems of urban poor. Therefore, the beginning of TBS was very humble, however, its vision was noble and had the ambition . to work for the upliftment of the deprived sections of the society, particularly in rural areas.

Activities of TBS

I. Education Related Projects: Some of education and awareness generation activities of TBS are listed below:

- Balshala and Shishu Palan
- Discussion Forums
- Documentation
- Women awareness camps
- Vocational Training to Rural Youths
- Workshops and Meetings
- Rural Community Awareness Camps
- Training of Gram Sabha and Lok Samiti Members

II. Health Programs: Health related programs primarily concentrate in promotion of indigenous system

of medicine. A special program was implemented to identify indigenous medicines and herbs in the surrounding hills and jungle. Demonstration of impact of these medicines was done in many villages to restore villagers' faith on indigenous system of medication. Training camps were organized to train some enthusiastic villagers about the use of these medicines so that they could provide an immediate and low cost treatment to poor villagers. This effort of TBS has a particular significance due to two reasons.

- Villages are located in far-off jungles, therefore, in case of emergency, availability of treatment in the village was desperately needed.
- Due to poverty, villagers can not afford to meet expenses of modern system of medicine.

III. Water and Soil conservation -programs related to soil and water conservation constitute TBS's core activity.

IV. Training and Extension of Indigenously made Fertilizers

It was realized by TBS that the use of chemical fertilizers is not only expensive but its long-term impact on soil is also harmful. Therefore, TBS started campaigning for the use of indigenously produced manure and fertilizers. Besides the low cost, this system helps in disposing household, cattle and farm waste.

V. Promotion of Indigenous Seeds

This is done through organizing ~amps and extension services.

VI. Promotion of Animal Husbandry Animal husbandry has been the main occupation of the people in this area. On an average, 55% of the household earning comes from animal husbandry. However, due to unavailability of doctors, animal husbandry had become a very risky business. This need was realized by the TBS and under the 'Pavari Project', several villagers were trained on the treatment of some common animal diseases.

VII. Forestry and Plantation Forest conservation and promotion of plantation has been an integral part of TBS's overall development strategy. TBS has got its own nursery, from where it distributes free plants among the villagers.

VIII. Opportunities for Women Employment This program was another step towards Gandhi's conception of 'Gram Swaraj'. Women were trained about the production of 'Khadi'. Besides Khadi, cotton weaving and carpet weaving was also promoted. It was estimated that in 1995-97, about ten thousand meter cloth were produced by women.

IX. Alternate Employment Opportunity for Mine Workers Unrestricted rock mining has severely affected the natural environment. In some places, leaking and seepage, due to excessive mining, had made some of water management and conservation efforts of TBS ineffective. TBS started organizing villagers to fight against it and filed several cases against the mine owners. In some cases TBS could succeed also. Due to the closing down of the mining industries, lots of workers were left unemployed. These unemployed mine workers were provided employment by involving them in Johad digging. In addition the increasing employment in agriculture also, provided alternatives to these mine workers.

Case Study

1) Case of Lilunda Village:

Lilunda is a remote village located across a hill. One has to cross seven kilometers long stretch of jungle and hills to reach here. The village had been facing acute water problem. During summer, villagers used to migrate to other places where they could get water for themselves and for their cattle. Daraki Mai, an old widow, had seen Johad digging in a neighbouring village and since that day she was dreaming of having a Johad in her village. She decided to approach TBS for help in digging the Johad. TBS responded positively and constructed two Johads in Lilunda. Lilunda is a classic example of (1) how individual effort can lead to community action: (2) if a voluntary agencies succeeds in identifying the real community needs, community will itself come forward to join hands with the VO.

2) Cost Sharing: case of Angari Village:

During the initial phase, TBS constructed a Johad in Angari village in 1988. The site for Johad digging was selected by the villagers themselves. Before the commencement of construction, only some financial support was promised by the TBS. During the construction 2769 man days employment was generated. The value of total labor was Rs. 41,535. Out of this only Rs. 11,055 were paid to the villagers

rest came in terms of "Shramdan" or paid in kind. Thus, almost 75 per cent of the total cost could be recovered.

Nandigram Experiment of Gandhi Vichar Parishad, Bankura, West Bengal and its Impact.

Gandhi Vichar Parishad (GVP) is a non-profit, non-political, non-religious voluntary organization which was established in the year 1960. The mission of this organization was to reconstruct the villages on the line of concept and praxis of "Gram Swaraj" as articulated by Mahatma Gandhi and later taken up by Acharya Vinoba Bhave as part of non-violent revolution of post-Gandhi era to solve the country's land problem. Indeed, Acharya Bhave had made a padayatra in this district for mobilizing young men and women for this movement.

Initially, it was started as a study circle for discussion and dissemination of Gandhian ideas and values among the urbane educated classes. Finally, at the clarion call of Loknayak Jayprakash Narayan this organization extended its activities in rural areas by establishing basic infrastructure with concrete work programmes which ultimately could mature into self-governed and self-sustained village republics with legislative judiciary and executive combined. The experiment started in 10 villages by formation of own organization of the villagers called LOK Samity with a set of operative principles and embarking on an action programme commensurate with the vision and mission of the organization.

Power to Where it belongs--The Lok Samity runs and governs all the affairs of the village, operates cohesively and unanimously in a communication pattern that nurses in its core the essence of a republican village with its Judiciary, Legislative and Executive taken together. It formulates development plans and programmes, establishes priorities, determines budget, secures and disburses development funds, keeps accounts, maintains community assets, settles village disputes, forms rules and regulations. Every member is required to act in a non-partisan manner when he is in the Gram Sabha for village development programme. With these guiding principles the village councils function with full freedom and GVP provides a moral presence drawing attention of village councils in case of any deviation from the accepted principles.

Modus Operandi: The Lok Samities are motivated to jointly deploy its manpower in developing natural resources of the villages for creating a stable resource base for them to struggle to obtain a life of justice and dignity.

1)The primary focus is on land improvement activities including reclamation of fallow land, creation of an assured irrigation system and improved agricultural practice for yielding more varieties of crops to eradicate food insecurity of the villagers.

2)Creation of forest on a large scale for reducing soil erosion and soil nutrient loss.

3)Setting up of micro scale enterprises for production of mainly consumer goods and propagating the use of local products among villagers.

4)Generation of surplus revenue for community asset creation like community forestry. Community tank, community land for grain banking, small savings at SHG levels.

The programme was initiated for implementation during early 70s.In the year 1998 two professionally managed consultancy experts in rural development were requested to undertake a study of the activities and its impact on people and society at large .The following are some of the relevant excerpts of their findings:

Impact at community level:Gandhian principles as practiced by GVP for socio-economic and political transformation has been adopted and accepted and practiced by the Loksamities and Mahilamandals.

2) System established to generate surplus revenue at community level through community assets creation, savings and grain banking.

3)70%Loksmities are able to handle development fund and planning and implementation of projects besides effectively manage the village administration, maintainrecordsandbooksofaccountsindependently.

4) Money lenders' domination is no more. Community level village credit system is in progress.

5)System established to run, maintain, repair and replace the assets created for its sustainability.

6)Improved co-operation and inter-dependency.

7) Reduced village disputes.

8) Increased awareness.

Impact on Agricultural/Natural resources management:

- Reduced migration by above 80%.
- Increased production of major food grain by 84%
- Reduced food insecurity at farm household level.
- Improved agricultural practice.
- Increased employment for marginal and landless labourers.
- Increased fodder, and fuel production.

Impact on Environment

Reduced soil and soil nutrient loss through massive plantation ie 22814000 plants, and land improvement activities.

1. 1622 acre degraded land has been treated with soil and moisture conservation techniques.
2. Intensified vegetative coverage.
3. Increased surface water harvest and management/controlled run off.
4. Reduced use of chemicals in the crop practice.
5. Introduced leguminous crop practice and bio-diversity.
6. Reduced tree felling.

Ideas have legs

The application and experience people participation proved to be well suited for creating peoples movement for a societal change. But this experiment was limited to a few villages with little infrastructure.

Which is why, GVP tried to network local voluntary organizations into a forum. .Local voluntary organizations were exposed to the ingenuity of ideology of peoples development and slowly there was an inculcation of the GVP process by local voluntary organizations.

Now22 voluntary organizations are strongly advocating for the village self-governance in the process of power structure.

The following are the organization and clusters working with the process in 20 Blocks of 09 districts in 2 states namely West Bengal and Jharkhand.

Table 5.1: Organization and clusters

State	District	Village Covered	Councils formed	Shadow Villages
West Bengal	Bankura	150	70	80
	Purulia	250	90	160
	Birbhum	10	--	10
	Jhargram (M)	30	--	30
	Hazaribagh	50	40	10
Jharkhand	Deoghar	30	30	--
	Giridih	25	--	25
Total :		545	230	315

Sadly, the ingenuity of the concept in the working procedure with tested success can not be replicated across the country by Gandhi Vichar Parishad alone.

Accordingly, GVP plans to enter upon the next phase of its action plan – a movement for self-governance and self-reliance of village communities and calls for active participation of people to realize it as people alone can bring about tangible and meaningful changes in the quality and texture of their lives and sustain it for good.

Summary

This block provides evidence of the success of experiments in Rural Development before Independence. Ralegan Siddhi is an outstanding example of a large number of rural households successfully and sustainably moving out of poverty. What Anna Hazare has achieved in Ralegan is the essence of what is meant by inclusive growth based on judicious management and use of all available resources, whether human, social, technological or institutional. By putting the poorest first, each person in the community has been enabled to participate in and benefit from development. The foundation for development of these model villages is ethical, transparent, responsive, accountable and visionary leadership. Like this various other successful best practice of rural development experiments are included in this block.

Model Questions

Q1 Describe the learnings of Ralegaon Siddhi experiments of Anna Hazare .

Q2 Discuss the impact of Gandhi Vichar Parishad (GVP) at community level.

Q3 Explain the relevance of Nilokheri Experiment for rural development.

To Do Activity

- Prepare the list of strategies which you can understand from these experiments for rural development. Try to do SWOT analysis of these experiments separately.
- After understanding these experiments, try to identify your potential where you can contribute and how you can reduce the current problems of rural areas.

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Block 2

Civil Society and Sustainable Development



Chapter 1 History of Civil Society

Objectives

After reading this block/unit you will be able to understand:

- The concept of civil society organisation and its origin, meaning, and definition
- The effects of civil society in Europe and India
- The classical debate on Social Contract theorists

The participation of citizen in the process of political decision making is the core requirement of any democratic country. Citizen here means the individual/subject and or in totality the civil society. They participate in the whole process of democracy as an institution on a regular and sustained manner besides simply voting at the time of general elections. So, civil society has become one of the main pillars of a democratic country.

Today almost everyone agrees that civil society refers to an associational life distinct from the family and institutions of the state. Civil society is also often thought to be distinct from the economy. But where to draw the line, is still a matter of some dispute. Today it includes an ever wider and more vibrant range of organized and unorganized groups. Despite differences in definitional boundaries, contemporary interest in civil society focuses predominantly on associational life rather than market or exchange relations. So, the concept of civil society is rather diverse and can carry with it many different meanings, thus necessitating some clarification of the concept itself.

Roles of the civil society are changing from time to time. It now embraces different roles as facilitators, conveners, innovators, service providers, advocates to various local, regional, national and global issues, and many more. The contributions of civil society in streamlining various issues and challenges worldwide are quite vibrant.

Objectives

After reading this block/unit you will be able to understand:

- The concept of civil society organisation and its origin, meaning, and definition
- The effects of civil society in Europe and India
- The classical debate on Social Contract

theorists

The main aim of this topic is understand the diverse concepts of Civil Society, its origin, meanings, and its effects to nations, and how this concept is debated by great theorists in this field.

History of Civil Society: Origin, Meaning, and Definitions of Civil Society

Discussions of civil society are not new. These issues have been contested within political philosophy, sociology and social theory for hundreds of years starting from leading thinkers like Aristotle, Hobbes and Locke through to Rousseau, Tocqueville and Gellner. To these thinker arguments on meanings, definitions, philosophy of civil society have been a core of social theory for centuries. Even after dialogues through years, the concept of civil society never comes to clarity and it keeps on adding new spheres of discussions.

So, Civil Society is one of the most enduring and confusing concepts so far. It embraces quite a dynamic and conflicting relationship between and among people that ultimately affects the structure, authority, belongingness, decision making, self-directions on one hand and on the other hand it discusses multifaceted interpretations and understanding of its definitions which ultimately left contingent and situational aspect till date. But, this concepts and ideas have undergone a renaissance since recent times. The original idea of civil society as equivalent to political society in meaning was traced from antiquity to the enlightenment as per the writers of the 18th century. Aristotle is credited with the first usage of the term civil society (Boris DeWiel, 1997). According to Wikipedia, “Civil society” can be understood as the “third sector” of society, distinct from government and business, and including the family and the private sphere. By other authors, “civil society” is used in the sense of 1) the aggregate of non-governmental organizations and institutions that manifest interests and will of citizens or 2) individuals and organizations in a society which are independent of the government.

The term “Civil Society” has become a common term that everyone has frequented in the day to day life. To clarify the concept we can revisit to historical and philosophical roots of civil society and investigate

how this concept was understood in different contexts. Until the end of the 18th century, the term civil society was used by European philosophers such as Aristotle, Rousseau, and Kant etc from the perspective of state or political society. They used the word ‘Civil’ as against the state of ‘nature’ or against ‘uncivilized’ forms of government, like despotism. Thus, “Civil society in this conception expresses the growth of civilization to the point where society has become ‘civilized (Kumar 1993, 377). Starting in the second half of the 18th century, a major shift in the conceptualization of civil society was introduced by writers like Adam Ferguson, Thomas Paine, among others (Keane 1988). In this period, a different concept was slowly formed and elaborated that discerned civil society from the state, endowed with its own forms and principles. From this time onwards, civil society was seen as a concept oriented towards the state but also acting as a limit to its powers and sometimes even counteracting them. Essentially, civil society, as it was now understood, was a means of defense against despotism and other potential abuse by political leaders (Bratton 1994, 53-54).

However, there is no commonly agreed upon definition, beyond the idea of civil society being in general terms an arena of voluntary, uncoerced collective action around shared interests, purposes and values (Merkel and Lauth 1998, 7). A survey of available literature on this subject makes it clear that civil society as a concept contains elements that are diverse, complex and, above all, contentious. Some of this literature even asks whether it is this very fuzziness that explains the present popularity of civil society in that “it can be all things to all people” (Glasius 2004, 3).

To Do Activity A

It is seen from the above paragraphs that the concept of Civil Society is deeply rooted in the history of mankind. Can you explore from the senior and old age people in your locality about their knowledge with respect to Civil Society? List down their ideas and check their origins in your own locality.

Various Definitions of Civil Society

There seem to be two major, competing definitions of civil society. The first is that it is a system of voluntary organizations that empowers the people of a society to stand up to the government, as well as to each other. The second definition focuses on informal

organization such as kinship ties and patron-client relationships as the glue that holds society together and allows it to function smoothly. Although there are variations among the details of their theories, most of the authors we have read examine civil society from one of these two perspectives.

(www.la.utexas.edu/users/cherry/civil/archives02/csdefs/msg00003.html)

Robert Putnam believed that in a healthy civil society, citizens are active in public affairs. They form associations, which do not necessarily have to be political, and it increases cooperation and interaction. This interaction leads to healthy civil society. The purpose of this strong civil society is to produce effective government.

Again, in the nineteenth century American civil society, Alexis de Tocqueville noted the importance of voluntary associations. Like Putnam, he pointed out the need for cooperation in order for people to achieve their goals. An individual in a democratic society is powerless, but a group of people may have much greater influence. Tocqueville also points out that these voluntary organizations give people the power to stand up to the “tyranny of the majority,” as well as to the state. While Tocqueville examines political and non-political organizations separately, but it is believed that they both are included in his view of civil society. He seems to feel that any organization which requires people to work toward a common goal strengthens American society, because “the human mind is developed only by the reciprocal influence of men upon one another.”

The theme of civil society as a buffer between the state and the individual is continued by Ernest Gellner, who straightforwardly describes civil society as “diverse non-governmental institutions strong enough to counterbalance the state, and, whilst not preventing the state from fulfilling its role as a keeper of the peace and arbitrator between major interests, can nevertheless prevent the state from dominating and atomizing the rest of society.” Gellner stresses the need for a fluid civil society, in which people are “modular” and may move from one association to another with ease. He believes that such a society must be culturally homogenous, so that people may easily communicate and associate with each other.

The Orientalist view of civil society, presented in Bryan S. Turner’s “Orientalism, Islam, and the Islamists” views civil society as any institution that acts as a

mediator between individual and the state and protects the individual's rights against infringement by the state. This includes "church, family, tribe, guild, association, and community."

makes and implements authoritative laws, rules policies, decisions and punishments.

But, Civil Society means all the non-government, private, economic, social, cultural, moral recreational and other such associations and institutions of the people. "Civil Society works outside the state structure and belongs to the realm of autonomous associations and groups formed by individuals in their

Besides these, few more concepts are presented in the following table for better understanding:

Theorist	Views on Civil Society
John Locke (1632-1704)	Civil society should be understood as a body in its own right, separate from the state. Locke argued that people form a community, in which their social life develops and in which the state has no say. This sphere is pre- or un-political. The first task of this civil society is to protect the individual –specifically his/her rights and property - against the state and its arbitrary interventions
G.W. Friedrich Hegel (1770 – 1831)	Civil society is the historical product of economic modernization and bourgeoisie driven economy, positioned between the spheres of family and state. Civil society comprised a large variety of actors, like the market economy, social classes (including the bourgeoisie), corporations, intellectuals, and civil servants – all societal actors not directly dependent on the state apparatus.
Karl Marx (1818-1883)	Civil society develops only with the bourgeoisie and defines the concept as comprising 'the entire material interactions among individuals at a particular evolutionary stage of the productive forces. According to him civil society is the structural base, and the state belongs to the superstructure that ensures capitalist domination by force.
Keane (1988).	He emphasizes that the modernization of the idea of civil society, and the separation of civil society and state, was primarily a political development rather than an economic one in that it was the fear of state despotism that led political thinkers and many non-entrepreneurial groups to develop civil society as a different counter-acting entity.
Alexander de Tocqueville (1805-1859)	According to him independent associations are civil society. He saw these associations as schools of democracy in which democratic thinking, attitudes and behavior are learned, with the aim to protect and defend individual rights against potentially authoritarian regimes and tyrannical majorities in society.
Antonio Gramsci (1891-1937)	According to him, civil society contains a wide range of organizations and ideologies that both challenge and uphold the existing order. The political and cultural hegemony of the ruling classes and societal consensus is formed within civil society.

From the above explanations about the definitions of Civil Society, there is no solid and final say on what is civil society. However, it can be drawn from the above discussions that the functioning of the state is largely influenced by the civil society. In other words, state is the sovereign and organized single political community of all the people living in a definite territory who have an organized government which makes laws, enforces the laws, and interprets and applies laws to specific cases through the judiciary. State is the sovereign community of all the people and its government is the coercive structure which

capacity as private citizens". Civil Society is worked by the people with the help of their own resources and efforts. While descriptions vary across institutions and countries, the "civil society ecosystem" (WEF, January, 2013) typically includes:

- NGOs, Non –profit organizations and civil society organisations (CSOs) that have an organized structure or activity, and are typically registered entities and groups
- Online groups and activities including social media communities that can be "organized" but not necessarily have physical, legal or

- financial structures
- Social movements of collective action and/or identity, which can be online or physical
- Religious leaders, faith communities, and faith based organisations
- Labour unions and labour organisations representing workers
- Social entrepreneurs employing innovative and/or market oriented approaches for social and environmental outcomes
- Grassroots associations and activities at local level
- Cooperatives owned and democratically controlled by their members

The World Bank has adopted the definition of civil society developed by a number of leading research centres and it is produced as “the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious, or philanthropic considerations. Civil society organisations therefore refer to a wide array of organisations: community groups, NGOs, Labour Unions, indigenous groups, charitable organisations, faith-based organisations, professional associations, and foundations.” They play very important roles in the state and the whole world, however, civil society cannot replace the state. On the other hand, it can be said that the civil society is an important component for the smooth functioning of the state.

Effects of Civil Society In Europe And India

Although the theory and history of civil society are very broad as per the above explanations, the ways in which these ideas have been applied in policy, politics, and developments need further discussions from the perspectives of its contributions and effects.



1.3.1: W Civil Society in Europe:

Europe is the main source of the revitalization of the term “Civil society” in terms of its origin, its concepts and contributors to its definitions so far. Indeed, had it not been for Solidarnosc, the Polish opposition movement that mobilized ten million people, and the subsequent “people’s revolutions” throughout Eastern Europe and former Soviet Union, the term civil society would almost not have become so widely used by academics or policy makers (Marc Morje Howard).

The rebirth of civil society, of organized political and social life outside the boundaries of the party-state, played a major role in the revolutions of 1989 that brought about the collapse of Communist dictatorships throughout Central and Eastern Europe.

After the fall of the Berlin Wall in 1989 and the worldwide democratic openings that followed, the idea of civil society returned to the center of intellectual and political debate, and it continued to gain in prominence throughout the 1990s. Everyone, it seemed, saw a “strong civil society” as one of the cornerstones of democracy, “good governance,” pluralism, and the achievement of important social and economic goals. Perhaps it was even the “big idea” for the twenty-first century, enjoying support across the political spectrum, in many different parts of the world, and among theorists, activists, and policy makers alike (Edwards 2009).

“They are seen as drivers of change, a space for initiatives and society’s development. They are also providers of alternative economic models and social innovations. Their work is affected most by the emergence of new and diverse needs that require new types of responses. It seems that civil society is considered a panacea for almost all EU problems.” Danijel Baturina, researcher, Institute for Social policy, Faculty of Law Zagreb

Traditionally Civil society can be divided into two groups, service providers, delivering public services most commonly in the fields of social and health care, education, sports, culture, environmental protection, etc., and advocates that promote civic engagement, human rights and other important issues of general interest and participate in policy making. Since many CSOs actively pursue both of these roles, the practice is not black and white, their work and activities have various impacts, often interlinked (The future

evolution of civil society in the European Union by 2030, Tina Divjak , Goran Forbici, 2017).

The economic contributions of Civil Society organisations differ widely in the 20th Century history of the European Union. The following table that quotes from “The future evolution of civil society in the European Union by 2030, Tina Divjak , Goran Forbici, 2017” shows it:

29 countries	12.9%
Northern Europe (Austria, Belgium, France, Germany, Ireland, Luxemburg, Netherlands, United Kingdom)	13.8%
Southern Europe (Cyprus, Greece, Italy, Malta, Portugal, Spain)	13.2%
Scandinavia (Denmark, Finland, Norway, Sweden)	14.9%
Central and Eastern Europe (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia)	9.4%

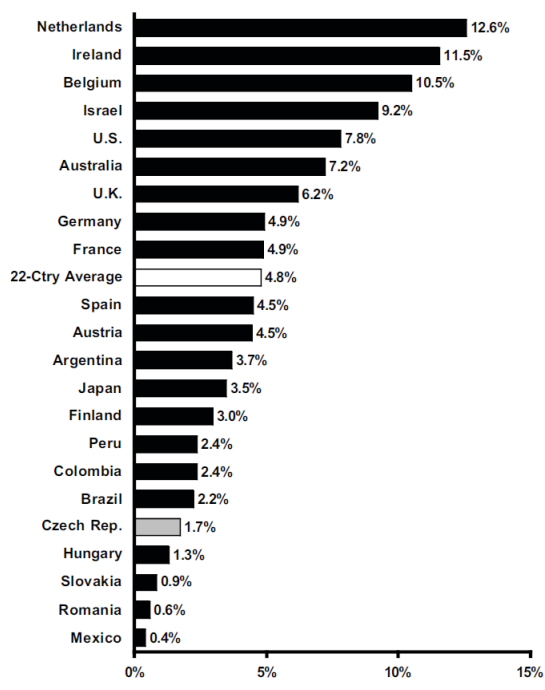


Figure 1.1: Non-profit share of employment, by country, 1995

A societal trend towards Civil Society Organisations and its developments were conducted by the European Economic and Social Committee in 2017. According to the survey, the most influential factors for their organisations in the last 5 years identified by respondents were financial situation, politics, demographic changes, social events, decrease of volunteers and digitalisation. As for the future factors, they identified new technologies (digitalisation, social networks), economy, political

crisis, demographic changes (especially migration), weather/climate changes, public image of CSOs, etc. These were also identified as those factors that will influence the CSO sector as a whole in the next 15 years.

We compare the contributions of Civil Society and non- profit sector in terms of economic aspects then it can be seen as follows:

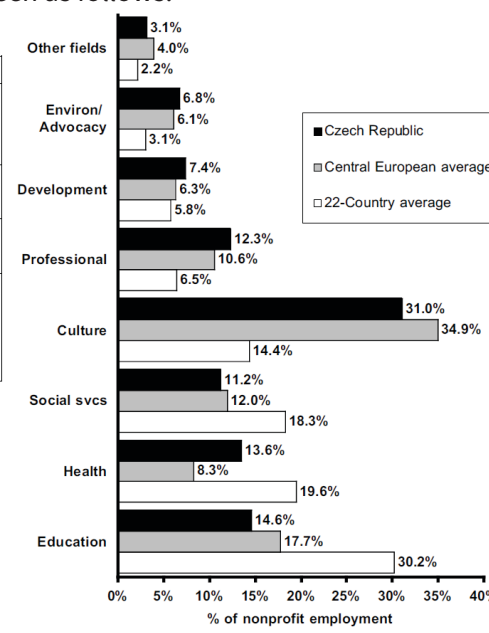


Figure 1.2: Composition of the nonprofit sector, Czech Republic, Central Europe, and 22- country average, 1995

Lastly, it can be quoted here an example of how UK Government Partnership on Aid with Faith Communities

In June 2012, the Church and faith groups signed up to new principles for collaborating with the UK Government on aid. The Faith Partnership paper signaled a new stage of understanding and cooperation between government and faith groups on international development. The following organisations have joined a working group with the Department for International Development (DFID): CAFOD, Christian Aid, Church of England, Guru Nanak Nishkan Sewak Jatha, Lambeth Palace, Muslim Charities Forum, Progressio, Quaker Peace and Social Witness, Tearfund, Volunteer Missionary Movement, World Jewish Relief, World Vision. It is noteworthy that the DFID’s Global Poverty

Action Fund (GPAF) – designed to ensure broader reach than ‘usual suspects’ – awarded two-thirds of their 54 grants to new organizations that had not previously received funding, ten of which were faith

based organizations.

Effects of Civil Society in India:

India has a robust civil society that occupies a significant space in the dynamic political landscape of the country. The civil society sphere is dynamic too, and its objectives, strategies, and influence are constantly being shaped and reshaped by a complex interplay of state, society, and the evolving processes of democracy in the country. In this fluid context, the role of civil society in political change has increasingly become dominant—leading to two simultaneous but contradictory processes.

According to the book *“Political Change in Asia-Expanding and Contracting Democratic Space, Edited by Muthiah Alagappa, Stanford University Press, Stanford, California, 2004”*; On the one hand, the uncivil elements occupying the civil society space have successfully communalized Indian politics at the macro and meso levels to further their agenda of establishing India as a Hindu nation. This project of “Hindutva,” led by a section of civil society, is steadily reducing the democratic space in the country, communalizing state institutions, and threatening the fundamental building blocks of secularism and the universal criterion of citizenship in the Indian republic, supporting the claim in the introduction that “antidemocratic forces in civil society may be working to limit and even reverse certain democratic developments.” On the other hand, a large section of civil society, working primarily at the micro level, presents an alternative vision of justice and development that is embedded in the discourse of empowerment, rights, and democracy. This section has deepened and furthered certain dimensions of progressive political change and in the process has enlarged its own operating space at the local level. This civil society is attempting to foster and consolidate political change, not only by making the state more democratic, but also by employing various strategies to democratize the society. Its role in fostering political change can broadly be viewed as threefold. First, civil society plays an important role in contesting the state, the society, and its institutions from the perspective of the poor and marginalized to further a discourse of rights and democracy. Second, it is engaged in building alternative strategies, mechanisms, and visions of development, society, and politics in the country for democratic, decentralized, sustainable, people-oriented development. And third, it plays the critical role of trying to bridge

the chasm between institutional and substantive democracy, particularly from the perspective of poor, ordinary, and marginalized citizens.

In fact, in the mid-to-late colonial period, India witnessed extensive civil activity of three kinds. The first was the philanthropy of Christian missionaries, who built schools, colleges, dispensaries, and orphanages. The second category was initiated by an Indian bourgeoisie that was greatly influenced by Western liberal thought— leading to the building of schools, colleges, and hospitals, as well as issue-based social reform regarding widow remarriage, improvement of women’s social status, women’s education, the practice of suttee, and so on (Sen 1997: 30–32). These initiatives found very fertile ground in Bengal but soon traveled to the western coast in Mumbai (Bombay) and spread across the country.

Mahatma Gandhi gave impetus to the third kind of civil society: activity based on voluntary action and movements such as Harijan Sevak Sangh, Buniyadi Talim, and the All-India Spinners Association. Gandhi believed that voluntary action and constructive work leading to the self-reliance of villages was essential to free India of its problems of poverty, inequality, and exploitation. Often these organizations were led by people who were also involved in the national freedom struggle as members of the Congress Party under Gandhi’s leadership. By the time of independence, the entire civil society arena was occupied by the Congress Party and its affiliate organizations inspired by Gandhian ideals (Jayal 2000: 129).

After independence, the civil society landscape was occupied by religious and Gandhian organizations working on a variety of welfare and development issues: health, education, village industries, handicrafts, training of government officials. The religious organizations focused their attention on health and nutrition, famine relief, relief for refugees, and the like. The Gandhian groups, which still occupied most of the civil society space, started getting government support and funding and a few even became organs of the state such as the Khadi and Village Industries Commission. Many of the Gandhian organizations across the country not seeking government support were under the umbrella of Sarva Seva Sangh training volunteers for social action from ashrams based in remote areas of the country. These workers, called *sarvodayi*, constituted an important part of the civil society spectrum. Many other Gandhians did not believe in

institutional structures and preferred individual and group social action (Mahajan 2002: 107). The most prominent among these Gandhians was Acharya Vinoba Bhave, who led a movement called Bhoodan, which urged voluntary donation of land by wealthy landlords for redistribution among the rural landless poor.

By the early 1980s, the civil society arena had grown big and diverse. Here we can only suggest the broad trends representing different dimensions of the complex and nuanced civil society space in India. Certainly, the emergence of nongovernmental organizations (NGOs) has significantly altered the civil society space over the past two decades. This shift is strongly reflected in the changing terminology used to define civil society organizations—from “voluntary sector” in the 1970s to the present “development sector,” or NGOs, clearly indicating the changing character of the civil society institutions that now work as professional organizations instead of the Gandhi-inspired voluntary efforts for social and developmental work. Some think that voluntary social action has serious structural and institutional limitations in meeting sustainable development objectives and contend that professionalism is required to achieve the objective of NGOs. The experiences of the milk cooperative movement led by Dr. Kurien in establishing a highly successful Amul dairy cooperative gave a further fillip to this trend. The government too supported the growth of professional NGOs. The Institute of Rural Management in Anand was established in 1980 to build the capacities of young people for professional management of rural development programs, policies, and institutions. Later, in 1986, the Council for Advancement of People’s Action and Rural Technology (CAPART) was set up by the government of India to provide financial and technical support to NGOs as a nexus coordinating the emerging partnership between voluntary organizations and the government for sustainable development of rural areas.

Other noteworthy initiatives included Pradan, set up in 1982 to attract, support, and train young professionals for rural development; Ekalavya, set up in the early 1980s in Bhopal for improving education; and the Center for Science and Environment (CSE), established in 1980 in New Delhi as a public interest research and advocacy organization promoting environmentally sound, equitable, and sustainable development strategies. This trend was responsible for the increasing number

of professional NGOs working in diverse geographical regions and such diverse fields as community health, education, tribal development, women’s issues, and the environment. The 1990s saw the growth of professional intermediary organizations focusing on issues like capacity building, research, advocacy, and networking. The Society for Participatory Research in Asia (PRIA) in Delhi, with its wide, strong network in more than twelve states, and the National Center for Advocacy Studies in Pune (Poona) are good examples of this trend.

Civil society in India is contributing significantly to political change—but in two diametrically opposite directions, generating tensions within civil society and creating a highly dynamic polity.

In this overall context of liberalization, privatization, globalization, growing partnerships between state and market and state and civil society, democratic decentralization, the failure of the state as an agent for development and change, and the phenomenal rise of communalism, it is becoming clear that the revitalization of civil society discourse and space in India has generated contradictory trends of regression and hope for democracy in the country. With regards to mapping of civil society, the process of democratization of society and polity has varied from region to region. The Indian state’s federal structure has also encouraged diverse levels of democratization in different regions of the country. As a corollary, the development of civil society also varies, depending on the federal unit of state, the level of development of traditional political institutions, and the prevailing conditions for democracy and political mobilization. Thus civil society is vigorous and fairly well developed in some regions, whereas in others, its space is shrinking. Despite these differences across time and space, mapping the civil society terrain offers insights into the civil society space in India.

An explosion in the number of registrations of civil society organizations (CSOs) has been noted, including a significant increase in activity in developing and emerging economies. The growth of civil society in India as a whole is very huge. The

According to the Yearbook of International Organizations, the number of international non-governmental organizations (NGOs) was reported to have increased from 6,000 in 1990 to more than 50,000 in 2006, and now to over 65,000.

At the national and regional level, in China alone, there are over 460,000 officially registered nonprofit organizations with nearly six million employees. In 2009, it was estimated that India has around 3.3 million NGOs.

- Working on follow-up to special procedures' recommendations locally and nationally.

More broadly, civil society can support the dissemination of the work and findings of special procedures mandate-holders within its constituencies.

Today, the world over, large number of NGOs and CSOs are trying to fulfill the single agenda of the United Nations' Agenda 2030 which was formulated in the UN Assembly 2015. The UN Agenda 2030 on Sustainable Development Goals is fully supported and in the process of implementation since 2016 and the role of the Civil Society organisations are commendable in executing it. The 17 SDGs are highlighted in the form of a picture as follows:



Figure: 1.3 Sustainable Development Goals of the United Nations' Agenda 2030

India has been a signatory of the UN Agenda 2030 and has been implementing these SDGs since then. Besides, in recent times, India has experienced the huge development and expansion in terms of civil society organisations. Maximum such organisations are coming up in the NGO sector and Self Help Groups. Such change has transformed the real ways of rural development and financial linkages of the government of India. Today, such civil society organisations have become a tool for streamlining the democratic process of implementing decisions and even the whole policy formulation initiatives of the state.

To Do Activity B

Find out the list of Civil Society Organisations (CSOs) in your state. Pick out two best CSOs as per your observation and try to explore their roles during the crisis and disaster period in your state. Do you think that these CSOs in your state are beneficial for your society and community? If so, explain it.

Social Contract Theories

Social contract theory is a political philosophy that questions the origins of society, and the legitimacy of governmental control over individual people. Contract means an agreement of some significance that you agree upon and so you sign a contract. The contract brings benefits to you and also to the other party. Here, in a contract, everybody's expectations are clear, as are the consequences of failing to meet those contracts.

The basic concept of the theory is that in the beginning man lived in the state of nature. "State of Nature" here means that situation where there is no law, no rules, and no authority. If man lives in the state of nature, just imagine what could be the life of a man. Most of us may think that it would be very bad as man might do whatever she/he desires to do. There will be no punishment and no deterrent for the bad behaviour. So, the political thinkers believed that there should be a contract.

Two most prominent "Social Contract Theorists" are Thomas Hobbes (1588-1679) and John Locke (1632 – 1704). They opined that the concept of contract is illuminating for thinking about the structure of society and government. Hobbes described life in the state of nature as "solitary, poor nasty, brutish, and short". Locke described it as everyone can judge and jury in their own disputes, meaning they can personally decide when they have been wronged and how to punish the offender; clearly, this could get out of hand (David Antonini, 2018).

To overcome from these hardships they entered into agreements which are (Manzoor Elahi, 2005):

- "Pactum Unionis"; and
- "Pactum Subjectionis".

By the first pact of Unionis, people sought protection of their lives and property. As a result of it a society was formed where people undertook to respect each other and live in peace and harmony. By the second pact of subjectionis, people united together and pledged to obey an authority and surrendered the whole or part of their freedom and rights to an authority. The authority granted everyone protection of life, property, and to a certain extent liberty. Thus, they must agree to establish society by collectively and reciprocally renouncing the rights they had against one another in the State of Nature and they must imbue some one person or assembly of

persons with authority or power to enforce the initial contract. In other words, to ensure escape from the State of Nature, they must both agree to live together under common laws, and create an enforcement mechanism for social contract and the laws that constitute it. Thus the authority of the government or the sovereignty or the state came into being because of the two agreements.

Political philosophers throughout history have had differing views on social contract theory and how governments rule over people.

Hobbes view on Social Contract:

Hobbes view on state of nature, a period of human history preceding the establishment of the civil state are an extension of his view of human nature. As already noted, he holds that all men are by nature equal in powers. None of them is so strong as to be safe against the other. They are also moved by the three passions viz, desire for safety, desire of gain, and desire of glory. The desire of gain leads to violence when the object of desire can neither be divided nor enjoyed in common and so on for other types of desires too when not fulfilled. So, naturally under the circumstances of state of nature is the state of war. People were greatly fed up with the uncertainty prevailing in the state of nature. This has led the will to form the state. So, the formation of state is just the preservations of man and the willingness to escape from such natural conditions of war all the time. Hobbes's social contract is characterized by the following features:

1. The parties to the contract are individuals means the natural man, not groups of any sort. The sovereign is not the party to the contract but the product of the contract. He, therefore not only stands outside it but is also above it. In this way Hobbes tried to justify absolute or despotic rule and denies all rights of resisting the state of the individuals.
2. The state is based on reason and not on fear. People render obedience to the state or authority because of the rational apprehensions that the ends of self preservation are better served in the state and within the state than the individual self as state of nature. But Hobbes has the opinion that the actual numbers of persons who really obey the rule of the state on rational grounds are very few. So, the efficacy of law depends on the extent to which the state has the

ability and power to enforce it.

3. As sovereignty is not a party to the contract, the state cannot be guilty of violating the contract. Justice lies in adherence to the contract and the sovereignty cannot be unjust.
4. The contract once concluded cannot be revoked because man submits his will to the will of the sovereignty and this cannot be withdrawn without the permission of the sovereignty.
5. The minority has no right to object to the choice of the majority in the selection of sovereign. The minority by becoming a part of state and commonwealth endorse the will of the majority.
6. As the contract was concluded primarily for the protection of the lives of the individuals, they have surrendered all their rights, except the right to life, to the sovereign.
7. Lastly, people have no right to act against the will of the state. This is why it has been said that instead of being the charter of liberty, it is a bond of slavery for them. However, Hobbes concluded that people can withhold obedience to the state and sovereignty under some special circumstances viz, if the state/sovereignty commands man "to kill, wound, or maim himself" or not to resist those who tries to assault him or to abstain from the use of food, air, water and medicine or any other things without which man cannot live. It means, Hobbes permits disobedience to the command which frustrates the end of self-preservation for which the sovereign authority was created.

Finally, Hobbes concedes to the point that man desires to come out of the brutish and nasty state of nature and wants to join the civilized society with a social order and that ultimately leads to social contract and also the origin of the state.

John Locke (1632- 1704) on Social Contract Theory:

According to Locke, man leaves the state of nature and enters into the formation of state because of the deficiencies in former. He highlighted three deficiencies in the law of nature where man prevailed earlier viz. lack of an established, settled and known law, which could be interpreted by each individual in his own way and lead and lead to lot of confusions; second, lack of an impartial judge who could interpret and execute the law of nature without personal stake; and third, lack of executive organ which could enforce a just decision. So, it was chiefly to remove these inconveniences and uncertainties of law of nature

that individuals entered into contract and created the state. This was a contract of each with all; it was a social contract under which each individual agreed to cede to the community as a whole. According to Locke, individuals surrendered only the rights to interpret the law of nature for them, to execute it, and to punish anyone who transgressed this right. The rest of the rights remain intact even with the civil society. In short, unlike the social contract of Hobbes which accorded absolute and unlimited powers to the sovereign ruler, the contract of Locke gives only limited power to the community.

Again, in Locke's contract the sovereign is a party to the contract and is as much bound by the interpretation of the natural laws as other members. As Locke was convinced that the monarchs too suffered from the feeling of love and hatred he was not willing to grant absolute powers to the monarch. Here, Locke does not vest the powers in the hands of any individual rather he gives it to the entire society.

Another noteworthy feature of Locke's contract is that the contract is unanimous. Since men are free and independent in the state of nature, no one can be compelled to join the state against his will. He permits those who wish to remain outside the civil society, to remain in the state of nature and bounded by the law of nature. It means, his contract is based on the consent of the people and so the social contract theory should be binding to only those who are original signatories to this contract. But this could be renewed from time to time or from generation to generations as per the requirements of men.

According to Locke, this social contract is irrevocable once the people have entered into it. They will be able to revert back to the state of nature only when the government under whom they are placed is dissolved.

Jean Jacques Rousseau (1712-1778) on Social Contract:

Just like Hobbes and Locke, Rousseau also assumes that people entered into social contract to get out of the unwanted and unbearable conditions of law of nature. But according to him, "each of us puts his person and all his power in common under the supreme direction of the general will, and our corporate capacity, we receive each member as an individual part of the whole. At once in place of individual personality of each contacting party, his act of associating creates a moral and objective body

composed of as many members as the assembly contains votes and receiving from his act its unity, its common identity, its life and its will. Yet each person in the state, possessing equal and inalienable positions of the sovereignty of the whole, gains back under state protection the rights he has given up." Thus Rousseau merges individual completely in the state and creates a political society which is based on the consent of all the members.

There are four basic characteristics which can be drawn out from the discussion on Social Contract of Rousseau:

1. The individual is made to surrender everything to society but receives back when he surrenders as member of the society. In this sense, the individual is not a loser but a gainer.
2. The individual surrenders all his rights not to any individual but to a body of individuals where he himself is a part.
3. The contract gives rise to an organic society where the individual is allowing possessing its own life, will and entity. Rousseau calls it public person.
4. The contract leads to material and moral transformation of the individual.

G. W. F. Hegal (1770- 1831) on Social Contract Theory:

Hegal held that man is a social by nature as well as necessarily. Man can get his best desires with the assistance from other men. He created family because it serves as protector of self and also fulfils his sensual needs. But man needs besides these things many more so only the families is not adequate for the realization of his best self and that leads to creation of society. The civil society developed certain laws which are quite necessary. Civil society evolves laws and just emerge the state like form. Hegal considers state as essentially a divine institution and described it as March to God on this earth. He completely rejected the Social Contract Theory which held that the state was the result of a contract and looked on state as the evolution of the spirit. To quote him, the state is the divine will as a present spirit which unfolds itself in the actual shape of an organized world. In simple words, he considered the state as the handiwork of God and an embodiment of reason. It possessed the will and personalities of the sole agency which composed it. It was an end in itself and was the sole agency which worked for the moral upliftment

of mankind. It contributed to the enrichment of the individual's personality by removing him of petty and selfish elements.

From this it can be drawn that Hegel understood state as an example of the development of man. So, state is no alien authority which imposes itself extremely upon individual and suppresses his individuality. On the contrary, state is the individual himself. And it is only in the state that his individuality is realized.

Kant on Social Contract:

Kant's political theory walks with the fine line between the rights of the individual and the claims of the community. In the Foundations of the Metaphysics of morals, Kant combines the legislative activity of the collective with the pursuit of private ends in this vision of a realm of ends:

By 'realm' I understand the systematic union of different rational beings through common laws. Because laws determine ends with regards to their universal validity, if we abstract from the personal difference of rational beings and thus from all content of their private ends, we can think of a whole of all ends in systematic connection, a whole of rational beings as ends in themselves as well as of the particular ends which each may set for himself (Immanuel Kant, 1959).

So, from his studies, it can be said that the 'systematic union of rational beings' govern our mutual relations which can be identified according to Kant as the Social Contract. Kant opined that the Social contract is in fact merely an idea of reason, which nonetheless has undoubted practical reality. As per his political philosophy, he believed that the individuals must be regarded as not as a means to an end but as an end in itself. But this doesn't mean that the individuals are to aim at their particular good. They were to aim only at a good for universal application. The will of the individual was free only to the will of rational objects. If it is willed towards non-rational objects, then it was not free in real sense of terms. He had great passion for liberty of the individuals but at the same time he had also idea of social good. So he was not willing to abandon either of the two ideals- the individual good and the social good.

According to him the general will of the people is

the source of law. One of his greatest contributions in politics was his approach to politics from the view point of morals. He is an individualist. He was not prepared to sacrifice the individual at the altar of state. According to him, the state should not do anything which might interfere with the realization of his true freedom of the individual. But in his view, moral freedom of the individual consists of obeying categorically the imperatives of duty; little freedom is actually left for the individual. So, he regarded the state as an essential condition of moral freedom.

Contemporary views on Social Contract:

The idea of the social contract goes back at least to Epicurus (Thrasher 2013). In its recognizably modern form, however, the idea is revived by Thomas Hobbes; it was developed in different ways by John Locke, Jean-Jacques Rousseau, and Immanuel Kant.

The basic idea seems simple: in some way, the agreement of all individuals subject to collectively enforced social arrangements shows that those arrangements have some normative property (they are legitimate, just, obligating, etc.). Even this basic idea, though, is anything but simple, and even this abstract rendering is objectionable in many ways.

The aim of a social contract theory is to show that members of some society have reason to endorse and comply with the fundamental social rules, laws, institutions, and/or principles of that society. Put simply, it is concerned with public justification, i.e., "of determining whether or not a given regime is legitimate and therefore worthy of loyalty" (D'Agostino 1996, 23). The ultimate goal of state-focused social contract theories is to show that some political system can meet the challenge Alexander Hamilton raised in *Federalist* no. 1 of whether "men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force" (Hamilton 1788). But, David Gauthier argues that any system of moral constraints must be justified to those to whom it is meant to apply. "What theory of morals," Gauthier asks, "can ever serve any useful purpose, unless it can show that all the duties it recommends are truly endorsed in each individual's reason?" (1986, 1).

The ultimate goal, then, of social contract theories is to show, in the most general sense, that social (moral, political, legal, etc.) rules can be rationally justified. This does not, however, distinguish the

social contract from other approaches in moral and political philosophy, all of which attempt to show that moral and political rules are rationally justifiable in some sense. The true distinctiveness of the social contract approach is that justification does not rely on some exogenous reason or truth. Justification is generated by rational agreement (or lack of rejection in T. M. Scanlon's version), not by the reasons that generate agreement. That is, the fact that everyone in a society, given their individual reasoning, would agree to a certain rule or principle is the critical justification for that rule, rather than certain correct or sound reasons that sufficiently rational individuals would appreciate and, if appreciated, would lead to agreement.

The social contract theories of Hobbes, Locke, and Rousseau all stressed that the justification of the state depends on showing that everyone would, in some way, consent to it. By relying on consent, social contract theory seemed to suppose a voluntarist conception of political justice and obligation. This has led to further discussion toward the present day political philosophy and systems of state and legislation.

To Do Activity C

You have seen from the above the Origin of Civil Society, effects of civil society to our lives, and how the social contract theories has come up. There are large numbers of people, in most societies, who are deeply involved in various Civil Society Organisations. Conduct a survey in your own locality and find out whether those CSOs are contributing towards the fulfillment of any of the 17 Sustainable Development Goals (SDGs) of the United Nations.

1.5: Summary

This block has finally discussed few core issues related to the concept of civil society organisation and its origin, meaning, and definition, the effects of civil society in Europe and India, and the classical debate on Social Contract theorists. It discussed the role of civil society organisations, its origin, and role it has played in the overall functioning of a society and nation. The significance of civil society and its influence in streamlining the state, market and economy as a whole has been discussed in this block. The focus has also been made how the civil society organisations brought change, development and streamlining of the nations in Europe and India with right examples. The classical and contemporary

debates on social contract Theory and its linkages to the political philosophy have been addressed well highlighting the works of Hobbes, Locke, Rousseau, Hegel, Kant, and Marks. This block will give clear picture of how civil society and social contracts are relevant in understanding the overall change of the nations towards sustainability.

Model Questions

- What do you mean by Civil society?
- Explain the role of Civil Society in a country.
- Discuss the origin of Civil Society in detail.
- Explain in detail the concept of Civil Society propounded by different theorist
- Explain in detail the effects of Civil Society in Europe and India.
- Discuss the comprehensive philosophy of Hobbes on social contract.
- Discuss the main features of Locke's political thought with relation to Social contract.
- Compare and contrast the Social Contract theories of great political thinkers of the world.
- Why do you think that Civil Society, State and Social Contract are relevant for study at this time?

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Chapter 2 CIVIL SOCIETY AND SOCIAL JUSTICE

Objectives

The objectives of this chapter are to help learner:

- To understand civil society and need of civil society in rural development
- To understand the fundamentals of state and democracy
- To understand civil society's contribution in functioning a nation.
- To analyze the position of pluralism and civil society.
- To explain the social justice in a globalised society.
- To understand the importance of civil society and good society for the rural development.

A **civil society** comprises of groups or organizations or institutions working in the interest of the citizens of the country but operating outside of the governmental and for-profit sectors. Civil society has made powerful contribution to make in framing and implementing effective sustainable development policies and goals. Organizations and institutions that make up civil society include labor unions, non-profit organizations, churches, and other service agencies that provide an important service to society but generally ask for very little in return. The stakeholders of civil society take variety of functions in implementation process. The stakeholders of civil society can spur government action through persistent advocacy and act as watchdogs holding governments accountable to their commitments. Civil society also serves as an advisor to government to take concrete implementation measures, and building experience on the ground. They often work with marginalized communities. Civil society organizations also directly support implementation through the role they often play in service delivery, including in the area of sexual and reproductive health, and they have an important role in supporting data collection efforts, including on marginalized groups. For the effective civil society engagement in the implementation process, it is important that involvement is not merely of informal nature. Civil society play formal roles, such as through formal consultations on government implementation plans and measures, representation on mechanisms that

oversee implementation efforts and formal channels for participation in accountability processes.

Civil Society

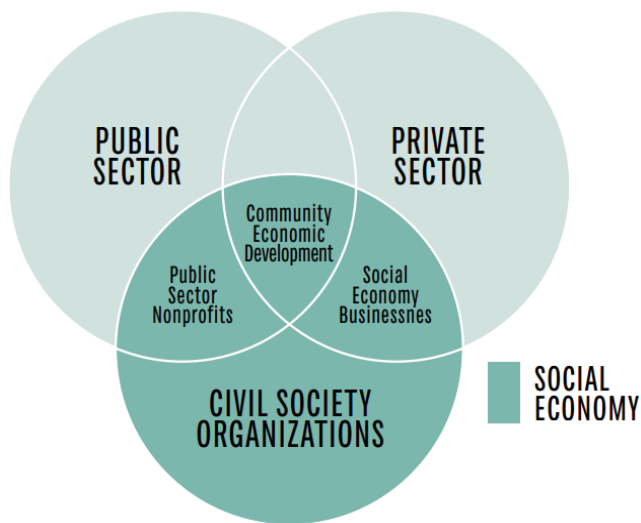
Defining Civil Society:

Let's think about the country in which we live in – How does it lead a country operate smoothly? Generally, the government takes care of law and order and businesses offer goods and services in exchange for money, which both help to keep a society moving. But what about groups which are not in category of business or government, like churches or the non-profit organizations. How do they contribute to our society? These other groups actually play a very significant role in contributing the way country operates and they are all in a category known as civil society.

Thus, **Civil society** comprises of groups or organizations which are working in the interest of the citizens of the country. They are not in the government or business set up but Organizations and institutions that make up civil society include labor unions, non-profit organizations, churches, and other service agencies that provide an important service to society with no intensity of return.



Civil society is also referred to as the **civil sector**. It is a term that is used to differentiate it from other sectors that comprise a functioning society. For example, the India is made up of three sectors: the **public sector**, which is the government and its branches; the **private sector**, which includes businesses and corporations; and the **civil sector**, which includes the organizations that act in the public's interest but are not motivated by profit or government.



Why Do We need Civil Society?

Let's think of what makes a very good school. A good school has good teachers, a good curriculum, a good principal, and good buildings and classrooms. It also has co-curricular and extracurricular activities, including student government and clubs where kids can pursue their interests, voice their views and connect with other kids also who has some demands and suggestions and to whom they would have never meet otherwise.

Civil society is similar to those extracurricular activities of school. Generally, a country's government takes care of the basic facilities like defense, education and health care. But it doesn't provide citizens with a way to organize them to do what is important to them or express their views. That's where civil society comes into picture. Civil Society comprises of groups that people form to advocate for the things they believe in and to solve problems in their communities.

In mediocre schools, kids often stop believing they can succeed. They lack motivation to go ahead and come out with difference in their studies. Similarly, in societies that have been torn apart by war or authoritarian rule, people often lose faith in their ability to improve their situation. The goal of civil society is reigniting that confidence and reactivating people's capacity to solve their own problems. One key is finding change agents — organizations or individuals who can help rebuild people's confidence. The key of developing a robust civil society is important from local informal and traditional social organizations and building on existing philanthropic traditions. Civil organizations build on what people are already familiar with, as it helps them take ownership of the process of improving their communities. These support organizations promote

open debates, tolerance and citizen involvement so the societal problems are solved and welfare of people is improved upon.

Let's say, you teach a person to fish, when you teach him to fish, that means you feed the person for a lifetime. But you also have to make sure that the lake isn't polluted and that the fishing rod can be repaired. Otherwise, teaching people to fish is no more effective than just giving them a fish. Similarly, it's not enough to simply create or strengthen civil society organizations. One must make sure they have an environment in which they can thrive. This environment includes regulations, tax laws, linkages between civil society organizations and the government, and even people's attitudes about philanthropy. Any programme that seeks to strengthen civil society on a national scale has to address legal and regulatory issues and create a culture that is willing to support its own civil society organizations.

Civil society thrives when organizations can work together and learn from one another. Civil organizations networks and tries to connect local and national groups so that it helps organizations sustain the progress they make and can lead to lasting change. Civil society organisations (CSOs) play a vital role in enabling people to claim their rights, in promoting rights- based approaches. They shape development policies and partnerships, and in overseeing their implementation. They also provide services which are complementary in nature of the services provided by the government.

Actors in Civil Society

Civil society actors are individuals who voluntarily engage in forms of public participation and action around shared interests, purposes or values that are compatible with the goals of the United Nations. These actors concerned with the promotion and protection of universal human rights, for instance:

- Labour Unions, Labour Associations
- Churches, Non Profit Organizations
- Human rights defenders
- Human rights organizations (NGOs, associations, victim groups)
- Related issue-based organizations
- Coalitions and networks (women's rights, children's rights, environmental rights)

- Persons with disabilities and their representative organizations
- Community-based groups (indigenous peoples, minorities)
- Faith-based groups (churches, religious groups)
- Unions (trade unions as well as professional associations such as journalist)
- Associations (bar associations, magistrate associations, student unions)
- Social Movements (peace movements, student movements, pro-democracy movements);
- Professionals contributing directly to the enjoyment of human rights (humanitarian workers, lawyers, doctors and medical workers)
- Relatives of victims

increased intersections

- Increasing blurring of traditional roles
- Evidence of hybrid organizations emerging for social and welfare purposes.

Civil Society Roles in Rural Development in India:

Different stakeholders in civil society in India play blurring role in civil society. Sources of social capital are changing in an increasingly global, hyper connected and multi stakeholder world. Within the complex ecosystem of myriad civil society activities and relationships, some actors, such as faith and religious cultures, as well as social media communities and networks, are starting to play an enhanced role.

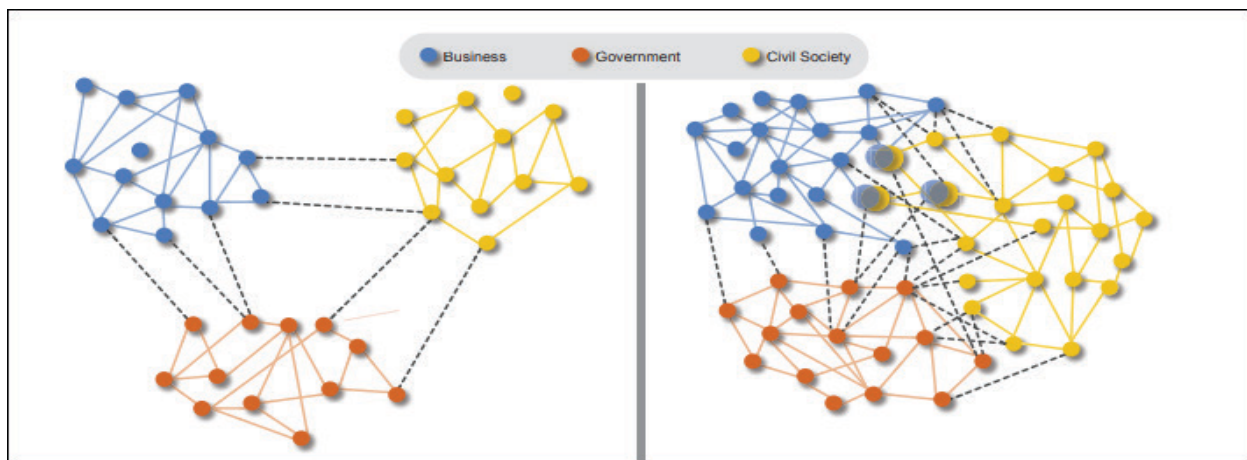


Figure 2.1: Changing paradigms for sector roles

Source: World Economic Forum/ KPMG

Old Paradigm

- Government, Civil Society and Business each acting primarily within their own spheres
- Some degree of interaction but limited- each sectors acting independently to influence to other
- Independently – defined roles of each sector

New paradigm

- Now a days greater degree of activities are done by the civil society to address societal challenges within each sector and more integration across a shared space.
- New frameworks for collaboration, partnership and innovation resulting from

Civil society roles include: –

- CSO working as Watchdog: Groups or Organizations holding institutions to account, promoting transparency and accountability in the organizations and working of different activities of the organizations
- CSOs working as Advocate: Institutions raising awareness of societal issues and challenges and advocating for change in the society and working for the welfare of the people
- CSOs as Service provider: Those Service provides involved in delivering services to meet societal needs such as education, health, food and security; implementing disaster management, preparedness and emergency response working purely for the welfare of the people of the nation

- CSOs as Experts: CSOs which are bringing unique knowledge and experience to shape policy and strategy, and identifying and building solutions for building organizations and people
- CSO as a Capacity builder: Acts for providing education, training and other capacity building activities
- CSOs as Incubator: Tries in developing solutions that may require a long gestation or payback period and involved in important activities of organization
- CSOs as Representatives: They giving power to the voice of the marginalized or under-represented people of the society
- CSOs as Citizenship champion: Those who are involved in encouraging citizen engagement and supporting the rights of citizens
- CSOs as Solidarity supporter: Acts for promoting fundamental and universal values in the society and organizations
- CSOs as Definer of standards: Trying hard in creating norms that shape market and state activity. Making collaborative efforts between members and stakeholders from business government and international organizations depending upon the requirements.
- Civil Society Organizations also act as provider of space where each member acts for common good as civil society actors and frequently play the role of enabler in driving change in collaboration with other stakeholders.

To Do Activity A

We always talk about Civil Society. In most of locality the mature people join in one of other civil society. Find out the responsibilities and roles they play in any of the civil society they are involving. Find out if it tallies with the roles of Civil Society given in this block.

State and Democracy

We all know and feel that we live in a state. It is important to understand what state means and what it should mean. The idea of democracy is in many ways a development of the concept of state and it is important to similarly examine the ideas of



democracy in political science.

What is State?

Previously, Political science was almost concerned with the nature of the state. In fact the political thinker Garner commented that Political Science begins and ends with the state'. The fact of the existence of the state is very old and in some ways it has always been seen as an authority for imposing law and order and guarantee protection of society. However the notion of state has constantly evolved and changed over time. The Greek city-states used the word *polis* while the Romans used the word *res publica*. Later there were terms used like Christian Commonwealth etc. Also the emphasis in the idea of the state changed over time. Initially the idea of the state focused upon the Authority but later on it changed and focused upon duty of the people. Later In the twentieth century, the legal and juristic aspects of the state were challenged. Different Liberal thinkers came out with arguments that the concept of state does not bring out the entire whole of political life that state represents. Generally in terms of the history of changes in the notion of state there have been three types of notions: (a) the idealist notions (b) the liberal notions and (c) the socialist notions.

The idealist notions of the state start with the Greek notion of polis expounded by Plato and Aristotle who considered the state as a natural, necessary and ethical institution. The state or polis was there to enable a high level of moral and good life. Later Christians argued that the state derived its authority from God and the king was the agent of God. So obedience to the King was made both a political and religious duty. Later the philosopher Hagel revived the idealistic notion of the state with his idea of 'state as an organism'. He argued just as an organism the state also has three characteristics: there as a relationship between the parts and the whole - man

is a part of society and state is organised society, (b) like the individual man the state also develops from within and, (c) just as the end of the organism exists within itself, the state is also end in itself.

The *liberal* notion of the state evolved with the decline of the Roman Empire and the Reformation and the Renaissance and the Industrial Revolution. The state became a more secular entity, which wields legal and military authority and power over a territorial area. So the idea of a state was now more of a nation state with sovereignty. State was primarily a law-making body, a group of persons organised for the promotion and maintenance of order and prosperity and happiness via law making. Thus we saw the beginning of what we know as a constitutional state in modern times. Here the notion of the state also combined a free market *laissez faire* economy model with a minimal role for the state. Again in the early decades of the twentieth century the notion of state again was changed to mean a more activist and responsible notion of the state that acts in public welfare. Or in other words the notion of the liberal *welfare state*.

Socialists and Marxists put forward a totally different notion of the state. They saw the state as nothing but an instrument for the rich ruling classes to rule and exploit the non-ruling poorer classes. The state was seen then as an a coercive entity. Modern concepts of the state are dominated by the Liberal and other theories. The various major perspectives that have held influence includes:

1. Liberal-Individualistic
2. Social Democratic Welfare-ist
3. Libertarian
4. Classical Marxist
5. Contemporary Marxist

The Idea of Democracy

Lets take an example. You and a few of your friends have decided to start a fertilizer company . You want to develop some kind of company which is interested in providing fertilizers to the agro producers. You all agree that everyone should have a share in managing the company, making decisions, and regulating finances so you decide to form your company as a democracy.

What is a **democracy**? At the most basic level, it is a type of government or political system ruled by

citizens, people who are members of a society. In a democracy, citizens hold some level of power and authority, and they participate actively in the political, or decision-making, process of their government.

Direct Democracy

At first, your company may be small, only about a few people. You can easily meet together to discuss issues, create rules, or by-laws, for your organization, and vote on various proposals about how to spend money or which activities to enjoy together. Everyone has an equal chance to propose topics for discussion, and everyone can voice an opinion. Everyone also can vote yes or no on each proposal. The majority of votes wins, and those in the minority ought to accept the decision of the majority in good grace, even if they don't particularly like it. This is **direct democracy** in action - every member of the society participates directly in the political process.

Let's see what direct democracy looks like on a daily basis. At a meeting with all the members present, one member suggests the possibility of starting other unit of your company in a city about 60 miles away. A lively discussion follows, and nearly everyone speaks up to voice an opinion. Some are positive about the idea, remarking that the better profitability and would not have to worry about transportation. Others are less enthusiastic and argue that it would not be feasible and just would be increasing expense. You decide to take a vote, and the majority decides to establish new unit.

Representative Democracy

What happens if your enterprise grows? You've advertised, promoted your enterprise through social media, and sent messages to all your friends to get them to join, and it worked! Most of the farmers are purchasing fertilizers from your unit. You decide that it's time to create a core group of people who can manage the units on behalf of all the members, who will still have a say in business and activities, but now more indirectly by (president, vice president, secretary, and treasurer) and a more members of board of directors. This is a **representative democracy** - the members of a society vote for leaders to represent them in the decisions and actions of the political process Each club members receives a ballot and have chance to vote for his or her favorite candidates

Each state whether it is liberal, socialist or communist

or even a dictatorship is generally calls itself democratic. Indeed it is fashion in modern times to pretend to be democratic. It is very important to examine politically what democracy means or should mean. "Democracy is defined as a political system which provides constitutional opportunities for changing the governing officials on a particular interval and a social mechanism permitting the largest possible part of the people of the country to influence major decisions by choosing the authority.

MacPherson defined democracy as 'merely a mechanism for choosing and authorising governments or in some other way getting laws and political decisions made'. Schumpeter had opined: 'The democratic method is that institutional arrangement for arriving at political decisions which realizes the common good by making the people itself decide issues through the election of individuals who are to assemble in order to carry out its will'.

Democracy can be said basically associated with participative politics for civil and political liberties. The major theories of democracy that seek to explain the concept or ideas of democracy are:

1. Classical-liberal theory of democracy
2. Elitist theory of democracy
3. Pluralist theory of democracy
4. Participatory democracy
5. Marxist theory of democracy or people's democracy.

Role of state and Democracy in Rural India

In a state due to democracy, the people from far of rural areas even have opportunity to vote and serve for the best. India has proven itself capable not only of preserving democracy, but of deepening and broadening it by moving to a more inclusive brand of politics. Political participation has widened, electoral alternation has intensified, and civil society has pressed more vigorously for institutional reforms and greater government accountability.

The grassroots governance is an important role in the process of democratic decentralization in the developing world. India has been a welfare state ever since after Independence and the primary objective of all governmental endeavors has been the welfare of its millions. The Civil Service organizations work towards Elimination of poverty, ignorance, diseases

and inequality of opportunities and providing a better and higher quality of life were the basic premises upon which all the plans and blue-prints of development were built. India's democratic structure has three levels of governance - national, state, and local. The grassroots level called the Panchayati Raj System. If democracy means people's participation in running their affairs, then it is nowhere more direct, clear and significant than at the local level, where the contact between the people and their representatives, between the rulers and the ruled is more constant, vigilant and manageable.

Panchayati Raj: The Heart of Democracy

India is large democracies having by a high degree of heterogeneity and inequality across the states. State governments form an important intermediate tier between national and local governments. The new system in democracy brings all those who are interested to have voice in decision making through their participation in major decision making and work. The Panchayati Raj system is basis for the "Social Justice" and "Empowerment" of weaker section on which the development initiative have to be built upon for achieving overall, human welfare of the society.

The beauty of Panchayati Raj System is the poorest person is also involved in the process of development of the nation by the way of participating in the decision making process. The policy of decentralization of power due to democracy has lead the affairs of the local people and are managed by means of positive participation. Democracy involves the people and participation of people at all levels. Democracy has given strength to the rural India as it has given chance to active involvement and participation of people at all levels, institutions of democracy and have gained considerable strength at state and national levels.

Identification of areas of improvement in rural India like education, health, family planning, land improvement, efficient land use, minor irrigation, recovery of wasteland, a forestation, animal husbandry, fisheries and sericulture, etc. can be achieved by creating, people's institutions accountable to the community. Thus, the focus of attention has been made in developing multiple institutional options for improving the delivery systems by using the vast potential of the voluntary sector. Also most of the states have been provided citizen charter. This charter has been divided into 7

subjects:-

- i. Financial aid to Gram Panchayats.
- ii. Rural Cleanliness Programmes.
- iii. Responsibilities of the Panchayats- (Transparency in work, rural administration & development).
- iv. Responsibilities of public towards Panchayat.
- v. Decentralization Programme.
- vi. Control over the Gram Panchayats.
- vii. Arrangement of Panchayat Help-line (Mishra 2011).

Rural Development is a strategy designed to improve the economic and social life of a group of people especially rural poor. It involves extending the benefits of development to the poorest among those who seek a livelihood in the rural areas. The state has taken important steps for improving growth and development of lives of rural India. The civil organizations are involved in the upliftment of rural masses in various dimensions.

Activity B

India has completed 70 years of largest democracy in the world. As a citizen of this vast Country, you find out the roles of common people and the way they participate in the democratic functioning of your state. As a citizen of this country what is your role, just list down and discuss with your mentors.

Pluralism and Civil Society

Pluralism

Pluralism denotes a diversity of views. It means existence of different types of people having different attitudes, beliefs, and opinions within the same society. In fact, Pluralism is not diversity alone, but the *energetic engagement with diversity*. Diversity can and has meant the creation of religious ghettos with little traffic between or among them. Today, religious diversity is a given, but pluralism is not a given; it is an achievement. In civilized society where the groups are working towards the attainment of societal goals and welfare of society pluralism needs to be understood.

Secondly, pluralism is not just tolerance, but the active seeking of understanding across lines of difference. Tolerance is a necessary public virtue, but it does not require Christians and Muslims, Hindus,

Jews, and ardent secularists to know anything about one another. Tolerance is too thin a foundation for a world of religious difference and proximity. It does nothing to remove our ignorance of one another, and leaves in place the stereotype, the half-truth, the fears that underlie old patterns of division and violence. In the world in which we live today, our ignorance of one another will be increasingly costly.

Thirdly, pluralism is not relativism, but the *encounter of commitments*. The new paradigm of pluralism does not require us to leave our identities and our commitments behind, for pluralism is the encounter of commitments. It means holding our deepest differences, even our religious differences, not in isolation, but in relationship to one another.

Fourthly, pluralism is *based on dialogue*. The language of pluralism is that of dialogue and encounter, give and take, criticism and self-criticism. Dialogue means both speaking and listening, and that process reveals both common understandings and real differences.



Pluralism and Civil Society for Rural Development

Pluralism of process views evolution as dissociated and disjointed reality, where each stage is discrete from the other. The different stages in evolution; that is, 'higher stage-lower stage'. Even though their participation in development processes is informed by a particular vision of democracy, they do not represent a 'higher' or 'lower' stage vis-a-vis one another. For example, although they each have distinct roles and contributions, women's groups and youth clubs are as important to social development as are trade unions, farmer's organisations, political parties, religious institutions and caste organisations. Labour markets and state-enforced laws fix wages. Interest rates are a function of market performance and credit policy. Civil servants are appointed after they have successfully cleared some objectively evaluated public examinations. Ministers and legislators are

elected through free and fair elections. Thus, there is a pluralistic mechanism for the distribution of public goods and services, with different transactions being the consequence of agreements between different competent actors. If the actors infringe into the competencies of one another, justice is seriously hampered. This happens, for example, when socially influential persons command ritual superiority, regulate wages and interest rates, prevent mobility of labour, and interpret crime and dispense justice in ways that suit them. These views on pluralism, applied within natural science disciplines, have been deployed in understanding pluralism in the context of democracy and development, particularly in South Asia where natural science explanations of socio-economic phenomena abound. 'Pluralism of process' explains the positioning of different caste/ethnic groups in that hierarchy. Pluralism has been the main feature of Indian society.

Social Justice in a Globalised Society

Social justice is a topic of importance in a globalised society. The concepts of Globalised world and societies are highly used but very less specifically defined. The process of social change has led to bring social justice as a challenging task. In a globalised world where each state has different perspectives and each nation has different processes and acceptability, it is very difficult to work for the social justice. While economists view globalization as the creation of a world economic market, sociologists place more emphasis on the role of international social relations, communications and population movements in fostering space-time compression, post-modernity and cultural diffusion. In turn, political scientists stress the way power relations operate internationally to foster new



systems of global regulation and governance.

Recognizing the complex and multifaceted nature of the globalization process, globalization is closely associated with the analysis of international economic

exchanges. However, others have emphasized the multidimensional features of globalization, arguing that the processes of international change not only involve the economy but also affect communications, culture, migration, politics and many other aspects of contemporary life.

Civil Society and A Good Society

The role of civil society in good governance is to appraise people of their fundamental rights and responsibilities. In addition, civil society is instrumental in making people aware about the role of the government and state institutions, as well as the responsibilities of state functionaries. Without that knowledge, most people are unaware of governance, public issues and the administrative structures and functions.

Moreover, civil society provides the forums to the people to debate and discuss their issues and communicate them to the rulers and administrators. Civil society also provides the platforms to the people to maximally participate in the process of governance. The participation of people in public affairs is a key feature of good governance and society. It is important to have transparency in civil society. Civil society is also critically important for making people aware of the need and value of the rule of law, as well as apprising government institutions and functionaries of the state about the importance and their respective role(s) in ensuring the rule of law. It is a proactive civil society and under its influence an informed citizenry which constantly remind the state institutions and the government servants and make them realize that they are very much subject to the law of the land and all their actions are conditioned by official rules, procedures and codes of conduct. In other words, civil society unceasingly tells the government institutions and officials that they shall not do anything that is in violation of law or that may infringe upon the fundamental rights of the people. An active civil society and through it an informed citizenry play a critical role in sound, sustainable and effective public policies. Because the forums, institutions, organizations and the members of civil society build and increase the informational capacity of people about different stages of public policy; how public policies are formulated, implemented, evaluated, analyzed and reformulated and how people can participate at different levels of public policymaking.



For achieving Civil society actions. Good society is important. The positive correlation has guided many development interventions. However, considering political synergies, frameworks of accountability and mobilization of communities to claim their entitlements as key elements of how civil society and governance interface.

Civil society is constituted as the arena outside of the state and the market where organizations and individuals interact and promote common interests outside of the logic of the political and the economic. If civil society contributes to very good level, it would lead to good society and good governance in the economy. For the rural development in India there is a necessity of good society. That type of civil society and those institutions in civil society who promote societal integration and cohesion as well as solution to social, environmental and economic issues and increasingly supporting a welfare state under duress are construed as 'good' civil society, while those institutions who promote disintegration, which threaten to undermine the unity of the state and those who challenge the state as sole legitimate claimant to political authority and allegiance are construed as 'bad' civil society. For solving the problems of India and for having balanced regional development of India, we require good civil society which solves our cultural, social, environmental and economic issues and for that civil organizations play a very important role. Thus civil society if working in an integrated and cohesive way would definitely build good society and will lead to social justice for the people of India.

Summary

A civil society comprises of groups or organizations or institutions working in the interest of the citizens of the country but operating outside

of the governmental and for-profit sectors. Civil society made the most powerful contribution in the development of India. Various civil society organizations including labour unions, NGOs, churches and other service agencies provide important services to the society without any expectations in return. In any state due to democracy, the people from far of rural areas even have opportunity to vote and serve for the best. India has proven itself capable not only of preserving democracy, but of deepening and broadening it by moving to a more inclusive brand of politics. Political participation has widened, electoral alternation has intensified, and civil society has pressed more vigorously for institutional reforms and greater government accountability. Pluralism of process views evolution as dissociated and disjointed reality, where each stage is discrete from the other. The role of civil society in good governance is to appraise people of their fundamental rights and responsibilities. In addition, civil society is instrumental in making people aware about the role of the government and state institutions, as well as the responsibilities of state functionaries. Without that knowledge, most people are unaware of governance, public issues and the administrative structures and functions. For developing rural India, we need balanced growth and development of rural areas and for which we want good governance of civil organizations which can help in improving social, economical, environmental and overall development of the nation. Once good civil society organizations are developed the achievement of overall vision of sustainable development goals and Millennium Development Goals is not so far.

Model questions

1. What is the role of Civil society in developing nation?
2. Discuss the role of Civil Society Organizations in rural development of India.
3. How does democracy play an important role in rural development?
4. Discuss on Civil society and good society in detail.
5. In a globalised society, justify the importance of social justice.

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Chapter 3 NATURE OF CIVIL SOCIETY IN INDIA

Objectives

After reading this block/unit you will be able to understand:

- The general idea of civil society organisations in India
- Civil society in the democratic reforms India
- Role of NGOs and Civil Society Organisations in India

Structure

3.1: Introduction

3.2: Democracy and Civil Society in India

3.3: Growth and Development of NGO Sector

3.4: Role of Civil Society in urban governance an Indian experience

3.5: Summary

3.6: Model Questions

3.7: References

Introduction

Civil society is one of the most confused concepts in social sciences. There have been considerable changes from its Hegelian days, in its course through East European and Latin American turbulence, to its illumination by Antonio Gramsci (Boron, Atilio, 2009). In recent years, the idea of Civil Society and its discussions gained momentum in the academic circles and other discourses around the world. The same is true in India as well. The concept of state and civil society is not in conflict. Democratic processes integrate these two things, and in a democratic system the two collaborates for effective functioning of each. Today, the role of civil society is quite vast and diversified. Larry Diamond (1994) opined that “Civil society plays a significant role in building and consolidating democracy.” In India Civil Society has been playing major role since ancient times. This Block will dwell on the attempts, activities and interests of the civil society in various spheres of socio-political, economic and cultural life. This block will also highlight the role civil society plays in democratic processes of the country, relevance civil societies with relation to religion, caste, language,

and polity of India, non-governmental organisations (NGOs) and their roles, and social change and development.

Democracy and Civil Society in India

The state’s relationship with civil society is the key issue in political sociology. According to Pooja Mondal (<http://www.yourarticlelibrary.com>), it is said that in ancient India, the people led a democratic way of living although political democracy did not exist in its full form. Incidentally, monarchy was also popular. She also explained in her article that after the sixth century, democratic organisations started declining. Kings and monarchs often remained engaged in wars. Since there was no strong monarch to uphold the solidarity and unity of the country, consequently a large number of principalities sprang up throughout the country. From the eighth century onwards, the Mohammedans launched their invasions till they established their rule in the twelfth century.

It was the Government of India Act, 1935 that laid the foundation stone of democratic rule in India. The Congress remained in power only for two years— from 1935 to 1937. From 1940 to 1945, the British government was preoccupied with the World War II. The efforts for giving political freedom to India started from 1946 till it became free in August 1947. The Constitution of free India accepted democracy as the basis of ruling the country. She also opined that democracy in modern India is based on certain principles:

- (1) That every individual has his potentialities, worth, and dignity;
- (2) That everyone has the capacity to learn and manage his life with others;
- (3) That an individual must abide by the decisions of the majority;
- (4) That every individual should have a part in making decisions;
- (5) That the control and direction of democratic action lies in the situation and not outside it;
- (6) That the process of living is interactive and that all individuals work towards

commonly recognized ends; and

- (7) That democracy rests on individual opportunity as well as individual responsibility.

After independence, India decided to have democratic political system. This system is characterised by three elements:

1. There is a high degree of autonomy;
2. Economic agents and religious organisations are free from political interference; and
3. Competition between various orders does not endanger integration but helps it.

In the whole process of building India into a democratic country, civil society played a great role. According to the report published by CIVICUS, 2017 (www.civicus.org), the Civil Society in India has been playing essential roles ever since its independence for the last 70 years. It is often describes as the world's largest democracy and as such remains as a source of inspiration for people's struggle for freedom and human rights around the world. . India boasts as active and vibrant civil society, with over three million civil society organisations (CSOs) and social movements fostering socio-economic, political, and cultural development, and playing a major role in promoting, protecting, and strengthening human rights. CSOs are working to hold the government to account for its decisions and actions and to advocate for policies that advance human rights and challenge exclusion. The following diagram shows the spread of civil society in democracy:

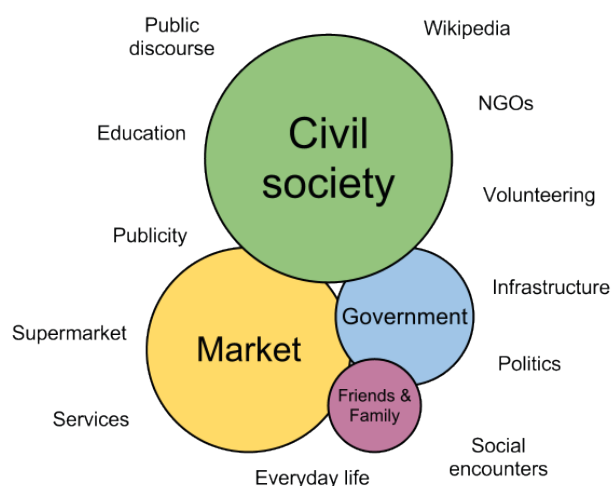


Figure: 3.1: Spread of Civil society

Source: www.globcal.net

In India the presence of CSOs are since time immemorial. ‘The roots of an Indian autonomous civil societies are not to be found in the contemporary rise of a modern state but foremost in the ancient and medieval history of the country. Cast “panchayats”, village “panchayats”, or traders’ guilds all illustrates forms of local institutions that had long been untouched by the vicissitudes of the political spheres and remained autonomous from state control. Indian society had been characterized in pre-colonial times by a form of “insularity” that thus ensured a certain independence from state power but also resulted in stagnation and an impossible unity of the population.’ (Radesh Tandon, and Ranjita Mohanty, 2004).

The Popular mobilisation within the Indian civil society was evident already in the colonial period but the formation of both state and civil society in India were different from that of Western Europe (Kaviraj & Khilani). The concept of Civil society and the formation of state in the developed countries took place simultaneously through ages and it became mature slowly and slowly in the developed countries. The same pattern was not seen in the rest of the world. Particularly in India, Large number of religious organisations, caste and sections in the then Indian Society were playing a dominant role before democracy came. So, in the Indian case, this practice led to a strong position of the native religious elites, and the strengthening of religious identity in both the private sphere and in civil society (Amir Ali, 2001).

‘Numerous religious reform movements were formed throughout the 19th century, some of them with social and political issues on their agendas. While some were influenced by Christianity, others saw the spread of foreign religions as an affront to Hindu culture. The Brahmo Samaj, founded in 1843, worked for the reform of Hindu traditions and practices, as did the Ramakrishna Mission under Swami Vivekananda, and the Theosophical Society in Madras, led by Annie Besant. The Arya Samaj, formed later in the 19th century, had similar features as the other reform movements, e.g. the renunciation of idolatry and polytheism, as well as urging for a unification of all Hindus, but it differed through its aggressive nationalism. All these organizations emphasized Hindu unity, played an important role in the freedom movement, and strengthened Indian civil society.’ (Henrik Berglund, 2009)

The concept of more organized civil society organisations was seen from the 19th Century. One of the most important examples could be the All Indian Trade Union Congress (AITUC) which was formed in 1920 and contributed importantly to the formation of a rudimentary civil society during the late colonial period. Various peasant uprisings, such as the Moplah revolt in 1921, occurred frequently and increasingly so after the First World War. (K. N Panikkar and Sucheta Mahajan, 1989)

Since recent times, the idea of civil society and democracy gained momentum and it has become one of the major concerns in the social science and academics. But 'civil society' and 'democracy' is as have undergone radical change in its meaning and essence since then. The rise in popularity of civil society was largely due to the struggles against tyranny waged by resistance groups in Latin America, Africa and the former communist world. The period of 1980s and 1990s witnessed the advent of a global democratic revolution of unprecedented proportions, unions, women's organisations, student groups and other forms of popular activism provided the resurgent and often rebellious civil societies in triggering the demise of many forms of dictatorship. These developments encouraged the rise of the complex notion that if an invigorated civil society could force a democratic transition, it could consolidate democracy as well. In India too it is not different.

The civil society participation starting from the periods of freedom movement and its revolution until the recent stage is commendable in India. The history of the Indian National Movement had different stages starting from the period 1820 till 1947. Three major phases are the general identification of the stages of freedom movement viz. the stage 1820 to 1904 which was dominated by the Moderates amongst who had developed a feeling of nationalism, the period from 1905 to 1919 which was dominantly controlled by the Extremists, and the period from 1920- 1947 led by Mohandas Karamchand Gandhi. Since the time of Freedom movement, the role of civil society though not fully systematized functioned well with lots of emotional and sentimental focus with the wave of free India from the colonialism. The pre-colonial period and the role of civil society even during the Kingship throughout the independent kingdoms of independent India were quite significant.

Although civil society has been playing significant roles ever since India's struggle for freedom from the British yoke, it is seen that the space for civil society is increasingly being contested in our country incessantly. India has a vibrant civil society with more than three million CSOs working in a range of roles, including delivering services to excluded groups, exercising accountability over government actions and promoting human rights., Indian civil society has played these roles throughout the seven decades since independence, helping to make the country the world's largest democracy, and a beacon of inspiration for many other struggles for human rights and democracy in the global south. However, although Article 19 of India's constitution guarantees all citizens the right to form associations, in recent years the Indian government has increasingly used a series of measures to target CSOs and curtail their activities.(CIVICUS, 2007). It is also noted in this article by Activist Anil Chaudhry, of the Indian Social Action Forum as:

“India's changing political climate over the past few years presents a serious challenge, clearly fostering an aggressive and intolerant public sphere wherein existing democratic space is fast shrinking, akin to what was experienced and witnessed during the time of emergency. A dangerous discourse legitimised by both state and several non-state actors has gained credence, a discourse that alleges that anyone working to ensure justice and dignity for victims of past and ongoing violations and abuses, for already-marginalised, discriminated and struggling populations and communities, constitute a serious threat to the 'national interest.' Some recent instances demonstrate that those strong dissenting voices have found the freedom of expression, association and assembly of not just human rights defenders, but also of writers, artists and certain sections of the media are severely curtailed or threatened.”

It shows that the democracy, legislation, and state that talks about the protection of civil society rather act for harming and bullying the civil society. We boast ourselves as one of largest democracy of the world but on the other hand the way things are happening in a country having more than 1.3 billion population is just a worrying situation. So, how can we claim that the State is doing well as per the terms, articles and sections of the Indian Constitution?

Sanjana Ray (2016) wrote on her articles “On India’s 70th year of independence, here are some of the country’s worst human rights violations” as follows:

“Although this is a stark reality petering through every corner of the world, India has been deemed one of the top countries facing a multiplicity of human rights violations. Our political structures and systems have been built in such a way that more often than not, our human rights themselves are made seemingly subjective.

This is largely because the masses have begun to understand the political backlash that will result when they challenge the authorities. In the recent past, innumerable instances of the violators being let off the hook, despite evidence suggesting otherwise, have become quite a norm in our country. Sometimes, these violators arise from the authorities themselves.

Thousands of such cases go unnoticed and unreported every single day. But here is a list of some of the most brazen cases of human rights violation which have plagued the largest democracy in the world over the year.

According to the National Crime Records Bureau (NCRB), crime against Dalits – ranging from rape, murder, beatings, and violence related to land matters – increased by 29 percent from 2012 to 2014. In 2014 itself, over 47,064 cases of crimes against Dalits were registered. Dalits are still considered ‘untouchables’ with should not receive the kind of civility extended to every other branch of society.

The suicide of Rohith Vemula, a Dalit PhD student at the Hyderabad Central University, and the outrage that followed, led to the revelation of dozens of similar cases of Dalit suicides resulting from the ‘fatal accidents’ of their birth. The hard-hitting reality of the inhumane treatment meted out to members of the Dalit community finally reached the masses. Some of these Dalits were being stripped and beaten by vigilante groups, some even being urinated upon. An NHRC report shows that Dalits are prevented from entering the police station in 28 percent of Indian villages, and their children have been made to sit separately while eating in 39 percent of government schools. They do not get mail delivered to their homes in 24 percent of villages and are denied access to water sources in 48 percent of our villages. Their women raped, their children tortured, and their

livelihoods stripped away every odd day, the Dalit community is the embodiment of gross human rights violations.

The famous NGO Greenpeace India was a notable victim of this. The organisation had been calling out the government in terms of poor infrastructure and development, and for not taking responsibility for the 2002 Gujarat riots. As a result, the government cut off its funds to the organisation and labelled its activists as ‘anti-national’. In January, they even barred a famous Greenpeace activist, Priya Pillai, from boarding a flight to London, where she was to meet and speak with members of the British Parliament. Eventually, in November, the authorities in Tamil Nadu, where Greenpeace India’s registered office is located, cancelled the organisation’s registration itself.

According to the report of the US State Department statistics 2015, there were 555 ‘encounter killings’ by security forces and police between 2008 and 2013. The list includes: Uttar Pradesh (138), Jharkhand (50), Manipur (41), Assam (33), Chhattisgarh (29), Odisha (27), Jammu and Kashmir (26), Tamil Nadu (23), and Madhya Pradesh (20). In August, the National Human Rights Commission recorded 1,327 deaths in judicial custody between April 2014 and January 2015. As per the media wave, Manipur has one of highest number of fake encounter case in the country (a case example of a newspaper report is attached in following pages). Many such cases are still pending in the High Court and Supreme Court of India.



Figure: 3.1: Civil society right Violation

Source: www.civicus.org

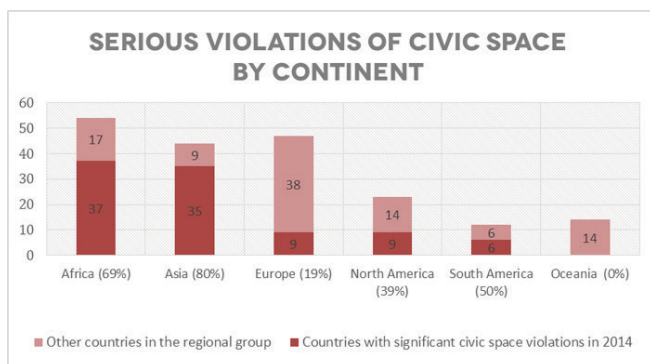


Figure: 3.3: Civic Space Violation by Continent

Source: www.civicus.org

A Case Example of Civil Society and Rights Violation

This case is taken out from the E-Pao, Local News about the Fake Encounter, a real example of Civil Right Violation (Seram Neken wrote this article for Hueiyen Lanpao as part of 'The Voiceless Speaks' column The writer can be reached at nmunall(at)yahoo(dot)in This article was posted on September 17, 2014):

Credits for the most-cherished justice will go to the Extrajudicial Execution Victim Families' Association and the Human Rights Alert Manipur, while the people of Manipur as a whole have to appreciate the contributions of Human Rights Law Network, its Director Advocate Meihoubam Rakesh and his associates for bringing back the truth.

Killings, JACs, Bandhs, Boycotts, Sit-in protest, Rally, MoUs, Agreements and Enquiries have been the scheduled algebraic equation in almost all the cases of murders and killings in Manipur. In almost all cases, truth remained concealed from public view. No enquiry report, no punishment to killers and no justice to the victims. Only the dead remain the losers.

All struggles, public protests and agitations ended in futility. Numerous people demanding justice were lathi-charged, thrashed or jailed. The state was boiling on the hot pan with disruptions of normal life in all sectors. Students missed their studies. People living hand-to-mouth had to starve. But, the government that is always habituated to subduing all such frequent happenings in the state, succeeded in covering up the most inhuman tragedies of fake encounter killings in favour of its most dutiful protectors.

Numerous poor and innocent youths, who had never handled guns of any sort and who had never seen such arms in their lives, were charged with involving in encounters with and ambushes on the security convoys. People particularly the near and dear ones of the victims, had to remain in complete mystery for a number years. Besides the pangs of separation caused by the sudden deaths of their near ones, family members could not avoid challenging the false allegations posthumously painted on the deceased.

As the saying goes 'God sees the truth, but waits', justice has really come alive now with the gradual unfolding of the truth behind mysterious deaths of a number of innocent persons at the hands of security personnel. Families of victims have certainly got a sigh of relief from the everlasting pains of parting hovering in their hearts for years.

June 20 in 2005, Pheiroijam Keshorjit, also called Loketomba Singh from Nongada Awang Leikai in Imphal east was intercepted and killed by security forces while returning home from the work site of his brother contractor. Although Assam Rifles claimed Keshorjit was killed in an encounter at Seijang and Seilen area under Lamlai Police Station, his mother Pheiroijam Ongbi Ibeton Devi sought justice by filing a writ petition to the Law Court. After nearly a decade of struggle, truth has now come out with the law court declaring that Keshorjit was killed in a fake encounter case perpetrated by the personnel of 19 Assam Rifles.

Mutum Herojit Singh, a Tata Sumo Driver along Imphal-Moreh road and Mutum Rajen Singh, who ran a rice hotel along with his wife were arrested by Imphal east Police Commandoes on October 14 in 2008 and killed in their custody. By that time, Police claimed that the two cousin brothers were killed in encounter at Lambui Lambi at Porompat in Imphal east district, and incriminating articles, arms and ammunitions were recovered near the dead bodies.

Reacting to the police allegations, the wives of the deceased brothers filed writ petitions before the High Court in 2009. After six years of perplexity, justice has visited to the families with the court disclosing they were killed in a fake encounter case.

On 28 December 2008, Thiyam Amit Meitei and

his friend Moirangthem Inaobi Meitei went out to Tshomyang village on a Yamaha motorcycle along with a cash amount of Rs. 10,500/- to be paid to the chief of the village as price for the timbers purchased by his father. The duo were arrested by a team of 23 Assam Rifles at Sabungkhok village and taken to its custody at Yaingangpokpi.

According to Police reports, Thiyam Amit Meitei was killed in an encounter case with AR-Commando combined force on 29 December 2008 at 7 pm at Nongren Chinglak. One 9 mm pistol with magazine and 4 live rounds of ammunitions were allegedly recovered near the dead body. In the meantime, Moirangthem Inaobi Meitei was released, after handing over to Police station.

Dissatisfied mother of Thiyam Amit filed a writ petition in 2009 before the High Court, and after five years now, the court has ruled that Thiyam Amit was killed by the 23 Assam Rifles and Manipur Police Commandoes in a fake encounter case on 29 December 2008 at around 7 pm.

Soubam Baocha alias Shachuinta, who had left home to purchase certain iron bars for construction of his house on December 28 in 2008, never returned home. His family found the dead body of Baocha along with that of his friend Salam Gurung at RIMS Hospital, Lamphelpat.

Reacting to the claim of Lamlai Police station that Baocha was killed in retaliatory fire after an ambush on the team of 23 AR and Police commandoes, Baocha's mother Soubam Radhe filed a case with the High Court. After six years now, the law court has unfolded a fake encounter case in which Soubam Baocha and Salam Gurung were killed by a combined team of security forces at the foothill of Huimei Ching in Imphal east District.

To all these cases, the law court gave its verdict for awarding compensation to the victim families from the authority concerned.

Meanwhile, a number of fake encounter incidents will get revealed with the Supreme Court hearing on 1528 cases to begin on October 14 next. As truth like fire cannot be covered for long, riddles on designed encounters will be disclosed one by one. The nasty security persons who were bereft of all kinds of humane hearts and who defied all

norms of service can no longer hide their misdeeds in the face of Law. The state government, in the meantime, can no longer hide the enquiry reports of various cases with apex court's intervention.

For obvious reasons, the state government is reportedly withholding enquiry reports of nine cases pertaining to killing of A. Bimol of Nongren Chillak on 29 October in 2004, killing of Thangjam Manorama on July 10 in 2004, killing of Kh. Debeshore on March 9 in 2004, killing of Md. Tayab Ali on July 25 in 1999, killing of Yumlembam Sanamacha on February 14 in 1998, killing of Laishram Bijoykumar in 1986, killing of C.Paul and C.Daniel on March 10 in 1982, killing of Loken and Lokendro on December 23 in 1980 and the killings during Operation Blue Bird at Oinam village in Senapati in 1987.

With the law courts beginning to scan the 1528 cases of fake encounter killings in Manipur during the last 30 years, the inhuman perpetrators will be paid their dues sooner or later. However, the dead will never come back. The protests, agitations, betrayals, tears and melancholy will never be compensated any more. Nevertheless, we are hopeful that fake encounters will not recur in this land. Let us bid adieu to fake encounters for all times to come from this land.

Now, shall we say that Democracy in India is in conformity with the requirements of civil society and their rights? There may arguments in favour of it but yes of course, large number of examples of civil right and rejection of the civil society norms are still available.

To Do Activity A

We have heard about the civil society and their roles in Nation Building and functioning of a democracy like that of our Country India. But can you tell us your experience all about civil society and their participation in the democratic functioning of your locality or state or region. Also find out the list of civil society organisations in your region and what they are doing and contributing to the locality.

Growth and Development of NGO Sector

Let us understand first, what is NGO and its functions? In fact, A Non-Governmental Organization (NGO) is any organization which has started with an objective of not earning profit but for the welfare of the society. It is in general voluntary citizen's group which is established on a local, national or international level. The members having common objective work together. The tasks related to NGOs are driven by people with a common interest. NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment or health.

The orientation of NGOs is different in different types of organizations. The NGOs refer to charitable, service, Participatory and Empowering type of organizations. The NGOs are also established on various bases which involves community based, city wide, National NGOs and International NGOs.

Major sectors of activities of NGOs:

The major activities of the NGOs include:

- Creating awareness in society
- Developing Economy
- Environmental issues and activities for protecting environment
- Services related to Health care
- Non-formal education
- Social forestry and related activities
- Non-conventional energy sources
- Technology dissemination and related activities
- Water management and other related functions
- Vocational training
- Income generating activities
- Legal AID and facilities
- Development of Women and related activities
- Child Development issues and concerns
- Helping aged/disabled people development

Growth and Development

The scope of NGOs activities has gone beyond the normal developmental aspects only. The activities of NGOs involve many set of activities. The scope of NGO activities has changed to great extent. Though

due to non-registration of the NGOs, Exact data of number of NGOs is unavailable but there are around more than 1.5 millions NGOs in India. The types of activities / programmes involved by NGOs include:

- Education
 - Non-formal education for adults
 - Formal education for school dropouts.
- Children development:
 - Nutrition and Improvement programmes
 - Creche programme
 - Integrated activities under balwadi programme
 - Holiday camps for children.
- Women development:
 - Women awareness and Empowerment programme
 - Homes for girls
 - Eradication of social evils (dowry/child marriage / alcoholism/prostitution/drug abuse/smoking/ superstitions, etc.)
 - Income generating activities.
- Health:
 - Programme for Vaccination
 - Blood camps organisation
 - Awareness programme on family planning, AIDS, etc.
 - Eye camps related programmes
 - Free medical aid programme
 - Nutrition programme
 - Drinking water schemes.
- Environment:
 - Ecology and environment issues and awareness
 - Environment conservation and saving
 - Social forestry- Tree plantation, horticulture, waste land development.
 - Non-conventional energy sources:
 - Bio gas technology promotion and related activities
 - Construction of improved chullahs
 - Rural sanitation programme:
 - Construction of low cost latrines
 - Sanitation awareness.
 - Rural housing:
 - Low cost houses through technology programme
 - Group housing activities
 - Animal husbandry:
 - Dairy/goat rearing/sheep rearing/rabbit rearing/ sericulture.
 - Watershed management:

- Irrigation tanks
- Rainwater harvesting.
- Promotion of local crafts:
- Handicrafts, pottery, drafting, etc.
- Micro finance:
- Formation of credit/saving group

B. Self-help groups (SHGs)

- Financing SHGs.
- Computer training:
- Training programmes.
- Legal aid:
- Free legal consultation
- Free professional services.
- Vocational training:
- Tailoring/toy/making, etc.
- Skill development programmes for artisans.
- Agriculture supportive programmes
- Cold storage facilities
- Godown facilities.
- Rehabilitation programmes
- Refugee rehabilitation
- Victim of natural disasters.
- Socially and Physically

Challenged

- Marketing of produce:
- Training programmes
- Arranging linkages.
- Family counseling and activities
- NGO consultancy and others

Majority of NGOs run here are under the small scale level and about three fourth level of NGOs are run entirely by volunteers. Due to the multifarious nature of the realms of NGOs' operations, several acronyms have been coined to categorize the NGOs.

- BINGO: "Business-friendly International NGO"
- TANGO: "Technical Assistance NGO"
- TSO: "Third Sector Organization"
- GONGO: "Government Operated NGOs"
- DONGO: "Donor Organized NGO"
- INGO: "International NGO"
- QUANGO: "Quasi-Autonomous NGO"
- National NGO: "A non-governmental NGO that exists only in one country"
- CSO: "Civil Society Organization"
- ENGO: "Environmental NGO", such as Greenpeace and WWF
- NNGO: "Northern NGO"

- PANGO: Party NGO i.e. NGO set up by parties and used as a front for political matters.
- SNGO: "Southern NGO"
- SCO: "Social Change NGO"
- TNGO: "Transnational NGO"
- GSO: "Grassroots Support Organization"
- MANGO: "Market Advocacy Organization"
- NGDO: "Non-governmental Development Organization"

(Source of Acronyms-Wikipedia)

The following table shows various market related, welfare oriented, claim making and civil society driven alternatives with reference to NGOs. The typical activities, primary focus, attitude of government and strategies to increase the scale occupies important place in the civil society development.

Role of Civil Society In Urban Governance An

Different NGO approaches				
Approach	Typical activities	Primary focus	Attitude to government	Strategies for increasing scale
Market	Water-vending; piped water provision; waste collection and recycling; credit for house improvement	Informal entrepreneurs and cooperatives; households able to repay loans	Government should encourage informal sector provision and support where possible	Improve existing activities among the poor
Welfare	Water; emergency housing; primary health care	Communities in need	Little direct contact; may campaign for better provision	Seek more external funding
Claim-making on the state	Campaigns and pilot projects for environmental justice; housing rights; better services	Decision-makers and policy-makers	Responsibility of government is to provide	Changes in government policy and action
Civil society driven alternatives	All forms of housing improvement and infrastructure; services at level of community	Communities in need	New models of governance to support greater community involvement.	Community to community learning; local partnerships with state agencies

Indian Experience

Let's first understand what is meaning of urban governance. Urban governance refers to the way in which local, regional and national government (local, regional and national) and stakeholders decide about planning, finance and managing the urban areas.

The development is a continuous process whereby you are required negotiation at different levels and contestation over allocation of social and material and other resources.

Civil Society is playing a wide role in the urban

governance. Developmental planning is long term process. Implementation is the lengthy process and does not bring immediate benefit. Its very important to have effective social governance. Thus role of government and civil society is important particularly in on- site upgrading shelter, basic urban services like

The role of civil society in urban planning process is very important. The Sub issues within development planning process involve:

1. Land use planning
2. Infrastructure planning
3. Financing
4. The Planning for implementation of the processes
5. Monitoring and evaluation

Along with this there are important other issues involves in within Urban governance structures and process:

1. Human resources development
2. Local government role/decentralization
3. Multilevel roles
4. Coordination
5. Transparency/accountability
6. Civic engagement

The different types of activities performed by civil

society totally depend upon so many environmental factors. Improving urban environments depends not only on what urban governments fund and regulate but also on how they encourage and support the efforts and investments of households, citizen groups, NGOs and the private and non-profit sector. In many nations, local governments lack the capacity to do so – or have little interest. In nations where decentralization and democratic reforms have made urban governments more accountable, there is greater scope for external agencies to support local government action. Where urban governments remain undemocratic and unaccountable, then more attention is needed to supporting the community processes that build cities ‘from the bottom up’.

Role of Civil Society in Good Governance (An Excerpt from THE HINDU)

“The Role Of Civil Society In Good Governance

AUGUST 26, 2007 00:00 IST

WRITTEN BY UPDATED: JULY 20, 2011 12:36 IST

P.K. DORAISWAMY

Democracy is not a spectator sport (though politicians make a spectacle of themselves!)

Summary Table: The different roles for external agencies within the different extremes in terms of local government structures

The continuum in terms of resources available to public institutions	The continuum in terms of local government structure, accountability and representative nature	
	<i>From democratic and accountable local government structures</i>	<i>....to undemocratic, unaccountable and often clientelist local government structures</i>
<i>From relatively well resourced local government institutions responsible for ensuring provision of infrastructure and services, land management and pollution control</i>	External funding and support for local government having a major role in infrastructure and service provision, pollution control and land management. For services that are privatised, government capacity to enforce quality and value for money from privatised service providers. Legal and institutional structure in place to guarantee people’s civil, political	To meet low-income groups’ needs, external agencies have to give priority to strengthening and supporting civil/community organisations that are pressing for changes in government provision and accountability and in the legal-institutional means of ensuring this. Also supporting provision outside of state structures (e.g. community, NGO...)
<i>.... to poorly resourced local government institutions unable to provide these or to put in place the framework ensuring provision by private, NGO or community enterprises</i>	External agencies helping build capacity of local governments, especially to work with and support a wide range of civil society groups (including community based organisations and NGOs) in infrastructure and service provision and in guaranteeing rights. Less local capacity to use privatisation well	Similar to the above although with higher levels of external support for strengthening and supporting community-level action. Many community-level initiatives need support outside of traditional government structures. But there is also the need for long-term commitment to making public sector institutions more accountable and effective

We have representative parliamentary democracy leaving the decision-making to a small group of elected representatives. This could result in government ‘of’ the people becoming a government ‘off’ the people. Progressive marketisation of traditional government functions has widened this gap. There is a gap between the not-so-efficient state and the profit-alone-matters private sector which needs

a third sector to bridge it. This is how civil society is seen today.

Core ingredients

Governance is the process by which a society manages itself through the mechanism of the state. The core ingredients of good governance are:

People's effective participation, transparency, responsiveness, consensus orientation, equity and inclusiveness, the rule of law, effectiveness and efficiency, accountability, and strategic vision.

These are crucially value-laden and constitute the bedrock of democracy.

Innumerable administrative reform commissions have produced no appreciable impact on the quality of governance. The emphasis now is on facilitating external pressure from citizens on the system to improve through the Right to Information Act, Consumer Protection Act, Citizens Charters, Whistleblower protection, e-governance, Report Cards, Democratic Decentralisation, Public Interest Litigation, etc.

Governance has three levels — internal systems and procedures; cutting edge systems and procedures; and check-and-balance systems

At level (a), civil society can influence policy and project formulation through membership of committees, submission of memoranda directly or through elected representatives, and interactive rule-making in the implementation of policies, projects and schemes affecting citizens. The maximum day-to-day interaction between the government and the citizens takes place and the popular image of governance is formed at level (b).

Interactions of civil society with level (c), infrequent but important, will be more of an exposure of irregularities rather than steps for improvement in the quality of governance.

Functional contribution

Civil society's functional contribution to good governance could be:

* Watchdog — against violation of human rights and governing deficiencies.

* Advocate — of the weaker sections' point of view.

* Agitator — on behalf of aggrieved citizens.

* Educator — of citizens on their rights, entitlements and responsibilities and the government about the pulse of the people.

* Service provider — to areas and people not reached by official efforts or as government's agent.

* Mobiliser — of public opinion for or against a programme or policy.

Civil society acts through 'social capital'— the capacity of people to act together willingly in their common long-term interest. Social capital is strong in a homogeneous, egalitarian society.

Civil society as a whole is, therefore, unable to play its full potential role in enforcing good governance in India except when extraordinary leadership overcomes narrow loyalties, or when an issue is of common, major concern to all sections (like natural calamities). Smaller units of governance and decentralisation of governance are, therefore, indispensable in India.

Individuals cannot take on the huge political-bureaucratic machine that the government is, nor can the entire civil society act on behalf of every citizen. Civil society, therefore, has to operate through compact, focused organisations based on strong social capital.

The Government of India's National Policy on the Voluntary Sector, 2006 envisages encouraging an independent, creative and effective voluntary sector. Support for NGOs, however, cannot be blindly sentimental. The government has to assess their suitability, capability and experience, and evaluate their performance continually.

Efforts to improve the quality of governance will fail if the quality and calibre of the political executive is unsatisfactory. Civil society needs to note the deterioration in the quality, integrity and commitment of the elected representatives and the

criminalisation of politics. Voter education, electoral reforms and periodical highlighting of the performance (or non-performance) of elected representatives are high priority items in civil society's agenda.

Democracy is not a spectator sport (though politicians make a spectacle of themselves!) Parliamentary democracy becomes participative democracy only with civil society's active role."

Other Experiences of Civil Society, Urban Governance, and Social Change

Binti Singh and D. Parthasarathy(2010) explained well on the role of civil society on urban development and governance based on Mumbai experience. The way Civil Society Organisations partner the state for the good governance of Mumbai will be the best example. They included in their studies those CSOs that seek to work as partners with the urban local body (ULB), namely, the Municipal Corporation of Greater Mumbai (MCGM) in addressing urban civic (open space, beautification, green spaces, locality management, encroachments, and hawkers) and governance (transparency, accountability, and efficiency) issues. The Advanced Locality Management (ALM) groups and the NGO Council are instances of the current rhetoric of CSO partnerships with ULBs as preferred models of urban governance. In addition, the work of NGOs like Loksatta, Nagriksatta Association of Ward Number 63, Association for Good Governance and Networking in India, and citizen initiatives like Citizens' Roundtable (a new avatar of the Mumbai Task Force) and the Road Committee) have been collated to explore on the issues and parameters related to good governance.

They have explained in their studies, the Mumbai mode of urban governance as "The Mumbai mode of urban governance dates back to 1793 and has been replicated all over India. It represents a classic example of complex multi-agency governance and involves many state agencies which provide services essentially local in character. The number of CSOs has also multiplied. Sixteen ward committees were established in Mumbai in 2000 in response to a deadline set by the High Court of Bombay that made ward committees mandatory. N. Nainan and I.S.A. Baud (2008) note that the functions and powers allotted to the ward committees led to changes in power relations between the executive wing headed

by the Municipal Commissioner (administration) and the deliberative wing headed by the Mayor (political) in MCGM. As far as participation of CSOs in the constitutionally given space of ward committees is concerned, Nainan and Baud explain that NGOs can be nominated as members of the ward committees to put forward proposals and suggestions but are not permitted to vote; the NGO members are seen more as expert resource persons in special areas. The functions of the ward committees are narrowly defined, so are the potential role of CSOs. The relationship between NGOs, councillors and ward officers is characterised by conflict and competition. Majority of the councillors, Nainan and Baud report perceived NGOs, particularly those using multiple strategies, advocacy, and representing the elite, as competitors. They preferred those NGOs that had a presence in slums, would work with them in the field and take up issues of the slum population through service delivery. Councillors see ward officers as hurdles to effective client servicing, while the officials view councillors as lacking the necessary education to make proper decisions. NGOs, on the other hand, perceive councillors as political opportunists, corrupt, and even criminals. As councillors select the NGO members, it is likely that they give priority to their friends and allies. In such a situation, most CSOs prefer not to participate in the ward committee, as it offers only advisory powers on a limited budget. Instead, CSOs prefer to associate themselves with the executive departments for services at the city level and hardly engage with the deliberative wing."

Besides, the urban governance of Mumbai incorporates large number of activities from different stakeholders of the city. Advanced Local Management Body, NGO Council, Businessman and common people all gathered for the purpose of the city. But there seems to be huge conflict of interest among these groups due to many reasons.

But ultimately it needs to address the general welfare of the citizens of the country. The major role of Civil Society participation should be towards social change in a productive and sustainable way. If the civil society organisations, NGOs and other governmental organisations cannot fulfill the real goals of SDGs then state is in poor state of governance.

In fact, according to **Kendra Shaw** (2018), civil society is the ecosystem that influences social change outside of the family, market or government. Often referred to as the space where we act for the

common good, civil society aims to connect poor or marginalized people with groups that can mobilize support to help. She said, civil society organizations include:

- Churches and other faith-based organizations
- Online groups and social media communities
- Nongovernmental organizations (NGOs) and other nonprofits
- Unions and other collective-bargaining groups
- Innovators, entrepreneurs and activists
- Cooperatives and collectives
- Grassroots organizations

At various points throughout history, civil society has taken on the role of leading great movements of change, including civil rights, gender equality and other parity movements. Civil society is at its best when people at all levels of society adopt an idea. Over time, this fosters changes in power structures and infuses the new prevailing wisdom into family, society, courts and businesses.

To Do Activity B

- As a student of Rural Development Course, think over the roles you can play for bringing a change in the grass root level. It is said that Civil Society initiated large number of task and activities for the transformation of the rural masses. Many such programmes are implemented in coordination with the governmental organisations and department.
- List of down if any such programme is taken up in your town/city/locality.
- Think over for any other feasible programme that you can take up in your town/city/village for bringing a social change.
- You present that proposal to the Collector of your district and find out whether your programme can be collaborated with the government.

Summary

India is a land full of diversity not only in terms of geography but also in various other areas including culture, religions, priorities, ethnicity, civil attitudes, ideas etc. It has been understood from this block various dimensions of nature of civil society in India. It covered topics like- democracy, civil society and its status in India, NGOs and CSO roles, partnership

with civil society for social and economic change of the country and other relevant case examples. After reading all these paragraphs, it is concluded that Societies are always changing. They shaped events, structures, system, and approach for social good but they are also being shaped due to many advancements and revolutions across India and the world. Civil society provides a way to engage productively in this process — to keep tabs on new developments and partner with other organizations working for the common good.

Model Questions

- How will you characterized the democratic political system of India? Explain the spread of the system in your own understanding.
- How will you define NGOs? In what direction NGO roles and activities are spreading these days in your country?
- Discuss the Mumbai experience of civil society and its relevance in your own city.
- Explain the roles civil society can play towards good governance of your city or staste.

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Chapter 4 – Civil Society and Sustainable Rural Development

Objective:

After studying this block you will be able to understand the following:

- Gandhian Economic Thoughts and Sustainable Rural Development
- Civil Society Issues
- Anna Hazare and Anti-Corruption Movement
- Globalization – Basic Understanding and Contemporary Issues
- Multilateral Agencies role in achieving Sustainable Rural Development

The Sustainable Development Goals (SDGs) of the United Nations are the universal goals for Economic, Social and Environmental development which are supposed to be achieved by 2030. They must also facilitate participation of all sectors of society, including Civil Society Organizations (CSOs), the private sector and the general public at the local level. This “localization” calls for an inclusive approach that utilizes local knowledge to tailor the ambitious global-development agenda to specific local circumstances. The Inclusion of Civil Society is imperative in the achievement of Sustainable Development Goals (SDGs) as they play a crucial role in society as an agent of accountability and service delivery.

HerewewillseehowtointegratethoughtsofMahatama Gandhi with relation to economic development in Sustainable terms and what are the issues related to civil societies? How does the anti-corruption movement affect or help in achieving the Sustainable Development Goals (SDGs)? The Block will also focus on Globalization and its issues keeping in mind various multilateral agencies like WTO, IMF, World Bank while trying to achieve Sustainable Development Goals (SDGs).



Gandhian Economic Thought And Sustainable Rural Development

Gandhian economics is a term authored by J. C. Kumarappa for Gandhi’s way to deal with meeting material human needs. It is utilized as an umbrella term accompanying related ideas of Gandhian philosophy. In particular these standards are:

1. Economic Laws
2. Non-Violent Economy
3. Decentralisation: Cottage Industries
4. Khadi Industry
5. Use of Machines
6. Regeneration of Villages or Village Sarvodaya
7. The Trusteeship Doctrine
8. Law of Bread Labour
9. Food Problem
10. Population

These above given 10 points are all Economic Ideas of Gandhi. Each one of these points are briefly explained as follows:

Economic Laws: As per Gandhi, economic laws which go for material advancement just as social concordance and good progression ought to be planned by the laws of nature. There is no contention between the laws of nature and laws of economics. The laws of nature are all inclusive. The laws of economics, which manage pragmatic issues, are not general.

Non-Violent Economy: Gandhi pushed peacefulness and consequently his economic matters might be called economics of nonviolence. The principles thing in Gandhian philosophy is peacefulness. As there was no industry and no action without certain violence, he needed to limit it. He trusted that violence in any structure breeds more prominent brutality. He characterized a peaceful occupation as one “which is generally free from violence and which includes no abuse

or jealousy of others". Gandhiji restricted private enterprise as it brought about abuse of human work. He trusted that nature created enough for the fulfillment of the general population's needs and there would be no pauperism and starvation if everyone took just that much that was adequate to him.

Decentralisation: Cottage Industries: Gandhiji was not in favor for huge scale industrialization, as it was cause of numerous socioeconomic shades of malice. He trusted that substantial scale utilization of hardware prompted drudgery and monotony. He was agreeable to decentralized economy. In such an economy, misuse of work would be nil. His conviction was solid with regards to the Indian economy. India has a lot of HR yet capital supply was poor, accordingly the labor-intensive industry should be followed. Gandhiji pushed a decentralized economy.

Manufacturing ought to be composed in an extensive number of places on a small scale.

Khadi Industry: Each Indian required somewhere around 13 yards of material for each year. Gandhiji trusted that increase of spinning plants couldn't take care of the issue of fabric supply; consequently he focused on the advancement of Khadi industry. For Gandhiji, khadi was the "image of solidarity of Indian mankind of its economic freedom and fairness". Khadi implies the decentralization of manufacturing and circulation of the necessities of human life.

Use of Machines: Gandhiji portrayed machines as 'incredible sin'. He trusted that the advanced innovation was in charge of human dissatisfaction, brutality and war. It was likewise in charge of the duplication of material needs. The utilization of machines made a class of affluent individuals and prompted unequal appropriation of riches.

Regeneration of Villages or Village Sarvodaya: Gandhiji developed the perfect of Village Sarvodaya. Talking about the old town economy, Gandhiji stated, "Production was simultaneous with consumption and distribution and the vicious circle of money economy was absent. Production was for immediate use and not for distant markets. The whole structure of society was founded on non-violence." Gandhiji needed the restoration of old town networks with prosperous agribusiness, decentralized industry and small-

scale co-operative associations. He additionally needed that there ought to be the cooperation of individuals at all levels.

The Trusteeship Doctrine: Gandhiji remarked that the business visionary who had amassed an immense aggregate of money was a cheat. In case an individual had procured a noteworthy fortune or had assembled a great deal of money by strategy for exchange and industry, the entire total did not have a spot with him. It had a spot with the entire society and must be spent on the welfare of all. He expected to keep up a vital separation from a furious and shocking distress by adjusting an enduring constancy of financial parity. He required the specialists to be trustees and he verbalized the instructing of trusteeship.

Law of Bread Labour: The Law of Bread Labor was propounded by T.M. Bondaref and popularized by Ruskin and Tolstoy. This law emphasizes that man must earn his bread by his own labor. To Gandhiji the law of bread labor related to agriculture alone. But as every-body was not a cultivator, he could earn his bread by doing some other work.

Food Problem: Gandhiji had seen the most exceedingly terrible starvation of his life amid 1943-44, when Bengal endured vigorously inferable from the nationwide lack of food. To begin with, Gandhiji imagined that this shortage of nourishment had been misleadingly made. In any case, in the wake of visiting Madras, Bengal and Assam, he touched base at the end that the deficiency of nourishment was genuine and not fake.

Population: The most essential issue which pulled in the consideration of Gandhiji was the quick increment in populace. Gandhiji contradicted the utilization of contraceptives as its utilization in India would make middle class male population imbecile through the excessive intake. Gandhiji was agreeable to conception prevention through restraint or brahmacharya and not using counterfeit strategies. He viewed self-control as the "reliable sovereign cure".

In Mahatma Gandhi's assessment, in any plan of advancement, humans should be at the inside. A long-distance perspective of improvement must be taken, for we owe our obligation to flourishing too. Humans need to make a wise utilization of available resources. The natural balance should not

be wasted. The goal should never be to develop an island of happiness in the sea of poverty; yet to raise the standard of living and fights against poverty. He insisted that sustainable development intends to “satisfy the present needs without bargaining the necessities of future age.” Mahatma Gandhi’s method for living is the best case of Sustainable development for world. In Mahatma Gandhi words, “Earth gives enough to fulfil each man’s need yet no man’s greed.” So, Gandhi’s thoughts reflected in the total value shift in usage, production, habits and political systems. It puts more force on ethical duties of the person at the individual, social, national and all global level.

Gandhi had faith in Sarvodaya and in this way the welfare of all was the premise of his reasoning; subsequently his local focused methodology towards sustainability highlighted on ‘betterment of human life’ and ‘guaranteeing satisfaction of essential needs of every single human need’. Welfare of the individuals being a definitive objective by keeping away from a wide range of abuses, Gandhi felt that human nobility should be set up. The coordinated efforts of all for fulfilling his economic dreams are in a real sense remains as an important area the whole world needs to focus. The coordination efforts are to be driven only by the coordinated will of the civil societies.

Activity A

The Gandhian philosophy on sustainable development is a common discussion during the pre and post Independence period of our country. But the world has changed and its now the age of globalisation and liberalisation. At such juncture, can you believe that such traditional practices will have any relevance? You can check in your society the position of small scale and cottage based industry and their economic position. List down their challenges and experience yourself.

Civil Society Issues

For the last several hundred years, the civil society is performing various duties and functions with efficiency and sincerity in our vast country, India. But during the last few decades it has been found to be in trouble. It is faced with few challenges and its role has been debated many a times. The result is that the role of civil society is faced with a big question mark. One of the problems has come due to globalization. Globalization has, to large extent, destroyed the geographical boundaries among the nation-states.

The powerful multinational corporations (MNCs) and NGOs have globalized or internationalized their activities and, they have entered the drawing room and kitchen of each house. The MNCs and NGOs have been able to establish their effective control over the administration, politics, economy and our own living.

The governments of many nation-states are becoming more and more helpless. In the face of all these position, civil society is not encouraging. Their existence is not jeopardised, but functioning is faced with problems. The MNCs and NGOs are controlling economy, finance and administration in their favour or in the favour of the countries they represent. This has not been salubrious for the people of nation-states. The performance and active role of civil society are eclipsed by the MNCs and NGOs. Not only this, the interests and welfare of the people of nation-states have faced crises. Besides, there are internal problems among the civil societies, NGOs and MNCs due to conflicts among themselves over competing demands over resources, market, and control. The interests of citizens and welfare of society became victim of the conflict among themselves.

Many civil societies worldwide are guided by group or sectional interests and sacrifices the interests of the whole society and many of them are politicised. That is, they have some definite political purposes. This type of civil society does not serve the real purpose of the people. In USA there are some civil societies with definite political objectives and they participate in Presidential election and contribute to election fund. Many people think that these types of civil societies do not always serve the real purpose of people.



There are great examples of civil societies that directly or indirectly support terrorism. This is creating problems for the state administration. The terrorists mostly challenge the normal activities of the state administration. The problem is a democratic state cannot normally ban the activities of terrorists or terrorist societies. The terrorists or their supporters or terrorist societies challenge the normal functioning.



Terrorism is not only a big problem for a developing society but even the developed states are not free from the curse of terrorism. The administration must be fully well-equipped to fight terrorism and destroy its roots. At such situations, the civil societies have a vital role to play.

Besides the above, some more issues are also given below:

Stay mission driven: In a world where there's growing distrust of institutions, and where people connect with causes, we're finished unless we keep sight of the change we want in the world, and find effective ways of communicating that vision to publics. Too often, CSOs organise themselves around solutions, regardless of the problem that needs to be fixed, and get too heavily tied to the agendas of major institutional funders.



Scale and sustainability: These are the holy grails for any change-maker (it was good to hear from a World Bank official that it's also a challenge for the world's largest development lender). Even the efforts of the largest civil society organisations are a drop in the ocean, so unless we take our catalytic role more seriously, we are never going to achieve change on the scale that's needed to end extreme poverty, protect the planet and realise fundamental rights. This requires us to be much more deliberate in how we leverage governments and the private sector.

Who are the change-makers? There has been lots of social and economic development in the last quarter century, especially in Asia, but how much of it is down to the development sector? Several speakers talked about the need for humility and a sense of proportion from civil society about what we achieve through our

programmes. There was also debate about the extent to which the change that's happened has primarily been driven from 'above', through technical fixes (with one speaker urging CSOs to be more 'politically smart'), or from 'below' through popular pressure for change. In practice, we need a two-pronged approach, but it's often difficult to pull off both these approaches in the same organisation.

The perils and opportunities of size: There were searching questions about whether big international CSOs are best placed to achieve impact at scale. Federated international CSOs like my own have spent a lot of the last decade building more unified organisational structures. But this has sometimes also made us unwieldy and cumbersome, and ill-prepared to cope with disruption. On the positive side, larger CSOs can, in principle, achieve economies of scale; bring global perspective and resources to local problems; and act as a buffer between funders and genuine social movements.

Coherence and context: Several participants raised the tension between 'adaptive' models and 'global-scale' models. Lots of international CSOs are creating standardised programme approaches that they can then pitch to prospective donors. The danger is that unless these are applied intelligently, we lose the ability to test hypotheses, and allow learning from failure. Some participants cautioned against us over-claiming what we already know does and doesn't work, and emphasised the need to take proper account of the diversity of local contexts in which we work.

Managing disruption: There were differences of view about the extent to which disruption was coming, or already upon us: from shifting donor demands, to shrinking civic space, to the growing ability of individuals to support their favoured cause directly, without the mediation of an CSO. What was agreed is that in a fast-changing world we need to be clearer about when it's useful for international CSOs to act as middle men, and that it's difficult to balance the sometimes contradictory demands of different funders in terms of the kind of intermediary they want us to be.

Power matters: Several participants, especially those from organisations which receive donor funding via international CSOs, raised the importance of us being more honest about the power that comes with money and the balance between accountability to funders,

and to partners and communities with whom we work. Some people spoke of international CSOs that are entering new market for public fundraising and cannibalising local civil society. At the same time, there was a recognition that many donors are looking to shift international CSO cost ratios, and to get more money to direct programming and advocacy – and that this is a trend that’s set to continue.

Getting the right revenue mix: In a world where institutional funding for civil society is often stagnant or falling, unrestricted mass-market income is gold dust: it enables CSOs to innovate, make genuine strategic choices, and go into sectors and contexts that are neglected by traditional donors. For national CSOs, fundraising locally helps to blunt the accusation that they are a front for foreign interests, at a time when this charge is increasingly being used to justify repressive regulation. If people in growing middle-income markets gave the same share of GDP to CSOs as happens in the UK and South Korea, it could inject another ₹ . . \$ billion into civil society organisations by 2030. But chasing the mass market dollar/peso/rupee is challenging, with several participants commenting on the challenge of building a culture of giving to CSOs in countries where none currently exists.



Ride waves: In an increasingly digital world where campaigns bubble up from below, and people organise horizontally, the challenge for many CSOs is not to create waves,

but to learn how to ride them. Unexpected events, whether an economic crash, a sudden change of government, or a new technology, can be a powerful window for change if civil society organisations can be agile enough to respond, and pragmatic enough to follow as well as lead.

Though the above mentions problems and issues are at large in many of the countries throughout the world, the initiatives from different civil societies for solving the problems and bringing the issues in limelight for debates are not lesser in all the countries. The same happens to India as well. Many individuals who are not involved in any civil society organisations even start vocal against ill effects of state and other unwanted

practices. The following paragraphs will discuss the role Anna Hazare played towards ills of the society.

To Do Activity B

You say that Civil Society should act as a change maker but who bothers it. Check in the road side drains in the Indian Towns and Cities, you will realise how pity you are to see such a state of our discipline in managing solid waste. Just interact with few leaders of the civil society organisations in your town and get feedback on how this can be rectified.

Anna Hazare and Anti Corruption Movement

The Indian anti-corruption crusade, started in 2011, was a series of marches and objections across India which intended to create strong legislation and enforcement against alleged endemic political bribery and to stop it. The crusade was named among the “Top 10 News Stories of 2011” by Time magazine.

The crusade gained thrust from 5 April 2011, when anti-corruption activist Anna Hazare started a hunger strike at the Jantar Mantar in New Delhi. The chief judicial purpose of the crusade was to lighten corruption in the Indian government over introduction of the Jan Lokpal Bill. Another purpose, led by Ramdev, was the return of black money from Swiss and other foreign banks.

Complaints of mass activists focussed on lawful and political problems, including political corruption, kleptocracy, and other types of corruption. The crusade was mainly one of non-violent civic battle, highlighting protests, marches, acts of civilian noncompliance, hunger strikes, and gatherings, as well as the use of social media to organise, connect, and raise consciousness. The objections were nonpartisan and most activists were intimidating to attempts made by political parties to use them to reinforce their own political plans.

Background

Issues regarding corruption in India have become gradually increasing in recent years. The country was under economic policies inspired from socialist mindset from independence in 1947 until the 1980s. Over-regulation, tariff barriers, and government possession of trade led to sluggish economic growth, high joblessness, and extensive poverty. This system of civil service control by government is called the License Raj and lies as the centre of prevalent

corruption.

The Vohra Report of 1993, given by the earlier Indian Union Home Secretary Narinder Nath Vohra, considered the matter of the criminalisation of politics. The report confined several notes made by official agencies on the unlawful system which practically formed a parallel government. It also conferred criminal mobs who liked the support of politicians and the safety of government bureaucrats. It showed that political leaders had become key players of street gangs and rogue elements in the army. Over the years, criminals had been elected to local bodies, State Assemblies, and the Parliament.

The Right to Information Act (RTI) of 2005 aided citizens work efficiently towards resolving bribery. It allows Indian citizens to demand info, for a fixed payment of ₹10 (US\$0.22), from a “public authority” (a body of Government or “instrumentality of State”). In turn, this public authority is needed to reply to the appeal within thirty days. Protestors have used this to expose corruption cases against numerous politicians and civil servants – one consequence being that some of those protestors have been attacked and even murdered.

In the years immediately earlier the 2011 anti-corruption crusade there were numerous noteworthy instances of unproven corruption in the nation. These involved the Adarsh Housing Society Scam, the 2010 housing loan scam, the Radia tapes controversy, and the 2G spectrum case. In February 2011, it was ordered by Supreme Court to all the subordinate courts to advance the cases and come to decision at the earliest. Pratibha Patil, stated that dealings to ratify the United Nations Convention Against Corruption and other judicial and secretarial procedures necessary to improve transparency would be taken. A month later, Chief Vigilance Commissioner P.J. Thomas was enforced to quit on charges of corruption by the Supreme Court. A worldwide 50-city Dandi March II, organised by People for Lok Sabha, took place in March 2011 as did the “Drive around Delhi” protest.

April 2011 protests

Anna Hazare sought a joint commission to be formed, comprising affiliates of the government and of civil society, to draft strong anti-corruption legislature. Manmohan Singh, then Prime Minister of India, did not allow Hazare’s request and so Hazare started a hunger strike on 5 April 2011 at Jantar Mantar in Delhi. He said that the strike would last until the legislature

was passed. His action got substantial support, including some people who united with him in fasting. Noteworthy representatives of many political parties, including the Bharatiya Janata Party and the Communist Party of India (Marxist), indicated their support for Hazare and commanded government act. Hazare would not allow legislators to sit with him and those who tried to connect, such as Uma Bharti and Om Prakash Chautala, were denied.

Demonstrations in compassion with Hazare spread to many Indian cities, including Bangalore, Mumbai, Chennai, and Ahmedabad. Noteworthy figures from Cinema, sports and industry indicated their support and there were also meetings outside India, including in the US, Britain, France and Germany.

The government argued with the protestors, claiming that the drafting commission would be led by a government-appointed personnel and not a civil society associate as the activists wanted to avoid letting the government to make the bill less commanding.

On 6 April, Agriculture Minister Sharad Pawar quit from the group of ministers that faced charges with revising the draft bill. Hazare had suspected him of being unethical. On 9 April, the government settled to begin a joint commission. This came from a negotiation that there would be a politician chairman, Pranab Mukherjee, and an activist non-politician co-chairman, Shanti Bhushan. Bhushan was one of the main and key drafters of the Lokpal Bill along with Hazare, Justice N. Santosh Hegde, advocate Prashant Bhushan and RTI activist Arvind Kejriwal.

The first assembly of the Lokpal Bill drafting commission was held on 16 April. The government agreed to audio-record the committee’s gatherings and to hold civic discussions before a final draft was arranged but declined Hazare’s request that the meetings be televised live.

Civil society response

Ramdev suspected the government of not being stern about discussing issues of corruption and black money, claiming that government representative Kapil Sibal had resented him through a “scheming and cunning” attitude. He alleged that there was a plan to murder him and a “threat” was given to him during a meeting with senior ministers. He also appealed that the governing government chairperson Sonia Gandhi and the United Progressive Alliance government will

be answerable for any danger to his life and suspected that he was nearly repressed by the police. After being expelled from Delhi, Ramdev wanted to remain in his fast from Noida but was denied consent to do so by the Uttar Pradesh government. He decided to continue his hunger strike and satyagraha from Haridwar only until 12 June 2011.

Hazare said there might have been some burdens with Ramdev's agitation but that the thrashing up of people at night rather than in the day-time was a "blot on democracy" and that "there was no firing otherwise the eviction was similar to Jallianwala Bagh incident." He further added "strangulation of democracy" would root civil society to launch crusades in the whole country to "teach government a lesson". Civil society leaders, such as Arvind Kejriwal, acknowledged that the use of police on non-violent sleeping marchers was unfair.

August protests

By mid-June, the Jan Lokpal drafting commission was in incongruity and government councils said that if a consent was not reached then two drafts would be sent to the Cabinet, being those of the government and of the civil society representatives. Hazare declared that if the bill of govt. version is to be passed by parliament, he would go on a hunger strike from 16 August 2011. On 15 August, he publicized that the fast would begin on the next day.

The government executed Section 144 at Jayaprakash Narayan Park, Rajghat and Delhi Gate, barring assembly of five or more persons. Hazare was held by Delhi Police in the early morning of 16 August beforehand he could start his hunger strike. More than 1200 protestors, including members of Team Anna, were also taken into custody.

Hazare on 16 August asked administration employees around the nation to go on leave to show unity with the movement. Union Home minister P. Chidambaram expected they would not join, telling the call as "completely wrong." Hazare's close personnel and lawyer Prashant Bhushan advised government employees to join their crusade and take leave for a day and join the demonstrations nearby to them.

Hazare's release

Prime Minister Manmohan Singh seen party General Secretary Rahul Gandhi, who criticized of the arrest, on the evening of 16 August and they concluded to release Hazare. Congress sources acknowledged that

the Govt. decided to let him go and his protestors after coming to the inference that having him in prison would disturb law and order needlessly. Over 1,500 people who had been imprisoned for taking part in protests requesting Hazare's release were also freed. However, Hazare then declined to leave the prison until the government settled to give absolute permission to hold demonstrations at Jai Prakash Narayan National Park.

Hazare agreed to leave after Delhi Police granted him permission to fast for 15 days at Ramlila Maidan, a larger venue than Jai Prakash Narayan National Park. However, he had to spend another night in jail because the venue was not ready. Greeted by crowds, he left jail on 19 August for the 25,000-capacity Ramlila Maidan, where he said that he would not leave until the bill was passed.[98]

Parliamentary debate

A discussion on the Jan Lokpal bill was arranged in Parliament on 27 August 2011. With Hazare saying three principles, (i) citizen charter, (ii) lower bureaucracy to be under Lokpal through a suitable mechanism and (iii) formation of Lok Ayuktas in the states, both houses of Parliament settled to the principles. Hazare declared that he would break his fast on 28 August.

December protests

On 11 December, Hazare sit down on a day-long fast at Jantar Mantar. This protest was in contrast to suggestions of the Parliamentary Standing Committee on the anti-graft measure. This was first time when politician were seen with Hazare, with leaders of the BJP, Communist Party of India (Marxist), Communist Party of India, Janata Dal, Akali Dal, Telugu Desam Party and Biju Janata Dal contributing in the public discussion on the Lokpal bill.

The expected overview of the Lokpal bill in the Lok Sabha did not happen. Instead, the Food Security Bill was first presented and then the process of the Lokpal Bill was delayed by bureaucratic and party-political issues. The Lokpal Bill that had been projected had been castoff by the government, who put onward a revised offer, along with a constitutional bill, in an effort to sort out the matters that were being elevated during the assembly concerning reservation for minorities and other under-represented groups.

Parliament debates

The Lok Sabha discussed the Lokpal Bill on 27 December 2011. The discussion led to the bill being passed to the Rajya Sabha but the new nine-man Lokpal board was not given legitimate status because the government failed to get the required two-thirds mainstream of MPs present.

The Lokpal Bill was shown for review to the Indian President, Pratibha Patil, on 28 December 2011. This is typical operating process for any legislature that will have economic implications. She later gave her agreement for the Bill to be listed in the Rajya Sabha.

2012 and Aftermath

After failing to force government to pass The Lokpal Bill, 2011, there were debate in the Team Anna on joining the politics and later on the Team Anna divided on this issue. Arvind Kejriwal with others formed party of name Aam Aadmi Party (AAP) on 26 November 2012. In 2013, the party made its democratic debut in the 2013 Delhi legislative assembly election held in December 2013. It appeared as the second-largest party, captivating 28 of the 70 seats. With no party gaining an overall majority, the AAP formed a sectional government with provisional support from the Indian National Congress. The AAP failed to pass Jan Lokpal Bill in Delhi assembly and reconciled from the government after rule of 49 days and the President's rule executed in the state for a year.

The Parliament of India enacted The Lokpal and Lokayuktas Act, 2013 few days after the Delhi election in December 2013.

To Do Activity C

India has high rank in terms of corruption index. Do you think that your state, district, locality, society, family, and /or you yourself is free from such practices? As a responsible citizen, list down all the actions that can be identified as a case of corruption. And discuss with your friends in the classroom the strategies to minimise it.

Globalization - Basic Understanding and Contemporary Issues

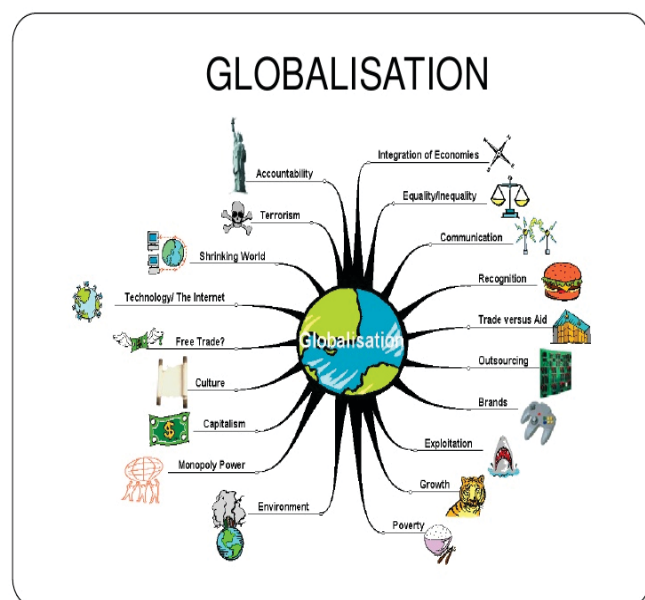
Globalisation:

If environmental change is the key process in the normal world which impacted sustainable development, then globalisation is the cause from human world, which created barriers as well opportunities for the sustainable development.

Globalisation is the continuing process that is connecting people, localities, cities, provinces and countries so much close then they were ever before. Now, this has led to being connected to the peoples across globe via apparels we wear, music we enjoy, information we acquire, ideas we generate and food that we consume.

Now, this global connectedness of humans on earth has given it a title of "Global Village". Here, the barriers of the border be it national or international, is irrelevant and figuratively it can be said smaller space. We now live in a networked era, where we do migration, international tourism, cultural exchange. We acquire international trade, financial flows and trade, media and also human needs in the form of various goods and services. This process is said to be economically driven for the betterment of the mankind.

The Globalisation is not a new process as world



has seen it a long ago, but after the end of world war II, it has gained a momentum at a rapid rate and it is having effect on many individuals, values, governments, growth of economy, human well-being and on atmosphere across the globe. Many of these are very much beneficial, but Jimmy Carter, a former President of the USA, correctly said that not all are getting benefits from the globalisation and many people are missing out:

Globalisation, as defined by rich people like us, is a very nice thing... you are talking about the Internet, you are talking about cell phones, you are talking about computers. This doesn't affect two-thirds of the

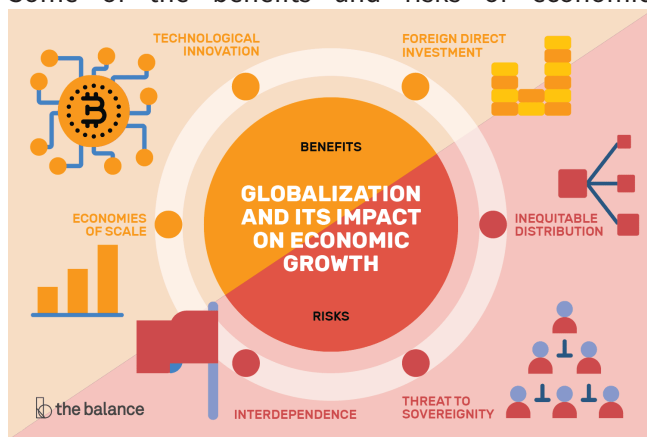
people of the world.

Types of Globalisation

- Economic Globalisation
- Cultural Globalisation
- Political Globalisation

Economic Globalisation: These issues make the improvement of an understanding of globalization, its different coordinated structures, its main thrusts and its effects an imperatively vital instruction objective. Such a comprehension can give youngsters basic experiences into the social, social and political effects of the globalizing effects of financial incorporation and corresponding advancements – just as furnish them with abilities to survey the expenses and advantages in their lives a network and those of individuals in different parts of the world. This gives an imperative moral, just as explanatory, measurement to the investigation of globalization.

Some of the benefits and risks of economic



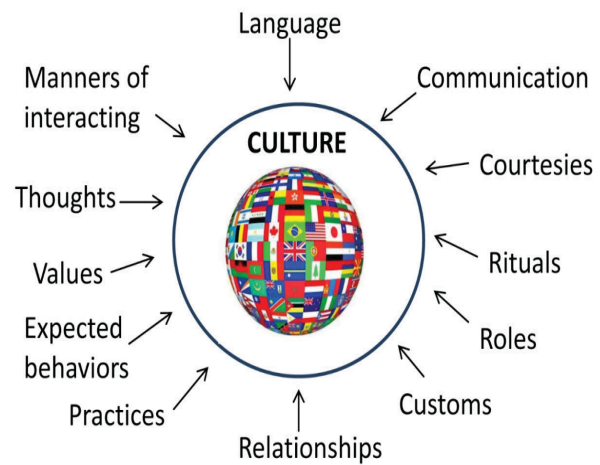
globalization can be as follows:

Benefits	Risks
Foreign Direct Investment:	Interdependence
Technological Innovation	National Sovereignty
Economies of Scale:	Equity Distribution

Cultural Globalisation: Cultural globalization alludes to the transmission of thoughts, implications, and qualities around the globe to broaden and strengthen social relations. This procedure is set apart by the basic utilization of societies that have been diffused by the Internet, mainstream culture media, and worldwide travel. This has added to procedures of product trade and colonization which have a more extended history of bearing social significance the globe. The dissemination of societies empowers

people to share in expanded social relations that cross national and provincial fringes. The creation and extension of such social relations isn't simply seen on a material dimension. Cultural globalization includes the development of imparted standards and learning to which individual's partner their individual and group social characters. It brings expanding interconnectedness among various populaces and societies.

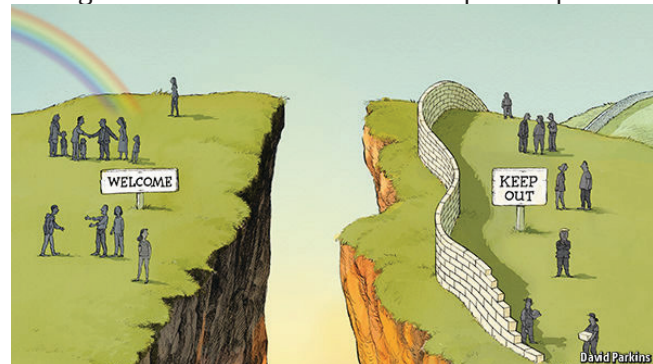
Cross-cultural communication is a field of concentrate



that sees how individuals from contrasting social foundations convey, in comparable and diverse routes among themselves, and how they attempt to impart crosswise over societies. Intercultural communication is a related field of study.

Political Globalization: In general, globalization may eventually decrease the status of nation states. Multinational institutions such as the European Union, the WTO, the G8 or the International Criminal Court swap or extend countrywide functions to enable international treaty. This could eventually lead to a universal union, grounded on the European Union model.

Inter-governmentalism is a concept in political



science with 2 varied meanings. The first denotes it as a concept of local combination formerly

proposed by Stanley Hoffmann; the second meaning says it is harmonised combination of states and the national government. Multi-Level administration is a methodology in political theory and open organization hypothesis that started from concentrates on European incorporation. Multi-Level administration offers articulation to the possibility that there are many associating expert structures at work in the eminent worldwide political economy. It enlightens the private snare between the residential and global dimensions of power.

Globalization and Gender

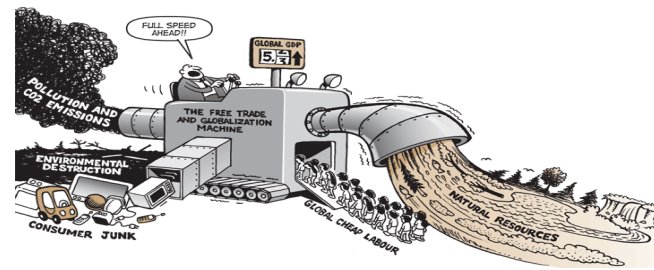
Globalization has been a gendered procedure where Multi-National Companies has outsourced employments to low-wage, lesser skills and quota free economies like Bangladesh, where majority of workforce is of females. Despite a huge extent of ladies' specialists in the article of clothing industry, ladies are still vigorously under employed contrasted with men. Most ladies that are employed in the article of clothing industry originate from the wide open of Bangladesh activating movement of ladies looking for piece of clothing work. It is yet hazy with respect to whether access to paid work for ladies where it didn't exist before has enabled them. The appropriate responses shifted relying upon whether it is the business' point of view or the labourers and how they see their decisions. Ladies specialists did not see the piece of clothing industry as financially manageable for them over the long haul because of extended periods standing and poor working conditions. Even though ladies' specialists showed critical independence over their own lives including their capacity to consult with family, progressively decision in marriage, and being esteemed as a worker in the family. This did not convert into labourers having the capacity to all things considered compose them to arrange a superior arrangement for themselves at work.

Contemporary issues in Globalisation

The process of globalisation has promised a better way of life, and improved standard of living but it also, has negative effects too.

These negative impacts may include the followings:

- Economic Impact
- Political Impact
- Environmental Impact
- Social Impact



- Psychological Impact
- Cultural Impact

Economic Impact: Globalisation does not work for all the nations that it faces and many times it is also possible that desired results are not obtained. And, this led to globalisation being called as an “uneven process” in Africa due to global integration of some groups and therefore it led to prohibitions on the growth of economy.

Political Impact: Globalisation has led to rise of many transnational corporations, and now their power has increased and now these corporations can now compete with some of the nations of globe. When we look at world's largest 100 economies, 42 of them are big corporations. And, these transnational corporations have strong hold over other nations as their future in interlinked with these nations in which they are located in.

Environmental Impacts: The natural resources are getting depleted and they are abusing the nature in many less developed countries where the norms are very much weak for conservation of resources and environment.

Now, as international trade increases, they develop new markets, channels and products to spread invasive species and diseases.

Social Impacts: Globalisation has led to increased growing inequality amongst many nations in Organisation of Economic Cooperation and Development (OECD). Many languages are getting extinct and it is supposed to continue due to globalisation.

It is believed that with increased global freedom of movement, it has increased prejudice within the societies.

Psychological Impacts: The collision of global and local culture has created many hurdles in adapting to it as well as in reconciling them. And, this has led to produce bicultural identities, confusion and self-selected cultures.

Cultural Impacts: Many times, when a western culture is introduced to any developing countries often adolescents are often blamed for adapting to it. As adolescents are most vulnerable and are also ready to adapt to new culture.

Role of Multilateral Agencies In Achieving Sustainable Rural Development

In case of interest in global problems and how those problems are sorted out might lead think about the presence and meaning of multilateral agencies. So: what is a multilateral agency? We have many examples of these agencies be it WHO, UNESCO, WTO etc. Now, when we see the level of work and help, they do, they certainly deserve the recognition and acknowledgement.

Multilateral agencies are formed by three or more nations to work on issues that are relevant to each of them. They ensure input by all in the managing of global matters while ensuring the validity of any relief efforts being applied. Multilateral agencies also effectively deal with problems that are of worldwide significances by minimising the risk of making overly speedy and thoughtless choices in sorting out problems.

Multilateral agencies are able to get money for their projects by receiving capital from multiple governments. Necessities for obtaining a job with a multilateral agency naturally require previous experience as well as specific training in applicable fields such as public health, economics, business or social and behavioural sciences.

Knowing the definition of multilateral agencies leads several to wonder which agencies are multilateral. The United Nations International Children's Education Fund (UNICEF) is one of many multilateral agencies that are widely recognized today. To operate in the estimated 190 nations that UNICEF does, they work together with the United Nations and other United Nations agencies in order to guard the rights of kids everywhere in the world.

There are 34 nationwide committees in nations including Australia, Canada and Italy which aid to improve the well-being of the world's children, execute healthcare projects and provide HIV/AIDS education with UNICEF. Those concerned in becoming a part of UNICEF's relief efforts can donate volunteer, share stories on social media and/or apply for a career with the agency. Few examples of international agencies

will be taken up in the following paragraphs for your knowledge.

Global Organizations

World Trade Organisation:

The WTO is central to achieving the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), which set targets to be achieved by 2030 in areas such as poverty reduction, health, education and the environment. The SDGs put significant emphasis on the role that trade plays in promoting sustainable development and recognize the contribution that the WTO can make to the 2030 Agenda. All the trade related agreements under the WTO are now treated the SDGs as an important piece of document for streamlining all the initiatives of WTO now.

International Monetary Fund

According to International Monetary Fund, the IMF is committed, within the scope of its mandate, to the global partnership for sustainable development. The IMF has launched a number of [initiatives](#) to enhance its support for its member countries in crucial ways as they pursue the SDGs. Specifically, the IMF:

- has expanded financial support for low-income developing countries, including: (i) a 50 percent increase in access norms and limits for all IMF concessional financing; (ii) zero percent interest rate on a permanent basis for IMF lending under the [Rapid Credit Facility](#), (ii) an increase in access limits under the emergency financing instruments for countries hit by large natural disasters; and (iv) an extension of the zero percent interest rate to all other IMF concessional loans until at least end 2018;
- is scaling up support for developing countries to boost domestic revenue mobilization, including by collaborating with other international organizations through the new [Platform for Collaboration on Tax](#). The IMF provides technical assistance on tax policy and administration to over 100 countries every year and is scaling up its support for developing countries, including, where needed, the coverage of international tax issues;
- is providing support—through an [Infrastructure Policy Support Initiative](#)—to member countries seeking to increase public investment in

infrastructure. The initiative seeks to deepen the IMF's macroeconomic policy advice and capacity building work to help countries tackle large infrastructure gaps without endangering public debt sustainability. Several such pilot programs are underway in a number of member countries. Moreover, the IMF's new debt limits policy adds flexibility to manage financing needs to support growth and investment while maintaining prudent debt levels. The IMF is also reforming the debt sustainability framework for low-income developing countries to better guide countries' borrowing decisions and maintain public debt on a sustainable path;

- is bolstering its support to fragile and conflict states to address their specific challenges and wide and persistent capacity building needs, including through the new Capacity Building Framework, which seeks to support institution building goals, strengthen outcome monitoring, and enhance coordination with other partners; and
- is deepening policy advice on aspects of inclusion and environmental sustainability and bringing this advice to its operational work where relevant.

To deepen IMF engagement with its member countries on key SDGs, the IMF is weaving lessons from policy-oriented research on a number of development issues into its operational work in a targeted manner. These include:

- the role of diversification and structural transformation in sustained growth in developing countries—and the policies needed to support this change. Key policies include those to strengthen infrastructure in a cost-effective manner, support financial deepening, and boost agricultural productivity;
- tackling income and gender inequality and promoting economic and financial inclusion by promoting job creation, enhancing the redistributive role of fiscal policy in an efficient manner, and boosting access to financial services while preserving financial stability; and
- promoting environmental sustainability by reforming energy and enhancing resilience to climate-related events.

World Bank Group: Founded in 1944, the World Bank Group consists of five closely associated institutions. Our mission is to fight poverty for lasting results and to help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors.

Besides, the above global and multinational level organisations, large number of other organisations have also been playing major role in the building sustainable developments for the entire globe. Few such organisations are highlighted for your knowledge.

European Union (EU): The European Union is more formally known as the European Community. The member nations have extended their cooperation into areas of agriculture, fisheries, science and technology, energy, industry, transportation, education, culture, broadcasting, social policy, consumer protection, the environment, finance, and foreign policy.

Greenpeace International: Greenpeace is a public interest group founded in 1971 to contribute to a world where people live peacefully in ways that allow the natural environment to sustain itself. It seeks to end nuclear testing, halt and reserve the destruction of the biosphere, and international trade in toxic wastes, promote arms control and disarmament, promote use of alternative and renewable energy sources, and promote the protection marine animals and habitat.

International Finance Corporation (IFC): The International Finance Corporation (IFC), a member of the World Bank Group, shares the primary objective of all Bank Group institutions: to improve the quality of the lives of people in its developing member countries.

International Renewable Energy Agency (IRENA): The International Renewable Energy Agency (IRENA) is an intergovernmental organization that supports countries in their transition to a sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy. IRENA promotes the widespread adoption and sustainable use of all forms of renewable energy, including bioenergy, geothermal, hydropower, ocean, solar and wind energy in the pursuit of sustainable development.

Organization for Economic Cooperation and Development (OECD): A 24-member international organization for coordinating the economic and social policies of its industrialized members. It was founded in 1961 to replace the Organization for European Economic Cooperation, which was set up under the Marshall Plan.

Organization of the Petroleum Exporting Countries (OPEC): The Organization has 11 members and was established in 1960 to coordinate and unify members' petroleum policies, and to safeguard their interests individually and collectively.

United Nations Educational, Scientific, and Cultural organization (UNESCO): The organization was founded in 1946. It is a UN specialized agency with 166 member nations that promotes international collaboration in the spreading of knowledge, as well as cultural, educational, and scientific exchanges with the goal of encouraging peace and common welfare.

Asian Development Bank: ADB is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. Established in 1966, we are now owned by 59 members, mostly from the region.

Asia-Pacific Economic Cooperation (APEC): Asia-Pacific Economic Cooperation (APEC) was established in 1989 in response to the growing interdependence among Asia-Pacific economies. Begun as an informal dialogue group, APEC has since become the primary regional vehicle for promoting open trade and practical economic cooperation. Its goal is to advance Asia-Pacific economic dynamism and sense of community.

Association of Southeast Asian Networks (ASEAN): The Energy Ministers of the ASEAN Member States acknowledged that the development of energy infrastructure, diversification of energy supply, improvement in energy efficiency and the utilization of new and renewable energy technologies would greatly contribute to the region's energy security.

South Asian Association for Regional Cooperation (SAARC): The South Asian Association for Regional Cooperation (SAARC) was established when its Charter was formally adopted on December 8, 1985 by the Heads of State or Government of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. SAARC provides a platform for the peoples of

South Asia to work together in a spirit of friendship, trust and understanding. It aims to accelerate the process of economic and social development in Member States.

Abu Dhabi Fund for Development (ADFD): The main objective of the Abu Dhabi Fund for Development (ADFD) is to provide assistance to Arab, African and Asian countries for the development of their economies by promoting development projects through loans, equity participation or guarantees. The operations of the Abu Dhabi Fund began in 1974.

African Development Bank Group: The African Development Bank is the premier financial development institution of Africa, dedicated to combating poverty and improving the lives of people of the continent and engaged in the task of mobilising resources towards the economic and social progress of its Regional Member Countries.

Environmental Law Institute - Africa Program: Over the last two years, the Environmental Law Institute has developed its Africa Program to promote environmental law, policy, and management in Africa. Partnering with activist African NGOs, ELI drafts and advances pragmatic and effective environmental laws and policies, analyzes and identifies options to improve the implementation of existing environmental law, and builds the capacity of local institutions and citizens in Africa to carry out these tasks independently. In addition to strengthening environmental laws, ELI and its partners empower civil society to address environmental needs by undertaking projects in rule of law, transparency, public participation, and access to justice.

To Do Activity D

Identify actual organisations that you find in your surrounding which are actually working towards sustainable development.

Find out their understanding of what sustainable development is?

Also compare those understanding with the actual meaning that you have found out from the course book.

Summary

The discussion on civil society and sustainable development holds promise for development of the nation in a right direction. It has identified few

key areas viz, meaning of civil society, the Gandhian philosophy of sustainable economic development, the roles great individuals play towards making the nation sustainably growing with least possible ways of misusing rights and duties. But the linking of civil society organisations, the Gandhian philosophy of economic ideas, and issues of corruption and finally the sustainability issues are quite a disconnect from the overall perspective of the functioning of state and roles each section plays on achieving the SDGs. But, the block provides an overall understanding of all these actors in a nation while maintaining the focus on sustainable development.

Model Questions

- Describe in your own way the Gandhian economic thought from the perspectives of sustainable development.
- What roles can civil society play for building SDGs?
- What are the negative impacts of globalisation in our society? Explain it in your own way.
- How would you like to describe the corruption crusade of Anna Hazare in India?

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Chapter 5 – Sustainable Development Goals

Objectives

After studying this block you will be able to understand the following few areas:

- The idea of Sustainable Development Goals
- The indicators of sustainable development goals
- The Non-Governmental Organisations
- Issues related to global partnership for achieving sustainable development goals

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call for action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. The Agenda 2030 of the United Nations and the Sustainable Development Goals (SDGs) embody the strategic vision and long term aspirations of the world for future development. The implementation of these 17 SDGs requires actions at the local, state, regional, and global levels.

These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another. However, there are many challenges that require active and strong cooperation of the countries, the governments, the civil society, NGOs, and individuals at large. Block-5 confines in addressing all these basic areas.

Definition and Meaning

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015. The SDGs are part of Resolution 70/1 of the United Nations General Assembly: “Transforming our World: the 2030 Agenda for Sustainable Development”. That has been shortened to “2030 Agenda”. The goals are broad and interdependent, yet each has a separate list of targets to achieve. Achieving all 169 targets would signal accomplishing all 17 goals. The SDGs cover social and economic development issues including poverty, hunger, health, education, global warming, gender

equality, water, sanitation, energy, urbanization, environment and social justice.

Paragraph 54 of the United Nations General Assembly Resolution A/RES/70/1 of 25 September 2015 contains the goals and targets. The UN-led process involved its 193 Member States and global civil society. The resolution is a broad intergovernmental agreement that acts as the Post-2015 Development Agenda. The SDGs build on the principles agreed upon in Resolution A/RES/66/288, entitled “The Future We Want”. This was a non-binding document released as a result of Rio+20 Conference held in 2012.

Implementation as of 2016 is described as “Localizing the SDGs” to highlight the role of local institutions and local actors. Regional efforts included agreements like the Baltic 2030 Action Plan. Some remain pessimistic about the potential for achieving the SDGs, especially because of estimates of the cost of achieving all 17. However, progress had been reported by 2018. For example, fewer African children under the age of 5 are suffering from stunting and wasting. However, the same study concluded that it is unlikely there will be an end to malnutrition by 2030.

There are 169 targets for the 17 goals. Each target has between 1 and 3 indicators used to measure progress toward reaching the targets. In total, there are 232 approved indicators that will measure compliance. The United Nations Development Programme has been asked to provide easy to understand lists of targets and facts and figures for each of the 17 SDGs. The 17 goals listed below as sub-headings use the 2-to-4-word phrases that identify each goal. Directly below each goal, in quotation marks, is the exact wording of the goal in one sentence.

Goal 1- No poverty: “End poverty in all its forms everywhere.”

Goal 2- Zero hunger: “End hunger, achieve food security and improved nutrition, and promote sustainable agriculture”.

Goal 3- Good health and well-being for people: Significant strides have been made in increasing life expectancy and reducing some of the common killers associated with child and maternal mortality.

Goal 4- Quality education: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”

Goal 5- Gender equality: “Achieve gender equality and empower all women and girls.”

Goal- 6: Clean water and sanitation. “Ensure availability and sustainable management of water and sanitation for all.”

Goal-7: Affordable and clean energy. “Ensure access to affordable, reliable, sustainable and modern energy for all.”

Goal-8: Decent work and economic growth. “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

Goal-9: Industry, Innovation, and Infrastructure. “Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation”.

Goal- 10: Reducing inequalities. “Reduce income inequality within and among countries.”

Goal- 11: Sustainable cities and communities. “Make cities and human settlements inclusive, safe, resilient, and sustainable.”

Goal - 12: Responsible consumption and production. “Ensure sustainable consumption and production patterns.”

Goal 13: Climate action. Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.”

Goal 14: Life below water. “Conserve and sustainably use the oceans, seas and marine resources for sustainable development.”

Goal -15: Life on land. “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.”

Goal- 16: Peace, justice and strong institutions. “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.”

Goal 17: Partnerships for the goals. “Strengthen the means of implementation and revitalize the global

partnership for sustainable development.”

Thus, the SDGs have emerged since 2016 as an important political, economic, social, and environmental strategy for each countries of the world for their long term and sustainable development. Figure 5.1 indicates the Goals in the pictorial form for your better understanding.



Figure: 5.1 Sustainable Development Targets

www.researchgate.net

Indicators of Sustainable Development Goals

Sustainable Development Goal indicators should be disaggregated, where relevant, by income, sex, age, race, ethnicity, migratory status, disability and geographic location, or other characteristics, in accordance with the Fundamental Principles of Official Statistics



Figure 5.2: Target Areas, and Goals of SDGs

Source: www.oxfamblogs.org

Goal 1. End poverty in all its forms everywhere

- Target 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
 - Indicator 1.1.1: Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)
- Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
 - Indicator 1.2.1: Proportion of population living below the national poverty line, by sex and age
 - Indicator 1.2.2: Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- Target 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
 - Indicator 1.3.1: Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable
- Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
 - Indicator 1.4.1: Proportion of population living in households with access to basic services
 - Indicator 1.4.2: Proportion of total adult population with secure tenure rights to land, with legally recognized documentation and who perceive their rights to land as secure, by sex and by type of tenure
- Target 1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability

to climate-related extreme events and other economic, social and environmental shocks and disasters

- Indicator 1.5.1: Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population
 - Indicator 1.5.2: Direct economic loss attributed to disasters in relation to global gross domestic product (GDP)
 - Indicator 1.5.3: Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030
 - Indicator 1.5.4: Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies
- Target 1.a: Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions
 - Indicator 1.a.1: Proportion of domestically generated resources allocated by the government directly to poverty reduction programmes
 - Indicator 1.a.2: Proportion of total government spending on essential services (education, health and social protection)
 - Indicator 1.a.3: Sum of total grants and non-debt-creating inflows directly allocated to poverty reduction programmes as a proportion of GDP
 - Target 1.b: Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions
 - Indicator 1.b.1: Proportion of government recurrent and capital spending to sectors that disproportionately benefit women, the poor and vulnerable groups
 -

Goal-2 End hunger, achieve food security and improved nutrition and promote sustainable

agriculture

- Target 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
 - Indicator 2.1.1: Prevalence of undernourishment
 - Indicator 2.1.2: Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES)
- Target 2.2: By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons
 - Indicator 2.2.1: Prevalence of stunting (height for age <-2 standard deviation from the median of the World Health Organization (WHO) Child Growth Standards) among children under 5 years of age
 - Indicator 2.2.2: Prevalence of malnutrition (weight for height $>+2$ or <-2 standard deviation from the median of the WHO Child Growth Standards) among children under 5 years of age, by type (wasting and overweight)
- Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
 - Indicator 2.3.1: Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size
 - Indicator 2.3.2: Average income of small-scale food producers, by sex and indigenous status
- Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
 - Indicator 2.4.1: Proportion of agricultural area under productive and sustainable agriculture
- Target 2.5: By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed
 - Indicator 2.5.1: Number of plant and animal genetic resources for food and agriculture secured in either medium or long-term conservation facilities
 - Indicator 2.5.2: Proportion of local breeds classified as being at risk, not-at-risk or at unknown level of risk of extinction
- Target 2.a: Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries
 - Indicator 2.a.1: The agriculture orientation index for government expenditures
 - Indicator 2.a.2: Total official flows (official development assistance plus other official flows) to the agriculture sector
- Target 2.b: Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round
 - Indicator 2.b.1: Agricultural export subsidies
- Target 2.c: Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme

food price volatility

- Indicator 2.c.1: Indicator of food price anomalies

Goal 3. Ensure healthy lives and promote well-being for all at all ages

- Target 3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
 - Indicator 3.1.1: Maternal mortality ratio
 - Indicator 3.1.2: Proportion of births attended by skilled health personnel
- Target 3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births
 - Indicator 3.2.1: Under-five mortality rate
 - Indicator 3.2.2: Neonatal mortality rate
- Target 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
 - Indicator 3.3.1: Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations
 - Indicator 3.3.2: Tuberculosis incidence per 100,000 population
 - Indicator 3.3.3: Malaria incidence per 1,000 population
 - Indicator 3.3.4: Hepatitis B incidence per 100,000 population
 - Indicator 3.3.5: Number of people requiring interventions against neglected tropical diseases
- Target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
 - Indicator 3.4.1: Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease
 - Indicator 3.4.2: Suicide mortality rate
- Target 3.5: Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
 - Indicator 3.5.1: Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services) for substance use disorders
 - Indicator 3.5.2: Harmful use of alcohol, defined according to the national context as alcohol per capita consumption (aged 15 years and older) within a calendar year in litres of pure alcohol
- Target 3.6: By 2020, halve the number of global deaths and injuries from road traffic accidents
 - Indicator 3.6.1: Death rate due to road traffic injuries
- Target 3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes
 - Indicator 3.7.1: Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods
 - Indicator 3.7.2: Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group
- Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
 - Indicator 3.8.1: Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population)
 - Indicator 3.8.2: Proportion of population with large household expenditures on health as a share of total household expenditure or income
- Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
 - Indicator 3.9.1: Mortality rate attributed to household and ambient air pollution
 - Indicator 3.9.2: Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)
 - Indicator 3.9.3: Mortality rate attributed to unintentional poisoning

- Target 3.a: Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate
 - Indicator 3.a.1: Age-standardized prevalence of current tobacco use among persons aged 15 years and older
- Target 3.b: Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all
 - Indicator 3.b.1: Proportion of the target population covered by all vaccines included in their national programme
 - Indicator 3.b.2: Total net official development assistance to medical research and basic health sectors
 - Indicator 3.b.3: Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis
- Target 3.c: Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States
 - Indicator 3.c.1: Health worker density and distribution
- Target 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks
 - Indicator 3.d.1: International Health Regulations (IHR) capacity and health emergency preparedness

opportunities for all

- Target 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
 - Indicator 4.1.1: Proportion of children and young people: (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex
- Target 4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
 - Indicator 4.2.1: Proportion of children under 5 years of age who are developmentally on track in health, learning and psychosocial well-being, by sex
 - Indicator 4.2.2: Participation rate in organized learning (one year before the official primary entry age), by sex
- Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
 - Indicator 4.3.1: Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex
- Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
 - Indicator 4.4.1: Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill
- Target 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
 - Indicator 4.5.1: Parity indices (female/male, rural/urban, bottom/top wealth quintile and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning

- disaggregated
- Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
 - Indicator 4.6.1: Proportion of population in a given age group achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex
- Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development
 - Indicator 4.7.1: Extent to which (i) global citizenship education and (ii) education for sustainable development, including gender equality and human rights, are mainstreamed at all levels in: (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment
- Target 4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
 - Indicator 4.a.1: Proportion of schools with access to: (a) electricity; (b) the Internet for pedagogical purposes; (c) computers for pedagogical purposes; (d) adapted infrastructure and materials for students with disabilities; (e) basic drinking water; (f) single-sex basic sanitation facilities; and (g) basic handwashing facilities (as per the WASH indicator definitions)
- Target 4.b: By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
 - Indicator 4.b.1: Volume of official development assistance flows for scholarships by sector and type of study

- Target 4.c: By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States
 - Indicator 4.c.1: Proportion of teachers in: (a) pre-primary; (b) primary; (c) lower secondary; and (d) upper secondary education who have received at least the minimum organized teacher training (e.g. pedagogical training) pre-service or in-service required for teaching at the relevant level in a given country

Goal 5. Achieve gender equality and empower all women and girls

- Target 5.1: End all forms of discrimination against all women and girls everywhere
 - Indicator 5.1.1: Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex
- Target 5.2: Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
 - Indicator 5.2.1: Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner in the previous 12 months, by form of violence and by age
 - Indicator 5.2.2: Proportion of women and girls aged 15 years and older subjected to sexual violence by persons other than an intimate partner in the previous 12 months, by age and place of occurrence
- Target 5.3: Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation
 - Indicator 5.3.1: Proportion of women aged 20-24 years who were married or in a union before age 15 and before age 18
 - Indicator 5.3.2: Proportion of girls and women aged 15-49 years who have undergone female genital mutilation/cutting, by age
- Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of

- shared responsibility within the household and the family as nationally appropriate
- Indicator 5.4.1: Proportion of time spent on unpaid domestic and care work, by sex, age and location
 - Target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
 - Indicator 5.5.1: Proportion of seats held by women in (a) national parliaments and (b) local governments
 - Indicator 5.5.2: Proportion of women in managerial positions
 - Target 5.6: Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences
 - Indicator 5.6.1: Proportion of women aged 15-49 years who make their own informed decisions regarding sexual relations, contraceptive use and reproductive health care
 - Indicator 5.6.2: Number of countries with laws and regulations that guarantee full and equal access to women and men aged 15 years and older to sexual and reproductive health care, information and education
 - Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
 - Indicator 5.a.1: (a) Proportion of total agricultural population with ownership or secure rights over agricultural land, by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure
 - Indicator 5.a.2: Proportion of countries where the legal framework (including customary law) guarantees women’s equal rights to land ownership and/or control
 - Target 5.b: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women
 - Indicator 5.b.1: Proportion of individuals who own a mobile telephone, by sex
 - Target 5.c: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels
 - Indicator 5.c.1: Proportion of countries with systems to track and make public allocations for gender equality and women’s empowerment
- Goal 6. Ensure availability and sustainable management of water and sanitation for all**
- Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all
 - Indicator 6.1.1: Proportion of population using safely managed drinking water services
 - Target 6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
 - Indicator 6.2.1: Proportion of population using safely managed sanitation services, including a hand-washing facility with soap and water
 - Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
 - Indicator 6.3.1: Proportion of wastewater safely treated
 - Indicator 6.3.2: Proportion of bodies of water with good ambient water quality
 - Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
 - Indicator 6.4.1: Change in water-use efficiency over time
 - Indicator 6.4.2: Level of water stress: freshwater withdrawal as a proportion of available freshwater resource
 - Target 6.5: By 2030, implement integrated water resources management at all levels, including through transboundary cooperation

- as appropriate
 - Indicator 6.5.1: Degree of integrated water resources management implementation (0-100)
 - Indicator 6.5.2: Proportion of transboundary basin area with an operational arrangement for water cooperation
- Target 6.6: By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
 - Indicator 6.6.1: Change in the extent of water-related ecosystems over time
- Target 6.a: By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies
 - Indicator 6.a.1: Amount of water- and sanitation-related official development assistance that is part of a government-coordinated spending plan
- Target 6.b: Support and strengthen the participation of local communities in improving water and sanitation management
 - Indicator 6.b.1: Proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

- Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services
 - Indicator 7.1.1: Proportion of population with access to electricity
 - Indicator 7.1.2: Proportion of population with primary reliance on clean fuels and technology
- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix
 - Indicator 7.2.1: Renewable energy share in the total final energy consumption
- Target 7.3: By 2030, double the global rate of improvement in energy efficiency
 - Indicator 7.3.1: Energy intensity measured in terms of primary energy and GDP
- Target 7.a: By 2030, enhance international

cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

- Indicator 7.a.1: International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems
- Target 7.b: By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support
 - Indicator 7.b.1: Investments in energy efficiency as a proportion of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
 - Indicator 8.1.1: Annual growth rate of real GDP per capita
- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
 - Indicator 8.2.1: Annual growth rate of real GDP per employed person
- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
 - Indicator 8.3.1: Proportion of informal

- employment in non-agriculture employment, by sex
- Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead
 - Indicator 8.4.1: Material footprint, material footprint per capita, and material footprint per GDP
 - Indicator 8.4.2: Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP
 - Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
 - Indicator 8.5.1: Average hourly earnings of female and male employees, by occupation, age and persons with disabilities
 - Indicator 8.5.2: Unemployment rate, by sex, age and persons with disabilities
 - Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training
 - Indicator 8.6.1: Proportion of youth (aged 15-24 years) not in education, employment or training
 - Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
 - Indicator 8.7.1: Proportion and number of children aged 5-17 years engaged in child labour, by sex and age
 - Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
 - Indicator 8.8.1: Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status
 - Indicator 8.8.2: Level of national compliance of labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status
 - Target 8.9: By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
 - Indicator 8.9.1: Tourism direct GDP as a proportion of total GDP and in growth rate
 - Indicator 8.9.2: Proportion of jobs in sustainable tourism industries out of total tourism jobs
 - Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
 - Indicator 8.10.1: (a) Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults
 - Indicator 8.10.2: Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider
 - Target 8.a: Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries
 - Indicator 8.a.1: Aid for Trade commitments and disbursements
 - Target 8.b: By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization
 - Indicator 8.b.1: Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

- Indicator 9.1.1: Proportion of the rural population who live within 2 km of an all-season road
 - Indicator 9.1.2: Passenger and freight volumes, by mode of transport
 - Target 9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries
 - Indicator 9.2.1: Manufacturing value added as a proportion of GDP and per capita
 - Indicator 9.2.2: Manufacturing employment as a proportion of total employment
 - Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
 - Indicator 9.3.1: Proportion of small-scale industries in total industry value added
 - Indicator 9.3.2: Proportion of small-scale industries with a loan or line of credit
 - Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
 - Indicator 9.4.1: CO2 emission per unit of value added
 - Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending
 - Indicator 9.5.1: Research and development expenditure as a proportion of GDP
 - Indicator 9.5.2: Researchers (in full-time equivalent) per million inhabitants
 - Target 9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States
 - Indicator 9.a.1: Total official international support (official development assistance plus other official flows) to infrastructure
 - Target 9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities
 - Indicator 9.b.1: Proportion of medium and high-tech industry value added in total value added
 - Target 9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
 - Indicator 9.c.1: Proportion of population covered by a mobile network, by technology
- Goal 10. Reduce inequality within and among countries**
- Target 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
 - Indicator 10.1.1: Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population
 - Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
 - Indicator 10.2.1: Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities
 - Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
 - Indicator 10.3.1: Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law
 - Target 10.4: Adopt policies, especially fiscal,

- wage and social protection policies, and progressively achieve greater equality
- Indicator 10.4.1: Labour share of GDP, comprising wages and social protection transfers
 - Target 10.5: Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations
 - Indicator 10.5.1: Financial Soundness Indicators
 - Target 10.6: Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions
 - Indicator 10.6.1: Proportion of members and voting rights of developing countries in international organizations
 - Target 10.7: Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies
 - Indicator 10.7.1: Recruitment cost borne by employee as a proportion of yearly income earned in country of destination
 - Indicator 10.7.2: Number of countries that have implemented well-managed migration policies
 - Target 10.a: Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements
 - Indicator 10.a.1: Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff
 - Target 10.b: Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes
 - Indicator 10.b.1: Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)
 - Target 10.c: By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent
 - Indicator 10.c.1: Remittance costs as a proportion of the amount remitted
- Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable**
- Target 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
 - Indicator 11.1.1: Proportion of urban population living in slums, informal settlements or inadequate housing
 - Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
 - Indicator 11.2.1: Proportion of population that has convenient access to public transport, by sex, age and persons with disabilities
 - Target 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
 - Indicator 11.3.1: Ratio of land consumption rate to population growth rate
 - Indicator 11.3.2: Proportion of cities with a direct participation structure of civil society in urban planning and management that operate regularly and democratically
 - Target 11.4: Strengthen efforts to protect and safeguard the world's cultural and natural heritage
 - Indicator 11.4.1: Total expenditure (public and private) per capita spent on the preservation, protection and conservation of all cultural and natural heritage, by type of heritage (cultural, natural, mixed and World Heritage Centre designation), level of government (national, regional and local/municipal), type of expenditure (operating expenditure/investment) and type of private funding (donations in kind, private non-profit sector and sponsorship)
 - Target 11.5: By 2030, significantly reduce

- the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- Indicator 11.5.1: Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population
 - Indicator 11.5.2: Direct economic loss in relation to global GDP, damage to critical infrastructure and number of disruptions to basic services, attributed to disasters
 - Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
 - Indicator 11.6.1: Proportion of urban solid waste regularly collected and with adequate final discharge out of total urban solid waste generated, by cities
 - Indicator 11.6.2: Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted)
 - Target 11.7: By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
 - Indicator 11.7.1: Average share of the built-up area of cities that is open space for public use for all, by sex, age and persons with disabilities
 - Indicator 11.7.2: Proportion of persons victim of physical or sexual harassment, by sex, age, disability status and place of occurrence, in the previous 12 months
 - Target 11.a: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning
 - Indicator 11.a.1: Proportion of population living in cities that implement urban and regional development plans integrating population projections and resource needs, by size of city
 - Target 11.b: By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels
 - Indicator 11.b.1: Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030
 - Indicator 11.b.2: Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies
 - Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials
 - Indicator 11.c.1: Proportion of financial support to the least developed countries that is allocated to the construction and retrofitting of sustainable, resilient and resource-efficient buildings utilizing local materials
- Goal 12. Ensure sustainable consumption and production patterns**
- Target 12.1: Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries
 - Indicator 12.1.1: Number of countries with sustainable consumption and production (SCP) national action plans or SCP mainstreamed as a priority or a target into national policies
 - Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources
 - Indicator 12.2.1: Material footprint, material footprint per capita, and material footprint per GDP
 - Indicator 12.2.2: Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP
 - Target 12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and

- supply chains, including post-harvest losses
 - Indicator 12.3.1: Global food loss index
- Target 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
 - Indicator 12.4.1: Number of parties to international multilateral environmental agreements on hazardous waste, and other chemicals that meet their commitments and obligations in transmitting information as required by each relevant agreement
 - Indicator 12.4.2: Hazardous waste generated per capita and proportion of hazardous waste treated, by type of treatment
- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
 - Indicator 12.5.1: National recycling rate, tons of material recycled
- Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
 - Indicator 12.6.1: Number of companies publishing sustainability reports
- Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities
 - Indicator 12.7.1: Number of countries implementing sustainable public procurement policies and action plans
- Target 12.8: By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
 - Indicator 12.8.1: Extent to which (i) global citizenship education and (ii) education for sustainable development (including climate change education) are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment
- Target 12.a: Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable

- patterns of consumption and production
 - Indicator 12.a.1: Amount of support to developing countries on research and development for sustainable consumption and production and environmentally sound technologies
- Target 12.b: Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products
 - Indicator 12.b.1: Number of sustainable tourism strategies or policies and implemented action plans with agreed monitoring and evaluation tools
- Target 12.c: Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities
 - Indicator 12.c.1: Amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total national expenditure on fossil fuels

Goal 13. Take urgent action to combat climate change and its impacts

- Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
 - Indicator 13.1.1: Number of deaths, missing persons and directly affected persons attributed to disasters per 100,000 population
 - Indicator 13.1.2: Number of countries that adopt and implement national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015-2030
 - Indicator 13.1.3: Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies
- Target 13.2: Integrate climate change measures into national policies, strategies and planning

- Indicator 13.2.1: Number of countries that have communicated the establishment or operationalization of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production (including a national adaptation plan, nationally determined contribution, national communication, biennial update report or other)
- Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
 - Indicator 13.3.1: Number of countries that have integrated mitigation, adaptation, impact reduction and early warning into primary, secondary and tertiary curricula
 - Indicator 13.3.2: Number of countries that have communicated the strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions
- Target 13.a: Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible
 - Indicator 13.a.1: Mobilized amount of United States dollars per year between 2020 and 2025 accountable towards the \$100 billion commitment
- Target 13.b: Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities
 - Indicator 13.b.1: Number of least developed countries and small island developing States that are receiving specialized support, and amount of support, including

finance, technology and capacity-building, for mechanisms for raising capacities for effective climate change-related planning and management, including focusing on women, youth and local and marginalized communities

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- Target 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
 - Indicator 14.1.1: Index of coastal eutrophication and floating plastic debris density
- Target 14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
 - Indicator 14.2.1: Proportion of national exclusive economic zones managed using ecosystem-based approaches
- Target 14.3: Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels
 - Indicator 14.3.1: Average marine acidity (pH) measured at agreed suite of representative sampling stations
- Target 14.4: By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics
 - Indicator 14.4.1: Proportion of fish stocks within biologically sustainable levels
- Target 14.5: By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information
 - Indicator 14.5.1: Coverage of protected areas in relation to marine areas
- Target 14.6: By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate

- subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation [c]
- Indicator 14.6.1: Progress by countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing
 - Target 14.7: By 2030, increase the economic benefits to small island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism
 - Indicator 14.7.1: Sustainable fisheries as a proportion of GDP in small island developing States, least developed countries and all countries
 - Target 14.a: Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries
 - Indicator 14.a.1: Proportion of total research budget allocated to research in the field of marine technology
 - Target 14.b: Provide access for small-scale artisanal fishers to marine resources and markets
 - Indicator 14.b.1: Progress by countries in the degree of application of a legal/regulatory/policy/institutional framework which recognizes and protects access rights for small-scale fisheries
 - Target 14.c: Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in the United Nations Convention on the Law of the Sea, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of “The future we want”
 - Indicator 14.c.1: Number of countries making progress in ratifying, accepting and implementing through legal, policy and institutional frameworks, ocean-related instruments that implement international law, as reflected in the United Nations Convention on the Law of the Sea, for the conservation and sustainable use of the oceans and their resources
- Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**
- Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
 - Indicator 15.1.1: Forest area as a proportion of total land area
 - Indicator 15.1.2: Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, by ecosystem type
 - Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
 - Indicator 15.2.1: Progress towards sustainable forest management
 - Target 15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world
 - Indicator 15.3.1: Proportion of land that is degraded over total land area
 - Target 15.4: By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development
 - Indicator 15.4.1: Coverage by protected areas of important sites for mountain biodiversity
 - Indicator 15.4.2: Mountain Green Cover Index
 - Target 15.5: Take urgent and significant

action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

- Indicator 15.5.1: Red List Index
- Target 15.6: Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed
 - Indicator 15.6.1: Number of countries that have adopted legislative, administrative and policy frameworks to ensure fair and equitable sharing of benefits
- Target 15.7: Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products
 - Indicator 15.7.1: Proportion of traded wildlife that was poached or illicitly trafficked
- Target 15.8: By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species
 - Indicator 15.8.1: Proportion of countries adopting relevant national legislation and adequately resourcing the prevention or control of invasive alien species
- Target 15.9: By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts
 - Indicator 15.9.1: Progress towards national targets established in accordance with Aichi Biodiversity Target 2 of the Strategic Plan for Biodiversity 2011-2020
- Target 15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
 - Indicator 15.a.1: Official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems
- Target 15.b: Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for

conservation and reforestation

- Indicator 15.b.1: Official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems
- Target 15.c: Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities
 - Indicator 15.c.1: Proportion of traded wildlife that was poached or illicitly trafficked

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- Target 16.1: Significantly reduce all forms of violence and related death rates everywhere
 - Indicator 16.1.1: Number of victims of intentional homicide per 100,000 population, by sex and age
 - Indicator 16.1.2: Conflict-related deaths per 100,000 population, by sex, age and cause
 - Indicator 16.1.3: Proportion of population subjected to physical, psychological or sexual violence in the previous 12 months
 - Indicator 16.1.4: Proportion of population that feel safe walking alone around the area they live
- Target 16.2: End abuse, exploitation, trafficking and all forms of violence against and torture of children
 - Indicator 16.2.1: Proportion of children aged 1-17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month
 - Indicator 16.2.2: Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation
 - Indicator 16.2.3: Proportion of young women and men aged 18-29 years who experienced sexual violence by age 18
- Target 16.3: Promote the rule of law at the national and international levels and ensure equal access to justice for all
 - Indicator 16.3.1: Proportion of victims of violence in the previous 12 months who reported their victimization to competent authorities or other officially recognized

- conflict resolution mechanisms
 - Indicator 16.3.2: Unsented detainees as a proportion of overall prison population
- Target 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
 - Indicator 16.4.1: Total value of inward and outward illicit financial flows (in current United States dollars)
 - Indicator 16.4.2: Proportion of seized, found or surrendered arms whose illicit origin or context has been traced or established by a competent authority in line with international instruments
- Target 16.5: Substantially reduce corruption and bribery in all their forms
 - Indicator 16.5.1: Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months
 - Indicator 16.5.2: Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months
- Target 16.6: Develop effective, accountable and transparent institutions at all levels
 - Indicator 16.6.1: Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)
 - Indicator 16.6.2: Proportion of population satisfied with their last experience of public services
- Target 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels
 - Indicator 16.7.1: Proportions of positions (by sex, age, persons with disabilities and population groups) in public institutions (national and local legislatures, public service, and judiciary) compared to national distributions
 - Indicator 16.7.2: Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group
- Target 16.8: Broaden and strengthen the participation of developing countries in the institutions of global governance
 - Indicator 16.8.1: Proportion of members and voting rights of developing countries in international organizations
- Target 16.9: By 2030, provide legal identity for all, including birth registration
 - Indicator 16.9.1: Proportion of children under 5 years of age whose births have been registered with a civil authority, by age
- Target 16.10: Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
 - Indicator 16.10.1: Number of verified cases of killing, kidnapping, enforced disappearance, arbitrary detention and torture of journalists, associated media personnel, trade unionists and human rights advocates in the previous 12 months
 - Indicator 16.10.2: Number of countries that adopt and implement constitutional, statutory and/or policy guarantees for public access to information
- Target 16.a: Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime
 - Indicator 16.a.1: Existence of independent national human rights institutions in compliance with the Paris Principles
- Target 16.b: Promote and enforce non-discriminatory laws and policies for sustainable development
 - Indicator 16.b.1: Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

- Target 17.1: Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
 - Indicator 17.1.1: Total government revenue

- as a proportion of GDP, by source
 - Indicator 17.1.2: Proportion of domestic budget funded by domestic taxes
- Target 17.2: Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance (ODA/GNI) to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries
 - Indicator 17.2.1: Net official development assistance, total and to least developed countries, as a proportion of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI)
- Target 17.3: Mobilize additional financial resources for developing countries from multiple sources
- Indicator 17.3.1: Foreign direct investments (FDI), official development assistance and South-South Cooperation as a proportion of total domestic budget
- Indicator 17.3.2: Volume of remittances (in United States dollars) as a proportion of total GDP
- Target 17.4: Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress
 - Indicator 17.4.1: Debt service as a proportion of exports of goods and services
- Target 17.5: Adopt and implement investment promotion regimes for least developed countries
 - Indicator 17.5.1: Number of countries that adopt and implement investment promotion regimes for least developed countries
- Target 17.6: Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge-sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism
 - Indicator 17.6.1: Number of science and/or technology cooperation agreements and programmes between countries, by type of cooperation
 - Indicator 17.6.2: Fixed Internet broadband subscriptions per 100 inhabitants, by speed
- Target 17.7: Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed
 - Indicator 17.7.1: Total amount of approved funding for developing countries to promote the development, transfer, dissemination and diffusion of environmentally sound technologies
- Target 17.8: Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology
 - Indicator 17.8.1: Proportion of individuals using the Internet
- Target 17.9: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South and triangular cooperation
 - Indicator 17.9.1: Dollar value of financial and technical assistance (including through North-South, South-South and triangular cooperation) committed to developing countries
- Target 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda
 - Indicator 17.10.1: Worldwide weighted tariff-average
- Target 17.11: Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

- Indicator 17.11.1: Developing countries' and least developed countries' share of global exports
- Target 17.12: Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access
 - Indicator 17.12.1: Average tariffs faced by developing countries, least developed countries and small island developing States
- Target 17.13: Enhance global macroeconomic stability, including through policy coordination and policy coherence
 - Indicator 17.13.1: Macroeconomic Dashboard
- Target 17.14: Enhance policy coherence for sustainable development
 - Indicator 17.14.1: Number of countries with mechanisms in place to enhance policy coherence of sustainable development
- Target 17.15: Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development
 - Indicator 17.15.1: Extent of use of country-owned results frameworks and planning tools by providers of development cooperation
- Target 17.16: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries
 - Indicator 17.16.1: Number of countries reporting progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the sustainable development goals
- Target 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships
 - Indicator 17.17.1: Amount of United States dollars committed to public-private and civil society partnerships
- Target 17.18: By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts
 - Indicator 17.18.1: Proportion of sustainable development indicators produced at the national level with full disaggregation when relevant to the target, in accordance with the Fundamental Principles of Official Statistics
 - Indicator 17.18.2: Number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics
 - Indicator 17.18.3: Number of countries with a national statistical plan that is fully funded and under implementation, by source of funding
- Target 17.19: By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries
 - Indicator 17.19.1: Dollar value of all resources made available to strengthen statistical capacity in developing countries
 - Indicator 17.19.2: Proportion of countries that (a) have conducted at least one population and housing census in the last 10 years; and (b) have achieved 100 per cent birth registration and 80 per cent death registration

To Do Activity A

- The SDGs has been incorporated by all nations of the world as their developmental vision and strategies for achieving it.
- List down the initiatives of your district administration that are in conformity with the 17 SDGs, its targets and indicators.
- Also check whether it is really beneficial or not as per opinions of senior citizens in your locality.

Role of UNDP, governments and non-govt. Organisations

Let's have a look at the Role of various Governmental and Non-Governmental Organisations of the UNDP and how they help in achieving the SDGS given by UN.



FAO: The Food and Agriculture Organization leads international efforts to fight hunger. It is both a forum for negotiating agreements between developing and developed countries and a source of technical knowledge and information to aid development.

ICAO: The International Civil Aviation Organization develops standards for global air transport and assists its 192 Member States in sharing the world's skies to their socio-economic benefit.

IFAD: The International Fund for Agricultural Development, since it was created in 1977, has focused exclusively on rural poverty reduction, working with poor rural populations in developing countries to eliminate poverty, hunger and malnutrition; raise their productivity and incomes; and improve the quality of their lives.

ILO: The International Labor Organization promotes international labor rights by formulating international standards on the freedom to associate, collective bargaining, the abolition of forced labor, and equality of opportunity and treatment.

IMF: The International Monetary Fund fosters economic growth and employment by providing temporary financial assistance to countries to help ease balance of payments adjustment and technical assistance. The IMF currently has \$28 billion in outstanding loans to 74 nations.

IMO: The International Maritime Organization has created a comprehensive shipping regulatory framework, addressing safety and environmental concerns, legal matters, technical cooperation, security, and efficiency.

ITU: The International Telecommunication Union is the United Nations specialized agency for information and communication technologies. It is committed to connecting all the world's people – wherever they live and whatever their means. Through our work, we protect and support everyone's fundamental right to communicate

UNESCO: The United Nations Educational, Scientific and Cultural Organization focuses on everything from teacher training to helping improve education worldwide to protecting important historical and cultural sites around the world. UNESCO added 28 new World Heritage Sites this year to the list of irreplaceable treasures that will be protected for today's travelers and future generations.

UNIDO: The United Nations Industrial Development Organization is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability.

UNWTO: The World Tourism Organization is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.

UPU: The Universal Postal Union is the primary forum for cooperation between postal sector players. It helps to ensure a truly universal network of up-to-date products and services.

WHO: The World Health Organization is the directing and coordinating authority on international health within the United Nations system. The objective of WHO is the attainment by all peoples of the highest possible level of health. Health, as defined in the WHO Constitution, is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.

WIPO: The World Intellectual Property Organization protects intellectual property throughout the world through 23 international treaties.

WMO: The World Meteorological Organization facilitates the free international exchange of meteorological data and information and the furtherance of its use in aviation, shipping, security, and agriculture, among other things.

World Bank: The World Bank focuses on poverty reduction and the improvement of living standards worldwide by providing low-interest loans,

interest-free credit, and grants to developing countries for education, health, infrastructure, and communications, among other things. The World Bank works in over 100 countries.

Other Entities and Bodies

UNAIDS: The Joint United Nations Programme on HIV/AIDS (UNAIDS) leads and inspires the world to achieve its shared vision of zero new HIV infections, zero discrimination and zero AIDS-related deaths. UNAIDS unites the efforts of 11 UN organizations—UNHCR, UNICEF, WFP, UNDP, UNFPA, UNODC, UN Women, ILO, UNESCO, WHO and the World Bank—and works closely with global and national partners towards ending the AIDS epidemic by 2030 as part of the Sustainable Development Goals.

UNCTAD: The United Nations Conference on Trade and Development is the United Nations body responsible for dealing with development issues, particularly international trade – the main driver of development.

UNHCR: The United Nations High Commissioner for Refugees – UNHCR protects refugees worldwide and facilitates their return home or resettlement.

UNIDIR: The United Nations Institute for Disarmament Research is a voluntarily funded autonomous institute within the United Nations. An impartial actor, the Institute generates ideas and promotes action on disarmament and security. UNIDIR brings together states, international organizations, civil society, the private sector and academia to work together—internationally, regionally and locally—to build and implement creative solutions that will benefit all states and peoples.

UNITAR: An autonomous UN body established in 1963, the United Nations Institute for Training and Research is a training arm of the United Nations System, and has the mandate to enhance the effectiveness of the UN through diplomatic training, and to increase the impact of national actions through public awareness-raising, education and training of public policy officials.

UNOPS: The mission of the United Nations Office for Project Services is to help people build better lives and help countries achieve peace and sustainable development. UNOPS helps the UN, governments and other partners to manage projects, and deliver sustainable infrastructure and procurement in an efficient way.

UNRWA: The United Nations Relief and Works Agency for Palestine Refugees has contributed to the welfare and human development of four generations of Palestine refugees. Its services encompass education, health care, relief and social services, camp infrastructure and improvement, microfinance and emergency assistance, including in times of armed conflict. It reports only to the UN General Assembly.

UNSSC: The United Nations System Staff College is the learning organization of the United Nations system. It designs and delivers learning programmes for staff of the UN system and its partners. It helps the United Nations become more effective by fostering a common leadership and management culture across the system.

UN Women: UN Women merges and builds on the important work of four previously distinct parts of the UN system, which focus exclusively on gender equality and women's empowerment.

Related Organizations

CTBTO: The Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization promotes the Comprehensive Nuclear-Test-Ban Treaty (which is not yet in force) and the build-up of the verification regime so that it is operational when the Treaty enters into force.

IAEA: The International Atomic Energy Agency, is the world's centre for cooperation in the nuclear field. The Agency works with its Member States and multiple partners worldwide to promote the safe, secure and peaceful use of nuclear technologies.

IOM: The International Organization for Migration works to help ensure the orderly and humane management of migration, to promote international cooperation on migration issues, to assist in the search for practical solutions to migration problems and to provide humanitarian assistance to migrants in need, including refugees and internally displaced people.

UNFCCC: The UNFCCC Secretariat (UN Climate Change) was established in 1992 when countries adopted the United Nations Framework Convention on Climate Change (UNFCCC). With the subsequent adoption of the Kyoto Protocol in 1997 and the Paris Agreement in 2015, Parties to these three agreements have progressively reaffirmed the Secretariat's role as the United Nations entity tasked with supporting

the global response to the threat of climate change.

WTO: The World Trade Organization is a forum for governments to negotiate trade agreements, and a place where member governments try to sort out the trade problems they face with each other.

To Do Activity B

- Different international level agencies are said as important players for the fulfilment of the SDGs.
- Find out the developmental schemes that have taken up in your state.
- Check whether any of it is funded and controlled by any of those International agencies.

Implementations and Revitalization of Global Partnership

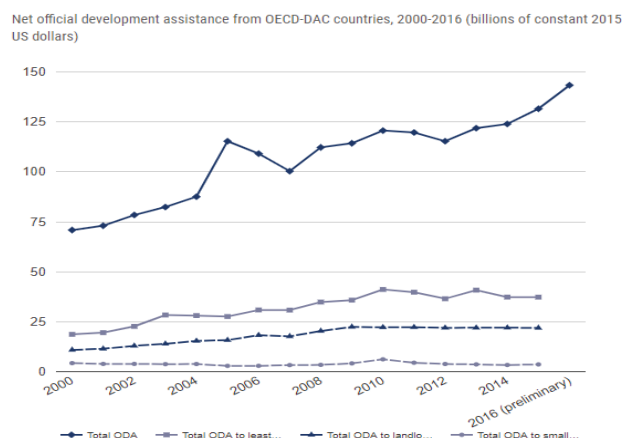
A stronger commitment to partnership and cooperation is needed to achieve the SDGs. Attaining the Goals will require coherent policies, an enabling environment for sustainable development at all levels and by all actors, and a reinvigorated Global Partnership for Sustainable Development. Towards this end, United Nations Member States have identified the following areas as critical: resource mobilization, technology, capacity-building, trade, policy and institutional coherence, multi-stakeholder partnerships, and data, monitoring and accountability. Meeting the means of implementation targets is key to realizing the Agenda for Sustainable Development, as is the full implementation of the Addis Ababa Action Agenda. Incremental progress has been made in these areas, but more is needed.

Official development assistance reaches a new high, but aid to the poorest countries' stalls

In 2016, net official development assistance (ODA) from member countries of the OECD-DAC rose by 8.9 per cent in real terms to 142.6 billion US dollars, reaching a new peak. ODA as a percentage of member countries' gross national income (GNI) was 0.32 per cent, up from 0.30 per cent in 2015. A rise in aid spent on refugees in donor countries boosted the total. Even without refugee costs considered, aid rose 7.1 per cent. In 2016, Germany joined five other countries— Denmark, Luxembourg, Norway, Sweden and the United Kingdom— in meeting the United Nations target for ODA of 0.7 per cent of GNI.

Despite this progress, 2016 data show that bilateral (country-to country) aid to LDCs fell by 3.9 per cent

in real terms from 2015. Aid to Africa fell by 0.5 per cent as some DAC members backtracked on a commitment to reverse past declines in flows to the poorest countries. ODA spent on hosting refugees inside donor countries jumped by 27.5 per cent in real terms from 2015 to reach 15.4 billion US dollars. The DAC is working to adjust ODA reporting rules to help ensure that funding for development is not diverted to in-donor refugee costs.



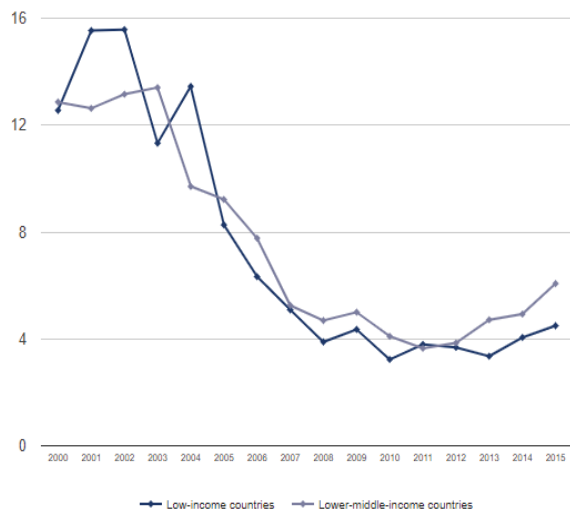
The debt service burden for low- and lower-middle-income countries

For a decade, starting in 2000, debt service as a proportion of exports of goods and services declined significantly for low- and lower-middle-income countries. Increased export earnings, enhanced debt management and attractive borrowing conditions in international markets contributed to this improvement. Outright debt relief also eased the burden for countries eligible for the Heavily Indebted Poor Country Initiative: 36 out of 39 countries received debt relief of around 136 billion US dollars from official creditors.

However, debt service has been trending upward in recent years. From 2000 to 2011, debt service in lower-middle-income countries fell from 12.9 per cent to 3.6 per cent before rising slowly to 6.1 per cent in 2015. In low-income countries, debt service hit a low of 3.2 per cent in 2010 before increasing in subsequent years, reaching 4.5 per cent in 2015.

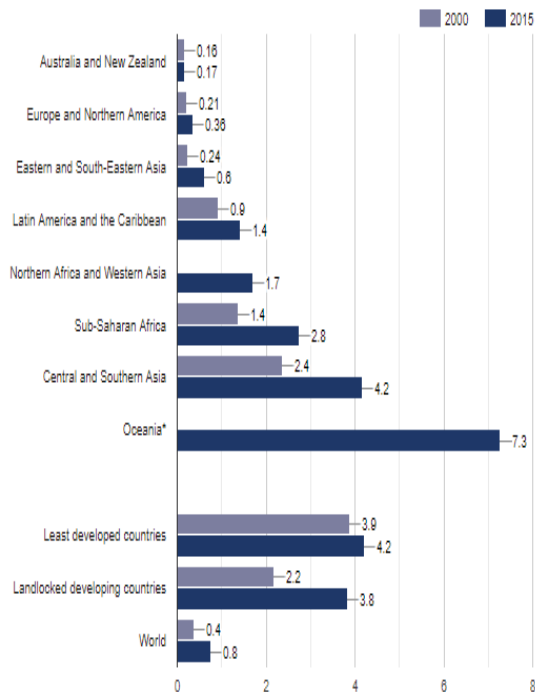
Remittances to developing countries

Remittances sent by international migrants to their home countries in the form of personal transfers and compensation of employees have a profound impact on individual families, communities and countries. In



2016, international remittances totalled 575 billion US dollars, 75 per cent of which (429 billion US dollars) went to developing countries, according to the latest estimates. However, remittances to developing countries in 2016 fell for a second consecutive year, declining by 2.4 per cent over 2015. Low oil prices and weak economic growth in the Gulf Cooperation Council countries and the Russian Federation are taking a toll on remittance flows to Central and Southern Asia, while weak growth in Europe has reduced flows to Northern and sub-Saharan Africa. The contribution of remittances to the income of countries has been growing significantly over the last

Volume of remittances (in US dollars) as a proportion of total GDP, 2000 and 2015 (percentage)



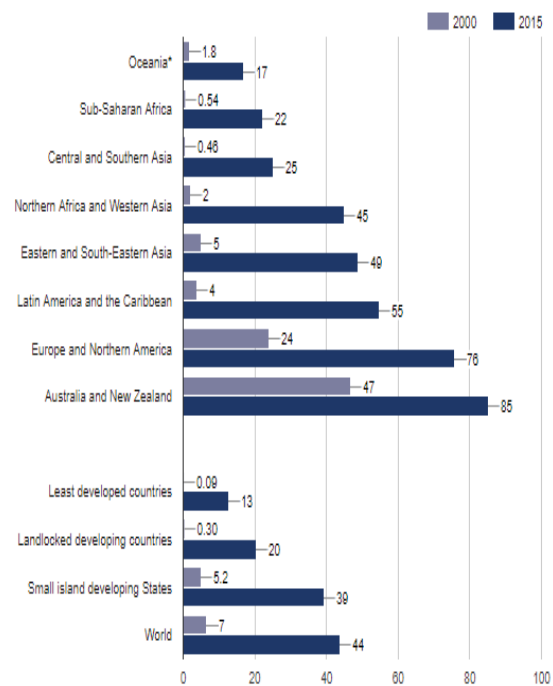
Note: 2000 figures for Northern Africa and Western Asia and Oceania* are not available. Oceania* refers to Oceania excluding Australia and New Zealand.

15 years and exceeded 4 per cent of GDP for LDCs in 2015.

Internet services

Fixed-broadband services remain largely unaffordable and unavailable across large segments of the developing world. In 2016, fixed-broadband penetration reached 30 per cent in developed countries, but only 8.2 per cent and 0.8 per cent in developing regions and LDCs, respectively. In the developed regions, about 80 per cent of the population are online, compared to 40 per cent in developing regions and 15 per cent in LDCs. Although Internet use in LDCs has tripled over the last five years, the percentage of users today reaches the level enjoyed by developed countries in 1998. However, the LDC average hides large disparities, with some countries doing much better than others. In 2016, levels of Internet use worldwide were 12 per cent lower for women than for men; the gender gap remains even larger in LDCs at 31 per cent. Both globally and in LDCs, this gender gap has widened in recent years.

Individuals using the Internet, 2000 and 2015 (percentage)



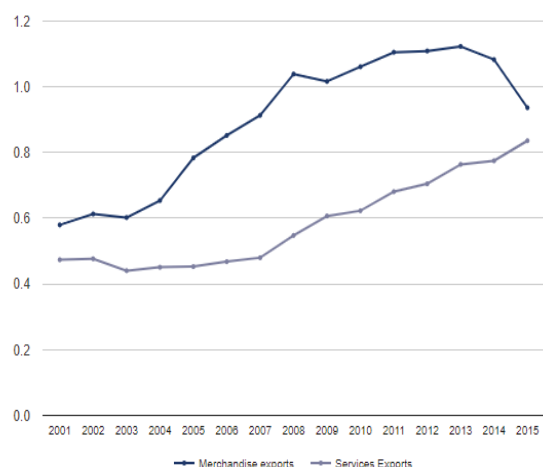
Note: Oceania* refers to Oceania excluding Australia and New Zealand.

Least developed countries' share of global exports

Over the past 15 years, developing regions have represented a growing share of international trade, with their world merchandise exports increasing from

31 per cent in 2001 to 45 per cent in 2015. Moreover, developing regions overall have maintained a trade surplus vis-à-vis the rest of the world. However, the share in world merchandise exports from LDCs decreased from 1.1 per cent to 0.9 per cent between 2011 and 2015. Much of this change can be attributed to a fall in commodity prices, since exports from many LDCs are concentrated in primary commodities, such

Share of global merchandise and service exports for least developed countries, 2001-2015 (percentage)



as minerals, ores and fuels. On the other hand, the share of LDCs in world services exports increased from 0.5 per cent to 0.8 per cent from 2001 to 2015.

Tariffs levied by developed countries

From 2011 to 2015, average tariffs applied by developed countries to imports from LDCs remained very stable. In 2015, they stood at 0.9 per cent for agricultural products, 6.5 per cent for clothing and 3.2 per cent for textiles. Tariffs applied to imports from developing countries also remained largely unchanged in recent years but were higher than those applied to major exports of LDCs, at 8.0 per cent for agricultural products, 7.7 per cent for clothing and 5.0 per cent for textiles in 2015. A slight increase in applied tariffs to products from developing countries is largely explained by the exclusion of China and Thailand from the European Union's Generalised Scheme of Preferences, which took effect in January 2015. The textile sector is most affected by this change.

Progress in the monitoring of development effectiveness

In 2016, 125 countries engaged in country-led monitoring of development effectiveness,

Average tariffs levied by developed countries on key products exported by developing countries and least developed countries, 2011-2015 (percentage)



demonstrating their commitment to strengthening SDG implementation and multi-stakeholder partnerships. Of these countries, 54 reported overall progress towards those commitments. For instance, countries reported progress in recording development cooperation on national budgets submitted for parliamentary oversight, and in tracking budget allocations for gender equality and women's empowerment.

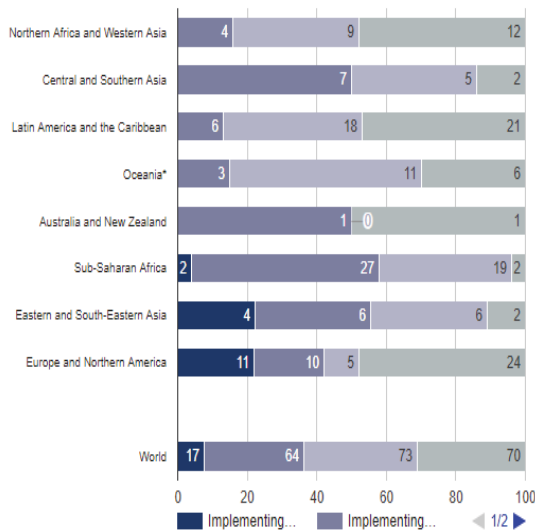
Countries' own results frameworks were used to identify 83 per cent of new interventions supported by donor countries in 2016. Fifty-seven per cent of results indicators in these new interventions were drawn from country-led results frameworks and about half (51 per cent) used data from national monitoring systems to track results. The extent to which development partners use country-led results frameworks is one indication of the respect accorded to a country's policy "space" and its leadership in establishing its own path towards sustainable development.

Fully funded national statistical plans

More than half of the countries or areas for which information is available (81 out of 154) were implementing national statistical plans in 2016. Among the 17 countries with fully funded plans, 11 are located in Europe and Northern America. Such plans lay out the strategy by which a country can develop statistical capacity throughout its entire national statistical system. By designing, implementing and monitoring this strategic vision, countries can better respond to the growing demand for high-quality, timely, disaggregated and accessible data.

Only 37 out of 83 countries or areas with relevant information had national statistical legislation in place that complied with all 10 Fundamental Principles of Official Statistics. Solid and politically

Number and proportion of countries with a national statistical plan that is fully funded and under implementation, 2016 (percentage)



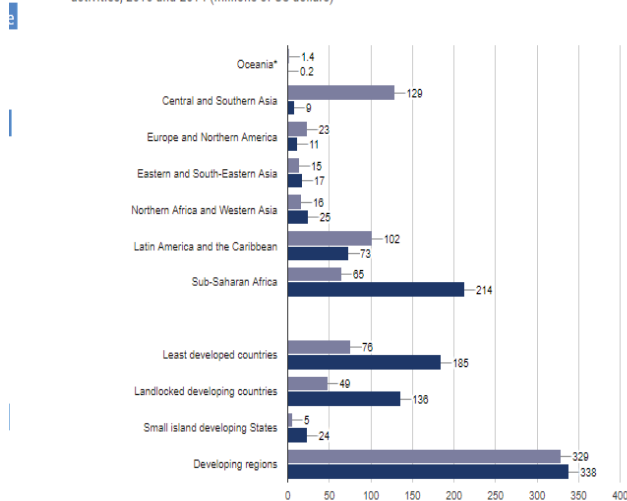
Note: Oceania* refers to Oceania excluding Australia and New Zealand.

backed statistical legislation is required to ensure that the Fundamental Principles and other professional and scientific standards are being followed in the production of official statistics.

Financial support for statistics

In 2014, developing countries received 338 million US dollars in financial support for statistics. While this represented an increase of nearly 2.9 per cent from 2010, it accounted for only 0.18 per cent of total ODA. The main beneficiaries in 2014 were countries in sub-Saharan Africa (214 million US dollars), followed by countries in Latin America and the Caribbean (73 million US dollars). Continued effort and financial support are needed to ensure that developing countries have the capacity to better monitor

activities, 2010 and 2014 (millions of US dollars)



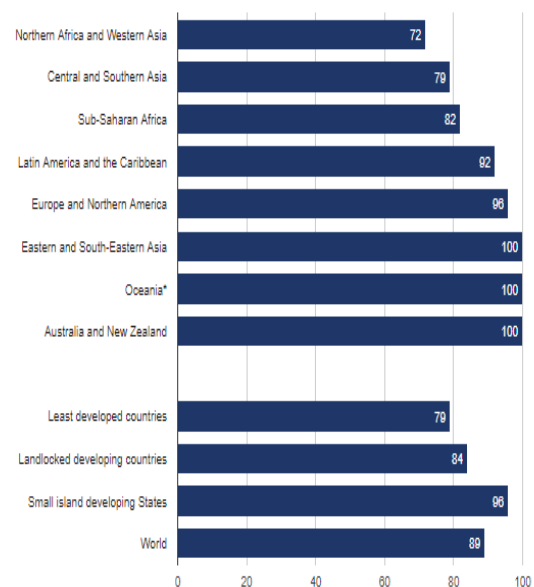
Note: Oceania* refers to Oceania excluding Australia and New Zealand.

progress on their own national policy objectives and international initiatives. To meet the data needs of the SDGs, developing countries will need an estimated 1 billion US dollars in statistical support annually from domestic and donor sources.

Population and housing census

Population and housing censuses are a primary source of disaggregated data needed to formulate, implement and monitor development policies and programmes. During the period from 2007 to 2016, 89 per cent of countries or areas around the world conducted at least one population and housing census. Owing to a variety of factors, 25 countries or areas failed to conduct a census over the same period.

2007-2016 (latest available) (percentage)



Note: Oceania* refers to Oceania excluding Australia and New Zealand.

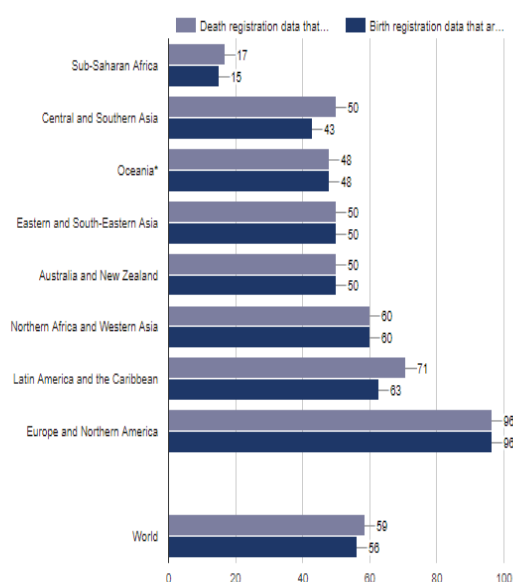
These included financial constraints, technical difficulties encountered in their preparation, natural disasters, and political and social instability. Among these countries or areas, nine were in sub-Saharan Africa and seven were in Northern Africa and Western Asia.

Complete birth and death registration

From 2010 to 2015, 56 per cent of the world's countries or areas (138 out of 246) had birth registration data that were at least 90 per cent complete. In sub-Saharan Africa, only 8 out of 53 countries achieved this coverage. A child who is not registered at birth risks being denied the right to an official identity and is more likely to join the millions facing discrimination and lack of access to basic services. Over the same

six years, 144 countries or areas, or 59 per cent, had death registration data that were at least 75 per cent complete. In sub-Saharan Africa, only 9 in 53 countries

Proportion of countries with death registration data that are at least 75 per cent complete and proportion of countries with birth registration data that are at least 90 per cent complete, 2010-2015 (latest available) (percentage)



Note: Oceania* refers to Oceania excluding Australia and New Zealand.

met this standard. Death registration data are crucial for many health indicators and for policy planning purposes. Even in countries with functioning civil registration systems, coverage of birth and death registration, and complete reporting of vital statistics remain a challenge.

Local Connotations for SDGs

India has played an important role in shaping the Sustainable Development Goals (SDGs). This has meant that the country's national development goals are mirrored in the SDGs. As such, India has been effectively committed to achieving the SDGs even before they were fully crystallized. As one of the forty countries that have volunteered to take part in the Voluntary National Reviews (VNRs) at the High-Level Political Forum (HLPF) 2017, India appreciates the focus on 'Eradicating poverty and promoting prosperity in a changing world'.

The memorable phrase *Sabka Saath Sabka Vikas*, translated as "Collective Effort, Inclusive Development" and enunciated by the Prime Minister, forms the cornerstone of India's national development agenda. To fast-track this agenda, NITI Aayog, the premier think tank of the Government of India, has recently released a draft Three-Year Action Agenda

covering years 2017-18 to 2019-20. In parallel, work on a 15-Year Vision and 7-year strategy document is in advanced stages. Reflecting the country's long-standing federal tradition, these documents are being prepared with active participation of the sub-national governments.

While targeting economic growth, infrastructure development and industrialisation, the country's war against poverty has become fundamentally focussed on social inclusion and empowerment of the poor. Even as it combats poverty, India remains committed to protecting the environment. Under its Nationally Determined Contributions, India has committed to minimising the emissions intensity of GDP as well as creating an additional carbon sink.

Reinforcing India's commitment to the national development agenda and SDGs, the country's Parliament has organized several forums to develop policy and action perspectives on elimination of poverty, promoting gender equality and addressing climate change. The NITI Aayog, with the Prime Minister as its chairperson, is to provide the overall coordination and leadership. The institution has carried out a detailed mapping of the 17 Goals and 169 targets to Nodal Central Ministries, Centrally Sponsored Schemes and major government initiatives. Most sub-national governments have carried out a similar mapping of the SDGs and targets to the departments and programmes in their respective states. The Ministry of Statistics & Programme Implementation has developed a list of draft national indicators in light of the global SDG indicators. This draft has been placed in the public domain for wider consultation.

Several of the Government's programmes would directly contribute to advancement of the SDG agenda. A noteworthy example is the Pradhan Mantri Jan Dhan Yojana (PMJDY) which is the world's largest financial inclusion programme. By leveraging PMJDY, Aadhaar (biometric identity system) and mobile telephony, the Government has disbursed a cumulative amount of INR 1.6 trillion (USD 25 billion) to 329 million beneficiaries through Direct Benefit Transfers.¹ This has helped to significantly enhance the efficiency of Government programmes. While the central government has sponsored schemes to provide employment, connect villages to cities through roads, build houses for the poor and offer education in the states, various sub-groups of Chief Ministers have come forward to give valuable advice

to the central government on such important matters as digital payments, skill development and the Swachh Bharat Abhiyaan (Clean India Campaign).

As a part of its oversight responsibility, NITI Aayog has led the process of VNR preparation. A multi-disciplinary Task Force was constituted to coordinate the review and process documentation. From the sub-national level, state and union territory governments reported their progress on the various programmes and initiatives. While reporting about the various facets of the SDGs, this VNR focuses on the progress made towards achieving Goals 1, 2, 3, 5, 9, 14 and 17. These Goals have been agreed upon in the HLPF as focus areas for this year. The nature of SDGs, however, is such that the advancement of one global goal may lead to progress in other goals as well.

State-Level Initiatives on SDGs

Assam has set up a Centre for SDGs under the Planning and Development Department and an integrated framework for implementation has been adopted. The state has also developed its own vision for realizing the SDGs, namely, ASSAM 2030. A pilot is being undertaken in a few villages and towns for demonstrating full attainment of the SDG agenda. Further, a robust technology platform is also being set up for tracking the progress pertaining to the SDGs.

Andhra Pradesh as part of its Vision 2029 has identified indicators for each of the 17 SDGs. It has also outlined the baseline, targets, milestones as well as key strategies for realizing the SDGs. Bihar is in the process of finalizing the roadmap for SDG implementation. The state government is already focusing on a number of areas that are covered under the SDGs including road connectivity and drainage, toilets, clean drinking water, electricity, higher education, skill development and gender equality.

Haryana has prepared its Vision 2030 document following extensive consultations with a range of stakeholders. The strategies outlined in the document are based broadly on five principles - integrated planning and decentralized implementation, equitable development, building human capital, promoting citizen centric services and green growth.

Maharashtra is focused on balanced regional development and emphasizes sustainable livelihoods, taking initiative to improve management of water, land and forests, improve access to health

and education, and developing skills for employment generation.

Kerala has set up elaborate indicators and standards for achieving the SDG 3 on health. The state has sector specific plans for 2030 with emphasis on encouraging entrepreneurship in production sectors, developing the key bases of knowledge economy in the areas of education, S&T, etc., and ensuring environmental and social sustainability.

Karnataka focuses on technology in 12 sectors: education, medical science and health care, food & agriculture, water, energy, environment, habitat, transportation, infrastructure, manufacturing, materials and ICT.

Tamil Nadu focuses on infrastructure development in six major sectors: energy, transportation, industrial and commercial infrastructure, urban infrastructure and services, agriculture and human development.

Punjab has set up a SDGs Support Unit under the Planning and Development Department. The SDGs Support Unit serves as a conduit for technical support at the state level and acts as a nudge unit for providing evidence, analysis and perspectives to inform public policy in the context of SDGs.

Madhya Pradesh has also established an SDG cell. The Madhya Pradesh State Planning Commission has also established Planning and Policy Support Unit, Project Monitoring Unit, Knowledge Management Unit and International Division, in order to meet challenges of perspective planning and SDGs.

Way Forward

India will continue to pursue the implementation of the SDG agenda through close collaboration between the national and sub-national governments as well as active participation of all other relevant stakeholders. Bi-annual reviews will be conducted with the state governments for identifying good practices as well as challenges and undertaking the appropriate course corrections.

The SDG implementation process has started yielding valuable insights. Documentation and dissemination of such experiences coupled with the extension of technical support for resolving problem areas will be the key functions of a knowledge management system to be coordinated at the national level.

Apart from integrating the SDGs into its on-going

national and sub-national policies and programmes, India will continue to focus on nurturing partnerships at the regional and global levels. It will work towards ensuring a greater flow of finances and technology from developed countries -- in alignment with their explicit commitment in the context of the 2030 Agenda -- to developing and least developed nations. India believes that with combined and sustained efforts at the national and global levels, it will indeed be possible to eradicate poverty and ensure a prosperous world for all.

Summary

As one examines the SDGs, the seamless continuance is clearly visible till now. The UN Charter on SDGs is an inspirational piece of document that puts the 'people' in the centre of all initiatives for growth and development of every country. When you look at these 17 SDGs and the targets and indicators, it will be clear of how this has been made in such meticulous way and it gives right directions and strategies to implement by respective governments around the world. This block has highlighted well all about sustainable development goals, the roles civil society, non-governmental organisations, and governmental organisations and agencies can play towards the fulfilment of the goals. The attitude and ways that the NOGs, Civil Society Organisations, National and International agencies and organisations respond to these SDGs and its implantation will decide the level of achievements of the SDGs in its truest ways. The block has identified all these issues and observations in a single set for your knowledge. The block also captures finally the overall ideas of Sustainable Development Goals.

Model Questions

- Write a note on Sustainable Development Goals of the United Nations.
- It is said that many of these goals are overlapping in the process of implementation, highlight those overlapping areas as per your understanding.
- How local organisations are playing important roles in the fulfillment of the SDGs? Explain.
- What was the main idea behind the SDGs?

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Block 3

Rural Entrepreneurship

Part 1

Chapter 1

Entrepreneurial Traits, Types & Significance

An entrepreneur is a person who approaches innovative ideas with unconventional methods to realize economic value. They identify needs and wants, and often create products or services that could satisfy the customer needs. An entrepreneur often works in uncharted territory with high intensity of risk.

Objectives of the Chapter

- To understand the meaning of entrepreneur and entrepreneurship
- To understand the evolution, characteristics, qualities and functions of entrepreneurship
- To understand the difference between a manager, businessman, and a leader with respect to an entrepreneur
- To understand different types of entrepreneurs
- To understand the importance of entrepreneurship in economic growth of a country
- To understand entrepreneurship as a management style

Definitions

There are different ways in which entrepreneurship has been defined in the modern era. Let us see some examples -

“Entrepreneurship is the persistent progression towards an innovative solution to a key problem. It’s for entrepreneurs over time.

the constant hunger for making things better and the idea that you are never satisfied with how things are.”
– Debbie Roxarzade, founder and CEO of Rachel’s Kitchen

“To me, entrepreneurship means being able to take action and having the courage to commit and persevere through all of the challenges and failures. It is a struggle that an entrepreneur is willing to battle. It is using past experiences and intelligence to make smart decisions. Entrepreneurs are able to transform their vision into a business. I believe this process is at the core of any true entrepreneur.” – MJ Pedone, founder and CEO of Indra Public Relations

“Entrepreneurship is the ability to recognize the bigger picture, find where there’s an opportunity to make someone’s life better, design hypotheses around these opportunities, and continually test your assumptions. It’s experimentation: Some experiments will work; many others will fail. It is not big exits, huge net worth or living a life of glamour. It’s hard work and persistence to leave the world a better place once your time here is done.” – Konrad Billetz, co-founder and co-CEO of Offset Solar

Entrepreneurship is derived from the French word ‘Entreprendre’ which means to ‘undertake’. Entrepreneurship can be closely related to identifying and exploiting new opportunities and coming up with new ideas to fulfil the demand of the buyer. Following are examples of different definitions given

Table 1.1- (label)

S.No.	Author	Definition
1	Richard Cantillon (1697-1734)	Anyone who takes risk to generate profit
2	Jean Baptiste Say (1767-1832)	An adventurer who serves as a mediator between capital and labor by coming up with an enterprise
3	Joseph Schumpeter (1883-1950)	Someone energetic having leadership qualities who can come up with new and efficient methods of production utilizing new technology
4	Peter Drucker (1909-2005)	Someone coming up with innovative ideas to develop products or services that could satisfy the needs of customer.

Evolution of Entrepreneurship

Entrepreneurship has evolved over time. In the middle ages it was defined by renaissance tradesman. There was a disparity in the wealth share during that period. Colonial expansion started and transportation became a major revenue earner. Ship building was extensively taken up along with production of cash crops. Catering to and benefiting from the ship routes were traders who set up shops to supply the travelers and also to sell the wares brought by these ships.

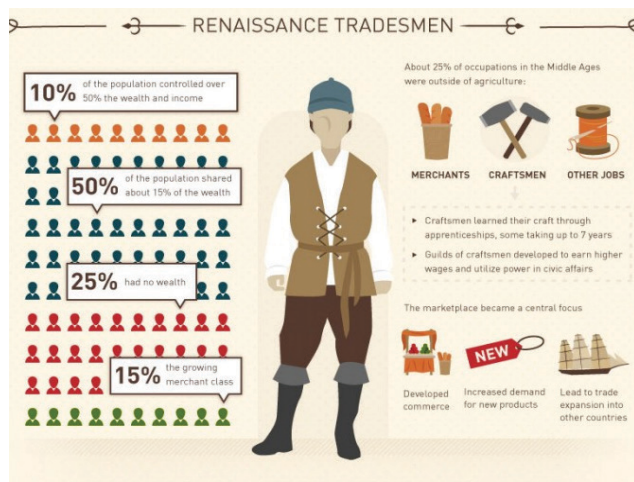


Fig 1.1 Renaissance Tradesman

Source: Raza (2015), <https://www.Valuewalk.Com/2015/03/the-evolution-of-an-entrepreneur-infographic/>, march 10, accessed on 2/19/2019 at 1.00 P.M.

Industrial revolution marked the beginning of focus on manufacturing. Industries were set up and people got employment. With the advent of the twentieth century, advertising jobs became more common and marketing expenditure increased. More and more people started joining this domain. Computers became the next big thing and with the turn of the century E-commerce became popular. Companies such as Google and Amazon made a major mark in the online space. This is the era of globalization and of multi-national companies. Founded as small ventures, often in garages, these entrepreneurial ventures soon been poster boys of rags to riches stories.

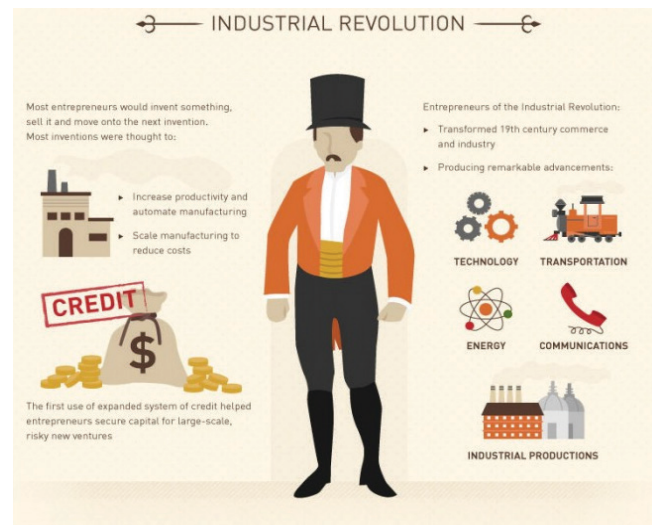


Figure 1:2 Evolution during industrial revolution

Source: Raza (2015), <https://www.valuewalk.com/2015/03/the-evolution-of-an-entrepreneur-infographic/>, March 10, accessed on 2/19/2019 at 1.00 p.m

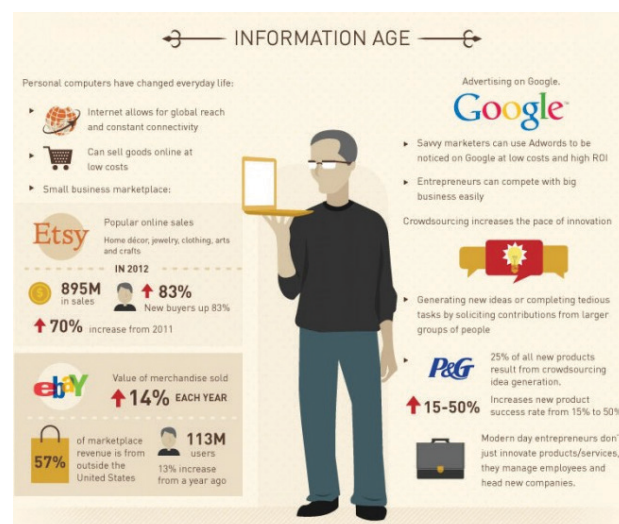


Figure 1:3 Evolution during information age

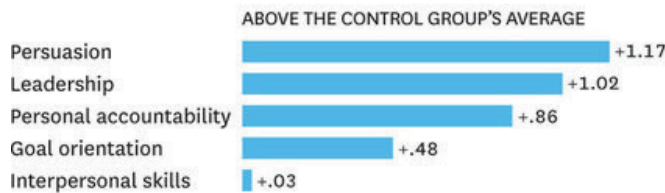
Source: Raza (2015), <https://www.valuewalk.com/2015/03/the-evolution-of-an-entrepreneur-infographic/>, March 10, accessed on 2/19/2019 at 1.00 p.m.

Characteristics of an Entrepreneur

A recently conducted study by Target training international tried to identify the traits of a serial entrepreneur. Five different traits were observed to be dominant as compared to the working adults.

THE KEY TRAITS OF A SERIAL ENTREPRENEUR

Based on a control group of 17,000 working adults, serial entrepreneurs tested above average in the following skills:



SOURCE TARGET TRAINING INTERNATIONAL

HBR.ORG

FIGURE 1.4 TRAITS OF A SERIAL ENTREPRENEUR

SOURCE: BONNSTETTER, B. J. (2012). NEW RESEARCH: THE SKILLS THAT MAKE AN ENTREPRENEUR. HARVARD BUSINESS REVIEW, 90(12), 7.

Functions of an Entrepreneur

Entrepreneurs often find them filling different shoes over their journey as an entrepreneur. The key function of the entrepreneur starts with innovation. The entrepreneur identifies a gap in the market/unsatisfied need of the customer and creates a product or a service to address that. Given the high-risk nature of entrepreneurship as discussed earlier, the assessment and assuming of risk is the second most important function of the entrepreneur. This is closely related to and followed by the analysis of opportunities and threats.

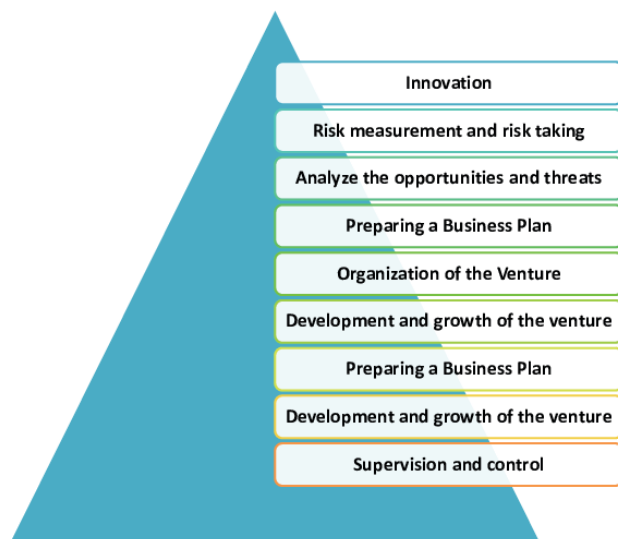


Figure 1.5

Source: Pahuja (2015), https://www.researchgate.net/figure/Functions-of-Entrepreneur_fig1_301659818, March, accessed on 2/29/2019 at 1:15 p.m.

The remaining functions of the entrepreneur include

creating and implementing a business plan, stabilizing the venture and then moving it towards higher growth trajectory. Doing this includes supervision, control, and planning. The set of functions described above also imply that the entrepreneur has to possess certain characteristics. These include the ability to innovate, take risks, plan, manage, and lead.

This section starts with the definition of an entrepreneur and entrepreneurship. It then moves on to talk about the evolution of entrepreneurship over time. We close with an understanding on the characteristics and functions of an entrepreneur.

To Do Activity

Talk to any entrepreneur accessible to you. Understand how they assessed the risk of starting their venture. What was their biggest worry and how did they manage that risk? Write this into a half-page report.

Entrepreneurs, Businessmen, Leaders, and Managers

Manager, leader, businessman, and entrepreneur are words that are often used interchangeably. It is very important to understand the differences.

Difference between an Entrepreneur and a Businessman

An entrepreneur is someone who comes up with an innovative idea and follows unconventional methods to execute it. A businessman is someone who follows the defined path set by an entrepreneur to achieve profitability. Entrepreneur and businessman are used interchangeably but there are a number of differences between the two, which have been summarized in the table below:

Table 1.2 –Difference between an Entrepreneur and a Businessman

Factors	Entrepreneur	Businessman
Definition	An entrepreneur is a person who comes up with a new innovative idea and executes it	They follow the predefined path set by entrepreneurs and work on unoriginal ideas
Position	Market Leader	Market Follower
Associated Risk	High	Low
Path undertaken	An entrepreneur is the one that defines a path	A businessman follows the path defined by an entrepreneur
Market Competition	Low	High
Focus priority	People	Profitability
Market Orientation	Creates new market	Works in existing market

Similarly, while an entrepreneur needs to have and needs to display leadership skills to build their venture from an idea into an organization, there are differences between the two.

Table 1.3 –Difference between an Entrepreneur and a Leader

Factors	Entrepreneur	Leader
Definition	An entrepreneur sees value in the ideas	A leader influences the people to achieve the organizational goals.
Vision	Opportunity seeking	Achievement of personal as well as organizational goals.
Focus	People	Change
Innovation	About ideas	About influence
Territory	Enterprises	Social Systems
Planning	Mentally aware	High impact on performance makes planning a focus area

Again, while the entrepreneur has managerial responsibilities as part of her overall roles, there are multiple differences between an entrepreneur and a manager, the most important of which are listed below.

Table 1.4 –Difference between an Entrepreneur and a Manager

Factors	Entrepreneur	Manager
Definition	A visionary using unconventional methods to realize economic value	An employee who manages the business without taking many risks
Focus priority	Nurture an idea into a business	Manage the business
Motivation	Achievements	Position of power
Associated Risk	High	Low
Reward	Profitability	Salary and bonus
Task management	Informal	Formal
Approach	Innovating	Maintaining status quo

We have seen how entrepreneurs differ from a manager, a leader, and a businessman. At the same time, we also see that the role of an entrepreneur requires her to at times wear the hat of a manager or that of a leader

or that of a businessman depending on the stage of the entrepreneurial venture and the function being performed by the entrepreneur at that point in time.

To Do Activity

Talk to the manager of any firm accessible to you. Understand the key issues that the managers face. Do they look similar to the risks the entrepreneur discussed in the interview you did as part of Unit 1 Hands-on Activity? Write this into a half-page report.

Types of Entrepreneur

Entrepreneurs can be divided into different types in different manners. We will have a look at the different ways they have been categorized.

Entrepreneurship based on division by Arthur H Cole

As per Arthur H Cole, the entrepreneurs are divided into rational, empirical, or cognitive

Empirical	Orthodox and non-revolutionary
Rational	Revolutionary and brings change
Cognitive	Good listener and brings changes by heeding to advice provided

The above classification categorizes entrepreneurs on the basis of whether and how they bring about big changes.

Entrepreneurs based on division by Clarence Danhof

Clarence Danhof has classified entrepreneurs into four types which are stated below:

Aggressive	Identified by innovation. They introduce new products and services and create new markets.
Adaptive	Identified by imitation of innovation by others.
Fabian	Identified by qualities of caution and skepticism. Only responds when failure to do so will result in failure of enterprise
Drone	Identified by orthodox nature. They are happy with their traditional methods and reluctant to introduce changes.

Danhof's classification also is primarily based on the kind of change that the entrepreneur makes and their enthusiasm to bring about that change.

The focus on change as the basis of the above two classifications stems from the fact that the entrepreneur is primarily seen as a change agent. He or she identifies the opportunity to cater to an unmet need of the customer and meeting this need creates change in the customer's consumption as well as often creates change in the market, thereby affecting other firms.

Entrepreneurs Based on Ownership of the Enterprise

Entrepreneurs can further be classified based on whether their enterprise or venture is owned privately, publicly, or in a joint manner. A good mutual relationship between both is required for faster economic growth.

Private	Privately owned and motivated by profit
Public	Enabled by political system and works in public interest
Joint	Jointly run by private entrepreneurs and public involvement

Most entrepreneurial ventures that we are commonly aware of as Private owned ones. Popular examples include Paytm, Amazon, FlipKart. On the other hand, an example of Public owned entrepreneurial venture is IRCTC or BHIM.

Entrepreneurs Based on Use of Technology

Based on the use of technology, entrepreneurs can be classified into technical and non-technical ones.

Technical	Focus on use of innovations in science and technology
Non-technical	Focus on non-scientific and non-technological innovations. Could also be innovating on alternative methods of marketing and distribution

Google is a prime example of technical innovations, with their key product being the search engine that runs a superior algorithm to provide more relevant results to users. ID Fresh is a good example of non-technical innovation-based entrepreneurship.

This company makes hygienic idly and dosa batter available conveniently at stores across India.

Entrepreneurs Based on Activity Undertaken

The entrepreneurs are further classified into trading, manufacturing and agricultural based on type of business they are involved in.

Agricultural	Associated with agriculture and related activities
Trading	They purchase products from manufacturers and sell it to end customers directly or through intermediaries
Manufacturing	They identify demand for a product and create it from raw materials to fulfil needs of the customer

We studied about different types of entrepreneurs in detail. The classification methods were different in each case. These methods of categorizing have helped us understand different dimensions of entrepreneurs or their ventures.

To Do Activity

Identify any enterprise of your choice. Classify it based on Change type (both Cole's categorization and Danhof's categorization), Ownership type, Technology type, and Activity type. What insights are you able to draw from the classification of the same enterprise using different ways?

Factors Influencing Entrepreneurship

There are different factors which influence entrepreneurship. These factors could be psychological, cultural, social, economic or personality related.

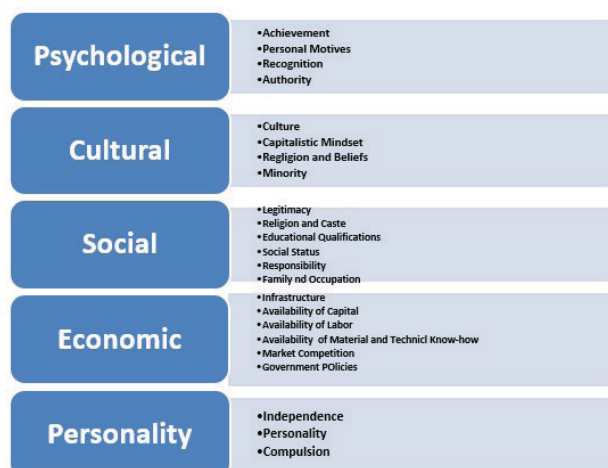


Fig 1.6 Factors Affecting Entrepreneurship

Psychological factors affecting entrepreneurship

- Achievement – The presence of a constant force that inspires people to achieve something can be called as the need for achievement. It leads to high self-confidence and prompts a person believe in themselves in order to achieve success.
- Personal motives- Personal motives such as becoming the youngest millionaire in the country or state or in the community could fuel the entrepreneurial drive in an individual.
- Recognition – It is a very common factor for success among entrepreneurs. The need to be recognized in the society or the entrepreneurial ecosystem drives many entrepreneurs to achieve.
- Authority – Need for authority is another psychological factor that drives the entrepreneurial spirit. The ability to exercise authority over others when an individual becomes an entrepreneur has an important role to play.

Cultural Factors Affecting Entrepreneurship

- Culture – Culture is closely governed by the society we live in. There are accepted values in the cultural ecosystem which affects the behavior of an entrepreneur. It also informs whether an entrepreneur is viewed positively and respected.
- Capitalistic Mindset – The focus on profitability drives an entrepreneur to come up with innovative ways to reduce the cost structure and maximize the overall profit

generated. It has a replicating effect as well; entrepreneurs very often come up with new enterprises to achieve the goal of profitability.

- c) Religion and beliefs – Max Weber suggested that religious beliefs affect the entrepreneurial spirit in an individual. In other words it can be said that entrepreneurship could be a function of religious beliefs.
- d) Minority – It has been observed across the globe that minority communities have contributed to significant number of entrepreneurial activities. E.g. Jews in Europe played an important role in innovation. Hoselitz believed that cultural minority groups foster entrepreneurial activities and development.

Social Factors Affecting Entrepreneurship

- a) Legitimacy – Human beings live in a socio-cultural setting and the amount of value given to an entrepreneurial set up in that setting has a strong influence on the entrepreneurial behavior.
- b) Religion and Caste – In many religion and castes (such as Marwari), entrepreneurship is looked upon positively and promoted. People belonging to such caste and religions show more affinity to take up entrepreneurial activities.
- c) Educational qualifications – Educational qualifications may help an individual to make better use of his entrepreneurial abilities and mindset. Alternately, at the other end of the spectrum, lack of significant educational qualifications may prompt a person to take up entrepreneurship as the route to realizing their ambitions and goals.
- d) Social Status – Social status can be a motivating factor for following an entrepreneurial journey. People who enjoy a good social status develop new aspirations, which lead them to undertake entrepreneurship.
- e) Responsibility – The opportunity to provide employment and improve the living standard of fellow humans can motivate many individuals to choose entrepreneurship.
- f) Family and occupation – People born in affluent and supportive families

have greater chances of taking up entrepreneurship. Similarly, people from successful entrepreneur family (a family already having successful entrepreneurs) are more likely to take up entrepreneurship activity.

Economic Factors Affecting Entrepreneurship

- a) Infrastructure – If the infrastructure is in a good shape in the economy then the entrepreneurs do not have to worry about communication, power, transportation, etc. In the absence of these facilities the entrepreneur will have to spend a time, effort, and money on these facilities, which will lead to increased costs and would demotivate them from starting new enterprises.
- b) Availability of capital – Entrepreneurs need to raise both fixed and working capital for their long term and day to day needs. Easy availability of capital can motivate entrepreneurs, where as the lack of affordable capital can demotivate them.
- c) Availability of labor – Cheap and good quality labor will promote entrepreneurial activity in a region. In the absence of cheap and good quality labor, easy capital can substitute by helping the entrepreneur build capital intensive means of production
- d) Availability of material and technical know-how – Easy availability of raw materials coupled with good technical know-how will foster entrepreneurial activity.
- e) Market competition – Low market competition will promote entrepreneurs to start new enterprises. Although more competition is better for customers, it may not be lucrative to the entrepreneurs.
- f) Government Policies – Government can play an important role in fostering entrepreneurship by coming up with pro-entrepreneurship policies such as concessions, tax rebates, tax holidays, etc. This will lead to development of an entrepreneurial ecosystem.

Personality factors affecting entrepreneurship

- a) Independence – The freedom to work on anything you want and follow your own wishes can motivate an individual to pursue

entrepreneurship. Many people do not want to work in monotonous setups involving no innovation.

- b) Personality –An entrepreneur works in an ecosystem with stakeholders varying from government to customers. An individual needs an impressive personality to succeed in such a setup.
- c) Compulsion – Compulsion can be a good motivator for entrepreneurship. A dissatisfaction in the job, the will to utilize the available funds, or the need to put into use the technical and professional skills and competencies developed over time can lead to the pursuit of entrepreneurship.

We studied different factors influencing entrepreneurship in detail. These vary from factors internal to the entrepreneur (personality, psychology) to those that are external to the entrepreneur (economic, social, cultural). All these factors contribute to entrepreneurial activity.

To Do Activity

Talk to any entrepreneur accessible to you. Discuss and understand from the entrepreneur what Psychological, Cultural, Social, Economic, and Personality factors seem to have influenced his or her entrepreneurship. Please write this into a one-page report.

Importance of Entrepreneurship in Economic Growth and Entrepreneurship Leadership Style

Entrepreneurs play an important role in the development of an economy. They directly and indirectly create a strong impact on growth by providing employment, generating revenues, improving productivity of the customer, and contributing to development, among many other things.

Importance of Entrepreneurship in Economic Growth

Entrepreneurs contribute significantly to the economy of the country in many ways. Major contributions of entrepreneurship are listed below:

Table 1.5 Major Contributions of Entrepreneurship

Innovation	Entrepreneurs realize the economic value of an opportunity through innovation. They come up with innovative products, services, or methods of production, which contribute to the whole ecosystem.
Capital generation	Entrepreneurs utilize savings of public sitting idle in banks or homes to generate economic activities that can provide handsome returns.
Development	Entrepreneurs often set up enterprises in rural or backward areas of the country. They help in overall development of the region by employing local population and reducing disparities.
Economic independence	They help in creating the economies of the country independent by production within the country. Now the countries do not have to depend on imports
Import Export	In-house production not only reduces import but production in huge quantities or development of niche products can often lead to increased exports. This helps in improving the overall trade balance.
Increase in per capita income	Entrepreneurs identify opportunities and realize economic value from it. By contributing to gross national product, entrepreneurs increase the per capita income of the country.

Employment generation	Various enterprises set up by entrepreneurs open a plethora of opportunities for job seekers.
Infrastructure development	Entrepreneurs contribute to the overall infrastructure of the country by setting up enterprises in different locations including both rural and urban areas.
Removing disparity	Entrepreneurs help in removing the economic disparity by providing employment and raising the standard of living for people across the country.

Types of Leadership Style

Goleman (2000) has shown the existence of six different types of leadership. This is relevant to entrepreneurship because one of the key roles played by an entrepreneur is that of the leader.

Table 1.6 Types of Leadership Style

Pacesetter	This kind of leader ask others to emulate what he or she is doing. The downside is that others may be so busy in replicating that they may lose their focus on innovation.
Authoritative	This style works best when there is a new vision that inspires others to work towards the vision. This kind of leaders asks others to come with him and follow and achieve the vision.
Coach	This kind of leader identifies the strengths and weaknesses in others and guides them on it. This kind of leadership may fail if the others are not welcoming of change and learning.

Democratic	This kind of leader often looks for solution from others and involves them in decision making. This approach may fail in case of emergency situations where decisions are to be taken rapidly.
Coercive	Leader in this case asks other to do as he or she wants things to get done. This is good in emergency but not appropriate in normal day to day functioning.
Affiliative	In this leadership style, the focus is on people and nurturing relationships over a long period of time. However, with excessive focus on relationships, performance can get impacted if this leadership style is followed.

Entrepreneurial Leadership Characteristics

Entrepreneurial leadership involves, among other tasks, innovation, proper utilization of resources, and scaling up. There are many characteristics and traits that fall in the domain of entrepreneurial leadership. Following are some key traits:

- Confidence – Belief in the entrepreneurial idea and belief in oneself to execute that idea
- Persistence – Not giving up on failures and coming up with different and innovative ways to tackle the problem
- Innovative and creative thinking – Coming up with something new and something different
- Measured risk taking – Throughout the course we have studied that entrepreneurs are risk takers. It is very important for them to take calculative risks and not blind ones.
- Team-building mentality – Unity is strength and teamwork will lead to better performance
- Self-motivation– Taking initiatives and being self-motivated are very important. The entrepreneur can motivate others to achieve the common goal only when the entrepreneur himself or herself is self-motivated
- Ability to solve problems– Coming up with innovative solutions to different problems that may arise during the life of an enterprise
- Proactive in learning – Entrepreneurs should be open to learning new things and should

regularly update themselves with new technology and skills

- High energy and enthusiasm – Energy and enthusiasm are communicable and spread like wild fire to team members and other stakeholders as well
- Goal-oriented – The entrepreneur’s focus should always be to achieve the goal



Figure 1.7 Traits of entrepreneur Leadership

Source: Johnson, <http://joejohnson.com/10-critical-entrepreneurial-leadership-traits/>, accessed on 2/20/2019 at 11:05 a.m.

We looked at the economic importance of entrepreneurship to a nation. We also studied different leadership style and entrepreneurial leadership.

To Do Activity

Think of up to 3 entrepreneurial ideas. For any one of them, assess what all are the potential contributions to the community and the society if the idea is implemented successfully.

Model Questions

- What do you mean by entrepreneurship?
- What are the different qualities of an entrepreneur?
- What are the functions of an entrepreneur?
- How has entrepreneurship evolved over time?
- What are the differences between an

entrepreneur and a manager?

- What are the differences between an entrepreneur and a leader?
- What are the differences between an entrepreneur and a businessman?
- What is the difference between an aggressive and an adaptive entrepreneur?
- What is the difference between a public and a private entrepreneur?
- What is the difference between agricultural and manufacturing entrepreneur?
- How has Arthur H Cole defined different types of entrepreneur?
- What is the difference between an aggressive and a drone entrepreneur?
- What are the personality factors influencing entrepreneurship?
- What are the economic factors influencing entrepreneurship?
- What are the social factors influencing entrepreneurship?
- What are the cultural factors influencing entrepreneurship?
- What are the psychological factors influencing entrepreneurship?
-
- What are the different leadership style?
- How is an affiliative leader different from a democratic leader?

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Chapter 2 Entrepreneurial Inputs

Objectives of the Chapter

- To understand the concept of rural entrepreneurship, its achievements, and entrepreneurial success
- To understand the concept of behavioral motivation and entrepreneurial motivation.
- To understand the meaning of locus of control with respect to rural entrepreneurship.
- To understand the meaning, sources of innovation and how to manage innovation
- To understand how innovation and entrepreneurship are related
- To understand the meaning of creativity, risk taking and how they are related to entrepreneurship

Entrepreneurial Inputs

This section explains the concept of rural entrepreneurship and throws light upon various facts and facets of rural entrepreneurial inputs and management.

Understanding the need of entrepreneurship in rural areas requires first a very good understanding of the various issues that pertain to the rural environment. There is a striking difference in entrepreneurial approach as we move from urban to the rural areas in the country. Rural entrepreneurship basically focuses on promoting people who would take rural entrepreneurship with a focus on rural development.

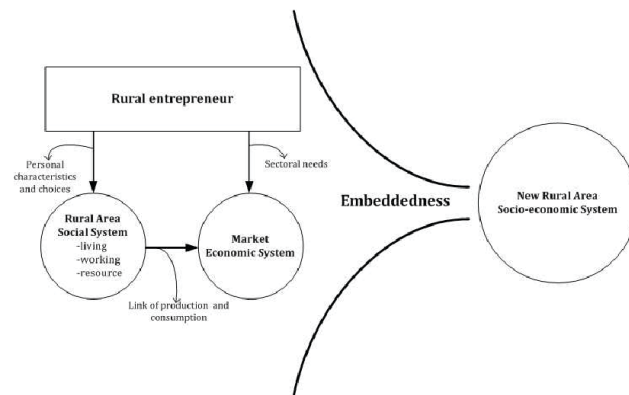


Figure 2.1: The effect of embeddedness; rural entrepreneurs and rural areas (Gülümser, 2009)

Achievements and Entrepreneurial Success

Rural communities need entrepreneurs in order to revitalize their economies and to grow and develop as per the growing economy. Entrepreneurs are dependent on the community for access to capital and other professional services. Entrepreneurs and communities are interdependent; the challenge for both lies in their ability to recognize the other's unique needs. It is a fact that many of the rural communities are struggling and are extremely backwards. Therefore, the success of a rural entrepreneur is often linked to success and development in the rural areas.

In rural areas development and upliftment of the rural community is one of the major underlying factors that will determine the success of the entrepreneur along with the financial profits.

Entrepreneurial Success Stories

Rural Entrepreneurs are changing the shape of the Indian landscape with their efforts and knowledge. Entrepreneurs at the grass-root levels have not only established profitable and innovative businesses but have also paved the way for social entrepreneurship, developing solutions to social, cultural and environmental issues. Below are a few examples of those risk-taking rural entrepreneurs who have immensely contributed towards uplifting our country:

1) **MansukhbhaiPatel**



Figure 2.2: Image source- Forbes India (year)

Mansukhbhai Patel, born in a family of farmers in a small village, always had a penchant for mechanical and electrical appliances. After finishing his high school studies, he initially started working as a helper in a steel tube manufacturing company at Ahmedabad. His experience helped to bring radical change in the field of farming, where he invented “Chetak”, the cotton stripping machine. This has significantly changed the way farmers carry out their agricultural activities by processing bulk amounts of cotton simultaneously saving tremendous amounts of time and cost. Eventually, this led to Patel diversifying his business and inventing cotton bailing machine, automatic ginning machine, and conveyor belt.

2) **Chintakindi Mallesham**



Figure 2.3: Image source- BusinessRediff

Mallesham was born to a poor weaver family in the Sharjipet village of Andhra Pradesh. He had to discontinue his schooling to assist his family with weaving. During those days, weavers making the traditional silk sarees used to undergo a painstaking process, moving their hands up and down, thousands of times in a day for a single saree. Mallesham invented a device which mechanized the process

and reduced the human effort to bare minimum. This invention increased the production from one saree to six sarees in a day and also won a patent.

3) **Kailash Katkar**



Figure 2. 4: Image source: YouTube

Kailash was born to a typical Maharastrian family in a small village of Rahimatpur in Maharashtra. His father worked as a machine setter at Philips. Due to family circumstances, Kailash, in order to help his family, had to quit his studies after the 10th Grade. Soon, he started working at a calculator repair shop. Gradually, he became proficient in the repairing of popular office gadgets and other appliances. In 1993, he took the big step and founded CAT computer services, now famously known as Quick Heal Technologies. Today, the company employs more than 1200 workforce with a customer base of 14 million across the world.

4) **Chetna Gala Sinha**

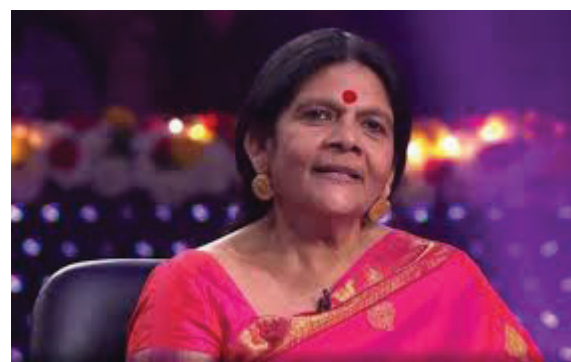


Figure 2. 5: Image Source: India today

Chetna founded MaanDeshiMahilaSahkari Bank, a microfinance bank run that serves rural women. It is because of her that women in rural drought prone areas are empowered through education and are learning entrepreneurial skills. Through the bank she helps these rural women by providing them

access various resources needed for production. Chetna has received multiple entrepreneurship development awards.

This section explained the concept of rural entrepreneurship and discussed the unique circumstances that differentiate rural and urban entrepreneurship. The need for the rural entrepreneur to also often solve community problem through the entrepreneurial idea was brought out. We also saw the achievements and success stories of select rural entrepreneurs in India.

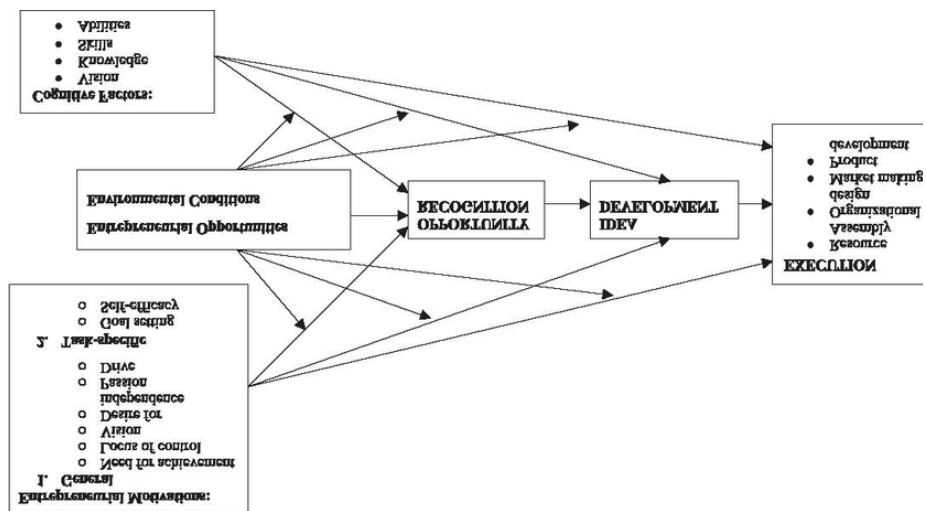


Figure 2. 6: Model of entrepreneurial motivation

(Source: https://www.researchgate.net/figure/Model-of-entrepreneurial-motivation-and-the-entrepreneurship-process_fig2_324331528)

To Do Activity

Search on the internet or in other sources and identify one successful rural entrepreneur. Write down a one-page report that captures the success story and also discuss what you would have done differently if you were in his or her place.

Behavioural and Entrepreneurial Motivation

This section throws light on the behavioral and entrepreneurial motivations that are associated with a rural entrepreneur.

Behavioral and Entrepreneurial Motivation

Rural entrepreneurship is a bit different from urban entrepreneurship as one basic underlying need for rural entrepreneurship is rural development and upliftment. Profit making cannot be considered as the sole motivating factor in the rural setup. Some of the factors that motivate rural entrepreneurs are:

- a. Strong drive to make a difference in the world
- b. Finding personal meaning from building a business
- c. Satisfaction of doing something great
- d. Personal growth
- e. Helping others achieve their goals

The major motivations for an entrepreneur can be seen with the help of the following figure

We have seen in Block 1, some of the motivations and functions for an entrepreneur. Under the general entrepreneurial motivation, the entrepreneur seeks achievement and independence. He or she also uses the entrepreneurial venture as a path to channelize their passion and drive in order to realize their vision. These are common between urban and rural entrepreneurs. One aspect that requires further discussion from the point of view of rural entrepreneurship is locus of control.

Locus of Control

Entrepreneurs actually have a strong internal locus of control. Locus of control is a concept that defines whether a person believes he/she is in control of his/her future or someone else is in control of it. For example, we all know people who believe they have no control over their lives. They believe that what happens to them is dictated by outside forces. People who feel they are victims of outside forces have an external locus of control – “it’s not my fault this happened to me.” By contrast, entrepreneurs have a very strong internal locus of control. They believe their future is determined by the choices they make. Entrepreneurs want to be self-directed and they themselves want to control their own activities. This is represented in Figure 2 below.

Figure 1: Locus of Control



Figure2.7: Locus of control

Source: <https://www.mindtools.com/media/Diagrams/LocusofControl.jpg>

Whether a person feels in control or not is determined by a set of personal values as depicted in Figure 3 below. These are based on the dimensions of culture. The greater the internal locus of control, the greater is the entrepreneurial propensity. For the rural entrepreneur, the environment that she faces has greater number of challenges, including financial and infrastructure ones. The lack of education, the deficiency in social status can also result in lower self-confidence in general. Thus, having an internal locus of control becomes even more important for her to become a rural entrepreneur.

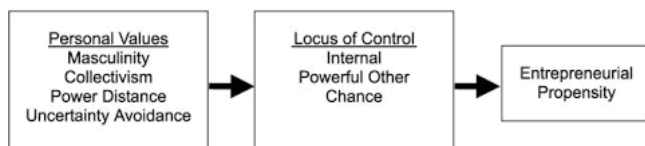


Figure 2.8: Entrepreneurship and locus of control

Source: <https://www.emeraldinsight.com/doi/pdf-plus/10.1108/08858620810894454>

This section explained about the rural entrepreneurs and the factors which motivate the rural entrepreneurs. It gave an insight into the behavioural factors related to rural entrepreneurs and the importance of locus of control.

To Do Activity

Remember the 3 entrepreneurial ideas that you had thought of for the Hands-on activity of Chapter 1, Identify what are all your motivations for getting into entrepreneurship. Note down these motivations.

Innovation and the Entrepreneur

This section throws light on innovation and entrepreneurship. Innovation is a very important part of entrepreneurship and essential for the success of any business.

Innovation and Entrepreneur

In Block 1 we saw that innovation is the most essential quality of an entrepreneur. According to Fredrik, one of the pioneers of entrepreneurship, who proposed the notion of marketability of innovation “... an innovation is more than an idea or an invention, it’s the result of taking it to market.” Innovation focuses on continuous improvement and updation and it is the very essence of any business.

As far as rural business is concerned innovation is one of the most important factors as rural area is not as developed and dynamic as the urban area and for an entrepreneur it is very important to innovate and change so as to be at par with the changes in the world. The challenges of the rural areas, with its limited resources and infrastructural lacunae, demand innovation in order to achieve commercial success as well as development in the communities.

As can be clearly seen from the figure below, innovation brings together invention (creating something new) with entrepreneurship (which takes the new knowledge and commercializes it).

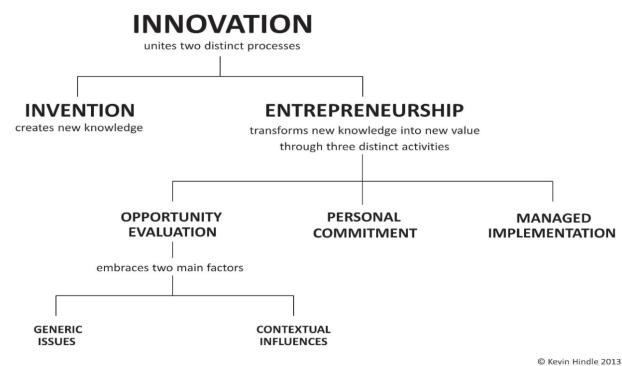


Figure2.9: Innovation and Entrepreneurship

Source: <http://www.kevinhindle.com/wp-content/uploads/2013/07/2009-AGSE-Hindle-Inn-Ent-Pol.pdf>

Sources of Innovation

There are a number of sources that help an entrepreneur to grow, develop and adapt his business to the rapidly changing world.

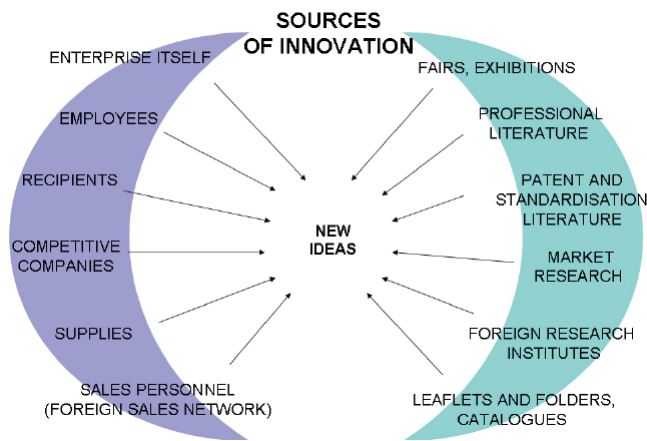


Figure2.10: Sources of innovation

Source: https://www.researchgate.net/figure/Sources-of-innovation-Source_fig4_236632402

New ideas that can be commercialized come from different sources. As depicted in Figure 2 above these sources an range from the enterprise or the entrepreneur or from the employees or other stakeholders connected with the entrepreneurship. As the venture grows larger, innovation can also result from more extended interface with the outside world, including fairs, research, universities, etc.

Innovation Management

Innovation management is a set of all the activities related to managing the creation and commercialization of new knowledge. It can be called a process that helps in coming up and introducing new things and developing the business in one way or the other. It consists of a set of tools that help engineers and managers to keep up to date with the changing environment. It helps to understand the opportunities available and use them creatively to generate new ideas.

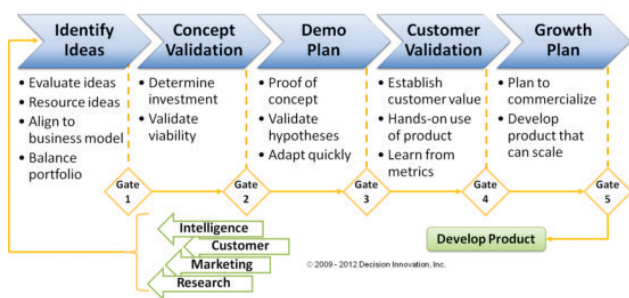


Figure2.11: Innovation Management

Source: <https://innovation-management.org/managing-change-and-innovation.html>

The innovation management process starts with

understanding the market and the gap faced by the customer. This leads to the next step that involves bringing together the idea or the invention and wrapping it with a business model. However, and especially for rural entrepreneurship, the innovation is as much about solving a problem as it is about being profitable. The cycle continues with creating a culture of inviting ideas and thoughts and then pushing the boundaries to getting them commercialized. Often this requires complementary skills from partners and providing a safety net to the innovators in cases of failures and providing rewards in cases of success.

After reading this section we will be able to understand the meaning of innovation, the sources of innovation and how innovation and entrepreneurship are related. It also explains how innovation can be effectively managed.

To Do Activity

Take any common day to day object. Think of what innovation you can make on that object so that you can commercialize the same. Discuss with a friend or family member to assess whether they would pay for this innovation.

Creativity and Risk Taking

This section throws light on the concept of creativity and risk taking. It explains how creativity is important for success of rural entrepreneurs.

Creativity

Creativity is simply the ability to imagine. Imagination leads someone to reach never before explored areas. In business terms, imagination can be thought of as “thinking outside the box”. Using imagination, an entrepreneur can put aside the practical norms and think of something creative, which can then lead to an innovation.

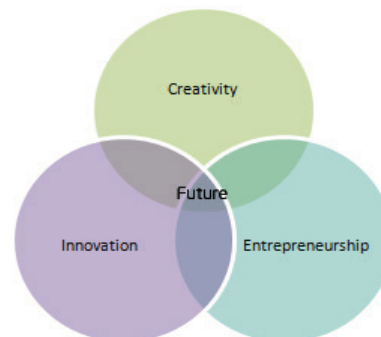


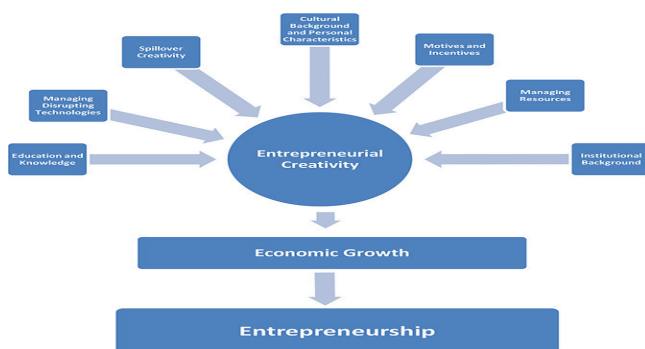
Figure 2.12: Creativity, Innovation, and Entrepreneurship

Source: <https://moneyexcel.com/8310/creativity-innovation-entrepreneurship>

Creativity and entrepreneurship are related to each other through invention, which is the creation of new knowledge, idea, or product. We have already seen that innovation is the coming together of invention and entrepreneurship, in the form of commercialization of the invention. They form a perfect combination. It is the most important component of good business. Without creativity businesses can go to a stagnation mode.

In Chapter 1, we looked at factors that lead to entrepreneurship. Here we look at the factors that lead to entrepreneurial creativity. Given the importance of innovation in entrepreneurship, and the tight link between creativity and innovation, many of the factors that motivate entrepreneurship also foster entrepreneurial creativity. These include cultural background and personal characteristics, motives and incentives, managing resources, and educational background. Unique among the factors are managing disrupting technologies and spillover creativity. Disruptive technologies can be harnessed in creative ways to make innovative applications that have commercial value. Similar to disruptive technologies, spillover creativity stems from arts and culture and can have broader impact and application as innovations.

Figure 2.13: Factors Shaping Entrepreneurial Creativity



Adapted from: <https://www.intechopen.com/books/entrepreneurship-practice-oriented-perspectives/entrepreneurial-creativity-and-growth>

Risk Taking

Risk-taking is almost synonymous with entrepreneurship. To start and support one's own business often means putting one's career, personal finances, and even your mental health at stake. For

most, the prospect of making your own decisions and being in charge of your own destiny is worth it.

In a business, generally entrepreneurs who take risk emerge as winners. It involves creativity, careful thinking, planning, and expecting great results. Entrepreneurs take risks as:

1. All businesses involve risk-taking
2. Risks are calculated, not random gambles
3. In the future, the entrepreneur does not have to wonder "what if?"
4. Risk-takers may be more content and satisfied with their lives
5. One learns from taking risks
6. Innovation cannot take place without risks

Finally, the Figure 2.14 below captures the essence on why people take calculated risks. As is well understood in finance, greater risks are associated with higher returns.



Figure 2.14: Risk and profit

Source: <https://www.womenonbusiness.com/smart-risk-taking-tips-entrepreneurs/>

The section explained the concept of creativity, risk and entrepreneurship. Risk taking ability of an entrepreneur is of utmost importance for the success of a business. Similar is the importance of creativity, as it is directly associated with the innovation necessary to address customer's unmet needs.

Model Questions:

1. What do you mean by rural entrepreneurship?
2. What are the essentials of achievements and success for an entrepreneur in a rural set up?
3. Give any two success stories of rural entrepreneurs?
4. What are the different motivations for a rural entrepreneur?
5. Explain the concept of locus of control?
6. What are the different behavioral motivations of a rural entrepreneur?
7. How are the motivations of a rural entrepreneur different from that of an urban entrepreneur?
8. What is innovation?
9. How are innovation and entrepreneurship related to each other?
10. Explain the probable sources of innovation?
11. How can innovation be managed by an entrepreneur?
12. Why is creativity important for entrepreneurship?
13. What are some unique factors that affect entrepreneurial creativity?
14. What is the concept of risk in a business?
15. Is the risk-taking ability of an entrepreneur boon for a business?
16. "Risk and profit are related to each other" explain?
17. Why is creativity important for entrepreneurship?
18. What are some unique factors that affect entrepreneurial creativity?
19. What is the concept of risk in a business?
20. Is the risk-taking ability of an entrepreneur boon for a business?
21. "Risk and profit are related to each other" explain?

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Chapter 3 Entrepreneurial Systems

Objectives of the Chapter

- To understand the process of searching and choosing the best business idea
- To understand fixed capital, working capital and factors affecting it and how it can be raised
- To understand corporate entrepreneurship and new venture management
- To understand concept, types, factors affecting women entrepreneurship
- To understand women entrepreneurship in India
- To understand functions, problems and resolutions faced by women entrepreneur

Business ideas

A business idea is a concept through which economic value can be realized by fulfilling customer's need through development of a product or service.

Searching Business Ideas

It is very important for entrepreneurs to look at right places in order to come up with business ideas. Following is a five-step process meant to help entrepreneurs in searching a business idea.



Figure 3.1 Five-step Process in Searching a Business Idea

Self-examination – The first step in the process is to know about oneself. It is necessary for entrepreneurs to understand what they are most passionate about. It is of utmost importance to identify the skill sets and competencies that an entrepreneur possesses, and

also to identify which industry will provide a perfect match for those qualities. There could be some ideas that can come up at this moment and it is very important to note them down.

Personal needs – The next step is to identify personal needs that intersect with areas of interest in the industries identified in the first step. It becomes easier for entrepreneurs to weigh the idea in depth and check if it is aligned with their areas of interest. A good example will be that of a person interested in sports, thinking about starting an enterprisethat rents sports equipment on a pro rata basis as compared to one-time purchase.

Talking to people – The way forward is talk to people in one's circle with similar interests. It could be one's family, friends, co-workers, or others. If one has an idea already, one can explore if that could be a potential opportunity for coming up with a product or service. If one does not have an idea the conversation will help identify different gaps in the market, which will subsequently lead to an idea generation. It is very important to understand how much value can be realized from the idea in mind. The same can be addressed by understanding how much amount one's friends or family members are ready to pay for that product or service.

Conducting Research – Research could be done both offline and online. Offline research could include studying about the industries of one's interest in magazines and journals. Attending conferences and seminars to understand where the industry is heading could help a lot. One can also discuss the idea with industry experts or fellow entrepreneurs to understand the potential of the idea. Online research could mean going through various industry reports from research firms such as IDC and Gartner. Various entrepreneur forums can also be used to know about the startups working in the domain of interest. Later such forums could be approached to understand more about the industry. Both offline and online research are meant to complement each other with the objective of understanding the scalability and financial sustainability of the idea.

Refining –It is very important to work on the feedback

received. Feedback will help one understand the market potential and scalability of the enterprise. Entrepreneurs need to also check if their ideas are already implemented or planned to be implemented soon. Understanding the success or failure of such a set up will provide more clarity to the entrepreneur. It is suggested to give low priority to the ideas which are not scalable, have no market base or, require high upfront capital.

After following the suggested steps rigorously, one can find few ideas which they can pursue for further

Selecting a Business Idea

Selecting a business idea from many could be a difficult task. Following are the eight ways that will help in choosing an idea

- 1) Interesting – The idea that is most interesting to the entrepreneur should be the one to be picked up because it will keep their energy levels and engagement high. Although, the downside of this strategy is that one may under-estimate the fact that the idea may not have a potential market to address to or could be impossible to execute.
- 2) Value – The idea should provide value to the customers. The best way is to conduct research using qualitative tools such as interviews and focus group discussions. The advantage is that one is hearing it out from the customer, which confirms the presence of a market where as the disadvantage is that most of the times the customers may not know what they want.
- 3) Guesstimate – Guesstimates or an estimate based on informed guess may not be the best method to move forward but in case of entrepreneurs who are aware of the markets, this method could work. There are many disadvantages to this method and one should rather take decisions on the basis of proper analysis.
- 4) Urgency – The idea that solves the immediately existing problem. This method may bring good returns in short term but may fail drastically in the long term.
- 5) Expert opinion – The opinion of industry stalwarts could be considered while choosing an idea. The advantage with this method is that the expert may speak from his or her experiences and knowledge and the advice

will be relevant to the market conditions. The disadvantage is the difficulty in finding such an expert.

- 6) Voting – Organizing a voting will help one understand the opinion of most of the people. The problem is that the people may themselves not know what they want.
- 7) Prototypes – Creating prototypes or small-scale models of the ideas can help understand the possibility of success in an experimental environment. It is a continuous learning process and the subjects can learn from the failures on a small scale. Although one of the most productive methods, it is time and resource consuming.
- 8) Portfolio – In case the entrepreneur has multiple ideas and want to start working on them simultaneously this approach could be followed. It requires a good mixture of ideas, extensions, and innovations. This is suitable for serial entrepreneurs who are working on many projects and may not be suitable for a new entrepreneur.

In this section, we understood how to search for a business idea and how to select the best business idea from the available choices

To Do Activity

Remember the 3 entrepreneurial ideas that you had thought of for the Hands-on activity of Chapter1. Based on any 3 methods from the list of methods suggested for selecting among multiple entrepreneurial ideas, select the one you would like to take forward. Justify your decision.

Fixed and Working Capital

Fixed and working capitals are required to manage the short- and long-term establishment and running of firm. They are different from each other and must be raised from different sources

Fixed Capital

Fixed capital refers to the capital required to acquire fixed assets. These assets could be in the form of land, machinery, and building, among others. Fixed assets are generally one-time investment and are difficult to move from one location to other, which makes it important to conduct due diligence before investing in these assets.

Table 3.1 Factors Affecting Fixed Capital

Nature of Business	Fixed capital depends on the nature of the business. Manufacturing firms in general require higher fixed capital as compared to service firms. Significant machinery is usually involved in this case.
Business Size	Fixed capital varies with the size of business. It is directly proportional to the size of the business
Nature of goods	Fast moving consumer goods will require lesser fixed capital as compared to a firm producing industrial tools
Production technology	Capital intensive firms will require more fixed capital as compared to labor intensive firms
Nature of acquisition	Complete purchase of the assets will require more fixed capital as compared to leasing.

Sources of Fixed Capital

- a) Owned capital – The owners of the firm or the entrepreneurs can invest their savings in the business. This is the most common form of generating capital. Entrepreneurs generally get funds from their family or relatives as well.
- b) Borrowed capital - Banks grant loans to entrepreneurs for variable periods. Some banks are specially set up for providing loans to entrepreneurs while other banks may consider this a priority sector to lend.

Working Capital

Working capital is the kind of capital required to meet day to day expenses such as rent, electricity, and water charges, wages, and investment in current assets. The investment in current assets realizes its economic value through turnover and that can be invested again in the current assets. Enterprises need to make sure that they have adequate working capital in hand so that they do not face problem to meet day to day expenses. Working capital can be managed through short term loans.

Table 3.2 Factors Affecting Working Capital

Raw material	The percentage of raw material cost in total cost decides the working capital. Higher the ratio of raw material cost to total cost, higher is the working capital requirement
Labor cost	Labor intensive firms need more working capital as compared to capital intensive
Operating cycle	Operating cycle is the time between the beginning of the production process and sales realization. Longer the operating cycle time, greater will be working capital requirement.
Current assets turnover	The ratio of sales to current asset is called current assets turnover. It suggests the rapidness in use of raw materials and sales.
Cash	Higher the amount of cash required to meet daily expenses such as wages, taxes etc., larger will be working capital requirement
Seasonality	Firms with high seasonality in sales will require larger working capital to meet off season expenses.
Terms	Terms of purchase and sales also affect working capital. If the procurement is done on credit and sales are realized in cash, the working capital requirement will be less. If raw material is purchased on cash and sales are realized on credit the working capital requirement will be high

Source of Working Capital

- a) Trade credit – It is the credit extended by the seller to the buyers. It means that a firm can purchase raw materials on credit and pay the expenses after some time, say 2 months. This is a popular source of working capital.
- b) Bank credit – Banks offer various short-term loans which can be extended to the firms. They fulfill major working capital requirements of a firm.
- c) Advances – Customers may provide advances for the purchase of finished goods. The goods are collected later by the customers.

To Do Activity

For the finalized idea earlier, create a working sheet for the amount of fixed capital you will require and the amount of working capital you will require. Discuss with a class-mate which sources you will prefer to raise these two amounts.

New Venture Management and Corporate entrepreneurship

With the rapidly changing markets and technological developments, corporate entrepreneurship and new venture management are two different phenomenon that need to be understood by the entrepreneurs for efficient utilization of resources at stake.

Corporate Entrepreneurship

Corporate entrepreneurship can be defined as the process by which already existing well-established firms develop new businesses different from the parent company, utilizing the competencies and resources of the parent company. Corporate entrepreneurship could be in form of development of new products or services, brands, sales, and distribution channels.

Wolcott and Lippitz (2007) have defined four models of corporate entrepreneurship on the basis of resource authority and organizational ownership. They are as follows:

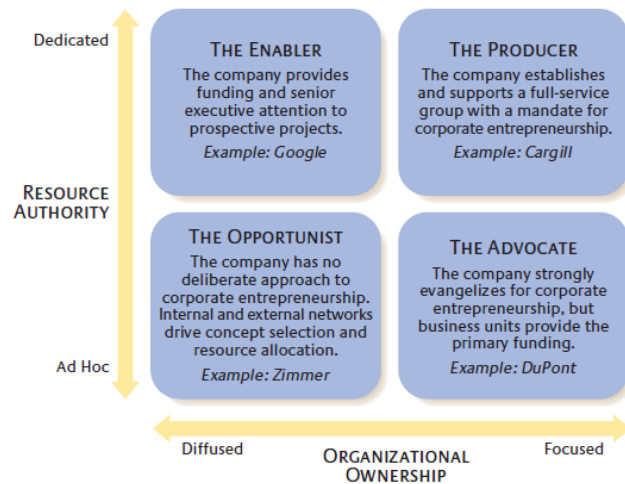


Figure 3.1 Source: Four Models of Corporate Entrepreneurship

Source:Source: Wolcott, R. C., &Lippitz, M. J. (2007). The four models of corporate entrepreneurship. MIT Sloan management

In the opportunist model, the resource dedication is ad-hoc, and the ownership is diffused. Mostly such entrepreneurship is motivated by the presence of a project champion who puts in efforts to create new businesses. This model is possible only in those firms where mutual trust and understanding exists. We find the differences in the other three models in the following snapshot:

TABLE 3.3 FOUR MODELS OF CORPORATE ENTREPRENEURSHIP

	Enabler Model	Advocate Model	Producer Model
Strategic Goal	Facilitate entrepreneurial employees and teams.	Reinvigorate or transform business units; support corporate entrepreneurship teams.	Exploit crosscutting or disruptive opportunities.
Essential Function	Provide independent funding and top executive attention to future business leaders with new ideas.	Evangelize, coach and facilitate business units in pursuing new opportunities.	Provide full-service corporate entrepreneurship by conceiving, screening, funding, coaching, scaling and reintegrating new business concepts.
Inputs	Dedicated money, executive engagement, recruiting and personnel development.	Well-connected corporate veterans with a small staff of business building coaches and a CEO imprimatur.	Well-connected corporate veteran leadership with full-time staff and significant, independent funding.
Outputs	Proven concepts, but generally within the company's strategic frame. (Note: Enabler programs can also help facilitate overall cultural change.)	New businesses relatively close to a business-unit core or significant business-unit process efficiencies.	Self-sustaining and/or potentially disruptive new businesses that may or may not fit any existing business unit.
Success Factors	<ul style="list-style-type: none"> • Culture of innovation • Structural flexibility for teams to pursue projects • Well-defined executive involvement in milestone funding decisions • Effectively communicated selection process and criteria 	<ul style="list-style-type: none"> • Expertise in building new businesses • Significant team facilitation capabilities • Skill in coalition building and internal and external networking • Senior executive visibility and support 	<ul style="list-style-type: none"> • Respected leadership with significant internal decision authority • Expertise in building new businesses • Explicit attention to corporate entrepreneurship executive career incentives
Typical Challenges	<ul style="list-style-type: none"> • Senior executive bandwidth • Maintaining coherence and discipline with respect to corporate brands. • Finding and satisfying project champions (that is, ensuring that enabler processes do not become a "black hole" for ideas). 	<ul style="list-style-type: none"> • Overcoming business-unit near-term pressures • Finding "business builders" among executives who are traditionally rewarded more for execution than innovation. 	<ul style="list-style-type: none"> • Reintegrating successful projects into the core • Leadership succession • Lack of business-unit support

Source: Wolcott, R. C., & Lippitz, M. J. (2007). The four models of corporate entrepreneurship. MIT Sloan management review, 49(1), 75.

New Venture Management

Venture management is innovation combined with development of new products or services or entry into an emerging market or in some cases even creation of a new market. This practice varies across industries in different domains. From small to large scale industries, all make use of this practice. Updating products with new features and rebranding of already existing products and services also comes under venture management.

When new projects are to be undertaken, entrepreneurs often carry out SWOT analysis to identify their strength, weaknesses, opportunities, and threats. If the entrepreneur feels that the project is worth pursuing, then she starts raising capital. Venture capitalists generally fund the projects.

Venture management is different from traditional management in two ways. Firstly, venture management focuses on identifying new market to exploit or coming up with a product or service that creates a new market all together, where as traditional management focuses on present customer and meeting their needs. Hence, the scope of innovation is significantly reduced in traditional management. Secondly, in case of venture management, entrepreneurs start working immediately on the results of market research by taking risks, where as in traditional management setup the results are analyzed, and long durations of time are taken in order to reduce the risk.

Although venture management is risky, its high returns make it lucrative to the investors. Innovation in technology or production processes act as catalyst to venture management culture. A venture manager should be aware about the sales and marketing channels, finance management, operations, and supply chain management due to the high risks involved. The milestones for every domain should be well planned and set up in advance.

To Do Activity

From among the companies you know, can you identify any case of either corporate entrepreneurship or new ventures? How does this differ from the small enterprises you know. Discuss with a class-mate and try and identify the advantages that corporate entrepreneurship or new venture has over a small enterprise.

Women Entrepreneurship

With increasing and fundamental equality between genders, more and more women are entering into the entrepreneurial space. Women from both rural and urban areas have shown that they are equal to, if not better than men in creating successful enterprises.

Concept of Woman Entrepreneur

When the resource mobilization, risk management and resource utilization is led by a woman, the entrepreneurship is called woman entrepreneurship.

Woman enterprise is defined as “*an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women.*” – Government of India (2006)

The women entrepreneur can be classified into following categories

Table 3.4 Types of Women Entrepreneur

Affluent	These women belong to affluent families and have financial security. They have financial resources to start a firm without facing challenges
Push	The women who are forced to take entrepreneurship due to difficult financial conditions in the family. They may support the existing family business
Pull	Entrepreneurship taken by women to become financially independent in urban areas. They have support from financial institutions and are generally well-educated
Rural	Rural women starting something of their own as per their skills and resources. The resources required are generally low
Self-Employed	Uneducated and extremely poor women who have to take small entrepreneurial activities for their survival

Factors Affecting Women Entrepreneurship

These factors include the business environment, which affects both men and women entrepreneurs, and includes items such as ease of doing business, level of corruption and easy availability of capital. Gendered access to education and other fundamental rights for women also affects women entrepreneurship. The cultural and social environment and the perception of women as leaders is an important factor that affects women entrepreneurship. Countries or states where women are not seen as equals or as leaders have a demotivating effect on women taking up entrepreneurship.

Women Entrepreneurship in India

FIGURE 3.2 GENDER WISE COMPARISON OF

► The most active countries for successful female entrepreneurs today are India (49%), Hong Kong (45%) and France (42%)

► The lowest level of participation of women entrepreneurs was found in Taiwan, Singapore and Belgium (exact figures not given)

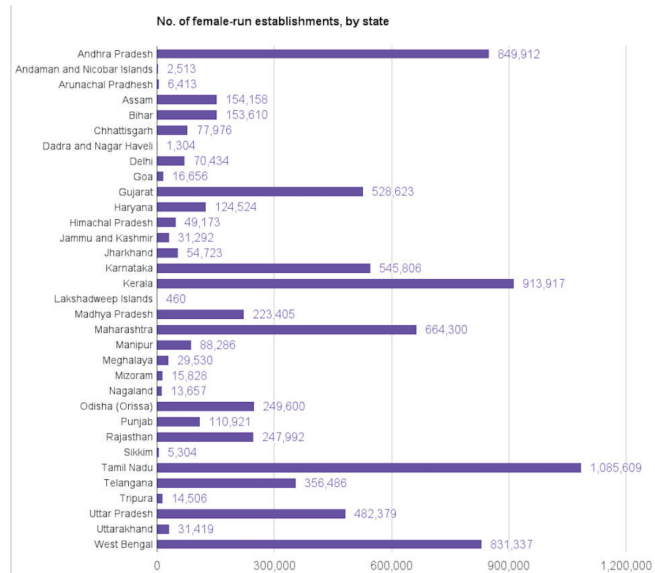
GENDER-WISE COMPARISON		
	Women	Men
Age when they decided to start the business	30.5 years	29.9 years
Time taken to start up business	21 months	20 months
Average no. of companies started	4.9	4.4
Average turnover of primary business	\$9.1 million	\$8.4 million
History of entrepreneurship in family	62%	59%
Preferred industries	Retail, finance, real estate, technology, fashion	Finance, technology, retail, construction, real estate

ENTREPRENEURS IN INDIA

SOURCE: DUTTA (2015), [HTTPS://TIMESOFINDIA.INDIATIMES.COM/INDIA/NEARLY-HALF-OF-INDIAS-ENTREPRENEURS-ARE-WOMEN-STUDY/ARTICLESHOW/46489751.CMS](https://timesofindia.indiatimes.com/India/nearly-half-of-indias-entrepreneurs-are-women-study/articleshow/46489751.cms), MARCH 8, ACCESSED ON 2/19/2019 AT 10:59 P.M.

A recent study conducted among 2,500 entrepreneurs across the globe showed that close to 49% of entrepreneurs in India were women. This could be attributed to the change in ecosystem and government policies that have favored more women to pursue entrepreneurship. Now we will have a look at how different states have fared when it comes to entrepreneurship establishment by women.

FIGURE 3.3 STATE WISE WOMEN RUN ENTERPRISES IN



INDIA

SOURCE: SAHA (2016), [HTTPS://THEWIRE.IN/GENDER/WOMEN-RUN-14-OF-INDIAN-BUSINESSES-MOST-SELF-FINANCED](https://thewire.in/gender/women-run-14-of-indian-businesses-most-self-financed), MAY 7, ACCESSED ON 2/19/2019 AT 10:55 P.M.

In this section, we understood the concept of women entrepreneurs. We also had a look at the different types of women entrepreneurs and the various factors affecting women entrepreneurship. We then went on to study women entrepreneurship in India.

To Do Activity

Do an internet search and identify the various schemes available from your state and the central government for women entrepreneurs. As a further activity, team up with one or more class-mates, and organize small meetings of women entrepreneurs/potential women entrepreneurs and inform them about these schemes.

Functions, Barriers, and Development of Women Entrepreneur

Women entrepreneurs play many roles in the entrepreneurial set up. They are expected to perform certain functions. Women entrepreneur can face a number of problems in performing them and hence it becomes important to undertake activities that will help them in efficient utilization of their skills and knowledge base.

Functions of Women Entrepreneur

Women see themselves filling different shoes during their entrepreneurial journey. Innovation forms the base for the growth of their enterprises, as is the case with enterprises started by their male counterparts.

They must take risks in order to improve the profitability. Women entrepreneurs perform following functions as shown in the figure:



FIGURE 3.4 FUNCTIONS OF WOMEN ENTREPRENEUR

SOURCE: 2017, [HTTPS://WWW.MBATUTS.COM/WOMEN-ENTREPRENEUR/](https://www.mbatuts.com/women-entrepreneur/), AUGUST 14, ACCESSED ON 2/19/2019 AT 10:06 P.M.

The functions of a women entrepreneur are not unlike that of their male counterparts. They are also involved in designing, implementing, planning, managing, and growing an enterprise. However, the barriers they face are unique.

Problems Faced by Women Entrepreneur

Bharthvajan (2014) studies the barriers faced by women entrepreneur. These barriers are stated below:

Table 3.5 Barriers Faced by Women Entrepreneurs

Finance	Women entrepreneurs face the problem of finance very often. They generally go for self-financing in the beginning. As the business starts to catch pace, banks also offer their support.
Lack of business skills	Due to lack of experience in the entrepreneurial set up women face the problem of lack of business skills.

Marketing skills	Lack of marketing skills was observed in women entrepreneurs. This skill can be developed with proper training
Administrative and regulatory requirements	Women entrepreneurship with small firms can face a lot of problems in managing the administrative and regulatory requirements because of high compliance costs
Technology	Women, especially in rural areas are technology averse and may face problem using simple devices like computer which could harm their productivity
Confidence and family support	Women play the role of a daughter, mother, and a wife. Lack of family support can affect their confidence and serve as a barrier in their entrepreneurial growth
Working capital	Lack of working capital is another problem that women entrepreneur face. They do not get raw materials on credit neither they get advances for their sales due to less faith in their ability to pay back in case of business failures
Time	Women devote a considerable amount of time to their family and household responsibilities which leaves them with less time for their work life
Decision making ability	In most of the families men take decisions for women. Before marriage it is father and after marriage it is husband which hampers the decision making and risk taking ability of a women
Male domination	Women have to take permission from the male head of the family to undertake any entrepreneurial activity which hinders their growth

Development of Women Entrepreneur

Following steps can be taken to promote entrepreneurship among women -

- a. Special low interest rate loans availability to women under special schemes. The information about the same should also be shared aggressively.
- b. Better childcare facilities to help women entrepreneurs in devoting more time to their entrepreneurial activities
- c. Providing consultancy to women entrepreneurs to improve their production and distribution processes
- d. Conducting skill development sessions with focus on women entrepreneurs
- e. Assistance in marketing activities should be provided to women entrepreneurs
- f. Government, NGOs, and corporate houses can provide assistance
- g. Creating awareness so that the complete ecosystem including the families support women entrepreneurs
- h. Special startup programs for women should be designed where women from different places come together to share their interest in entrepreneurship
- i. Role models and key influencers of women entrepreneurs should encourage them to take entrepreneurship

In this section we studied the functions of women entrepreneurs. We had a look at the various challenges faced by them and also suggested ways to overcome them.

To Do Activity

Interview a woman entrepreneur in your area. Understand what were the key challenges she faced and how she overcame them. Write a 2-page report on the same.

Model Questions

- What is the difference between expert opinion and value idea selection process?
- What is the difference between guesstimate and voting ideas election process?
- What are the five steps involved in searching a business idea?
- What is the difference between fixed and working capital?

- What are the factors affecting fixed capital?
- What are the factors affecting working capital?
- How does labor cost affect fixed and working capital requirement?
- How does seasonality affect working capital?
- How does payment term affect working capital?
- Comment on fixed and working capital requirement in a capital-intensive firm.
- Comment on fixed and working capital requirement in a labor-intensive firm.
- What is the difference between enabler and producer models of corporate entrepreneurship?
- What is the difference between advocate and enabler models of corporate entrepreneurship?
- How is new venture management different from traditional management?
- Who is a women entrepreneur?
- What are the different factors affecting women entrepreneurship?
- What are the different types of women entrepreneur?
- What are the different functions of women entrepreneurs?
- What are the social challenges faced by women entrepreneur?
- How can we foster entrepreneurship among women?
- What are the different functions of women entrepreneurs?
- What are the social challenges faced by women entrepreneur?
- How can we foster entrepreneurship among women?

Suggested Readings

- 4 key differences between fixed and working capital available at <https://firstamericanmerchant.com/fixed-and-working-capital/>
- Business strategies for when you don't have working capital available at <https://www.thebalancecareers.com/strategies-for-struggling-business-not-enough-capital-3515824>
- Differences between fixed capital and working capital available at <https://www.wallstreetmojo.com/fixed-capital-vs-working-capital/>
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- Sources of fixed capital or long term finance available at <http://kalyan-city.blogspot.com/2012/10/what-are-sources-of-fixed-capital-long.html>
- How to raise working capital finance available at <https://www.entrepreneurmag.co.za/advice/funding/how-to-guides-funding/how-to-raise-working-capital-finance/>
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- <http://ecoursesonline.iasri.res.in/mod/page/view.php?id=116178>, accessed on 2/19/2019 at 5:34 p.m.

Chapter 4 Rural Entrepreneurship I

Objectives of the Chapter

- To understand rural entrepreneurship
- To understand different types of entrepreneurship
- To understand advantages, problems faced by micro rural entrepreneurs
- To understand the steps that can help to increase micro rural enterprise
- To understand the steps involved in planning a rural enterprise
- To Understand how to manage a rural enterprise

Rural Entrepreneurship and Types of Entrepreneur

Rural entrepreneurship has existed for a long time. It plays an important role in developing the rural economy. It also raises the standard of living and per capita income from rural areas.

Rural Entrepreneurship

Entrepreneurial activities that take place in rural areas is called rural entrepreneurship. It is very important for the development of rural areas and raises the standard of living of people living there. It is very important for the overall development of the nation.

Following are some definitions of rural entrepreneurship:

“Village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees” – Khadi and Village Industry Commission

“Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry.” – Government of India

Types of Rural Industries

Following type of rural industries exist in which rural entrepreneurship takes place:

Table 4.1 Types of Rural Industries

Agro based	Based on agricultural products. E.g. Jaggery
Forest based	Based on forest products. E.g. Bamboo products
Mineral based	Based on mineral products. E.g. stone crushing
Textile based	Based on textiles. E.g. Weaving
Engineering and services based	Related to equipment and products. E.g. Agricultural equipment

Different Types of Rural Entrepreneurs

Brooker and Joppe (2014) identified three different types of rural entrepreneurs in their study. They are:

Table 4.2 Types of Rural Entrepreneurs

Situation	Imitative entrepreneur	Liminal entrepreneur	Visionary entrepreneur
Netherlands' Farm Spa	Two initial franchises	Concept developers	Third franchise operator
Innovation	Incremental improvements based on replication of others	Adaptation of idea replicated elsewhere	Radical innovation
Level of "new"	New to themselves	New concept for domestic market	New concept, original thinking
Entrepreneurship Search for new ideas	Lifestyle From within strong network ties	Leadership From within industry or country	Visionary Periphery, fringes
Network ties Rogers' innovation diffusion model	Strong Majority—68% of population	Weaker Early adaptor—12.5% of population	Weak Innovator—2.5% of population

SOURCE: BROOKER, E., & JOPPE, M. (2014). ENTREPRENEURIAL APPROACHES TO RURAL TOURISM IN THE NETHERLANDS: DISTINCT DIFFERENCES. *TOURISM PLANNING & DEVELOPMENT*, 11(3), 343-353.

We had a look at the definition of rural entrepreneurship and the types of rural industries that occur. We also saw the different types of rural entrepreneur

To Do Activity

Talk to a rural entrepreneur. See how the challenges of the rural entrepreneur is different from that of a woman entrepreneur. Write a one-page report.

Micro Rural Enterprise

Micro enterprises in rural areas are called micro rural enterprises. As per government of India (2006), Micro enterprises are those enterprises which have a capital investment of less than 2.5 million rupees in manufacturing sector or less than 1 million rupees in service sector.

Advantages of Micro Rural Enterprises

There are a lot of advantages of micro rural enterprises. They are as follows:

- Reducing income gap - They help in reducing the income gap between rural and urban areas by providing employment opportunities to rural people
- Capital usage - The money lying idle in the houses can be invested in entrepreneurial activities which will bring returns as well
- Employment generation - The entrepreneurs

are not making themselves self-sufficient, but they are also providing employment to others directly or indirectly

- Standard of living and per capita income -It increases the per capita income and improves the standard of living of people in rural areas
- Economic disparity -It helps in removing the economic disparity prevalent in the society by equitable distribution of income
- Skill development - People working in rural micro enterprises develop skill sets and competencies over time which can then be utilized in other sectors as well
- Proper utilization of local resources - Rural micro enterprise provides an opportunity for utilization of local raw materials, machinery etc.
- Self-sufficiency - It makes the rural entrepreneurs self-sufficient and they do not have to depend on help from external sources.

Barriers to Micro Rural Enterprises

Rural entrepreneurs face a lot of challenges. They are stated below:

- Capital - Rural entrepreneurs setting up micro enterprises fund through their own pockets generally. The banks are not willing to take risks by providing loans in absence of

- collateral.
- b. Infrastructure – Infrastructure in rural areas is generally not well developed. Absence of facilities like transportation, roads, water and electricity supply etc. hinder their growth.
- c. Technology – Rural entrepreneurs generally have no or low knowledge about the technological advancement. They do not have the skills to use technology to bring innovation.
- d. Intermediaries and warehouses – Intermediaries charge high prices for raw materials and the warehouse costs are also higher in rural areas
- e. Marketing and sales skill – Entrepreneurs in rural areas lack promotion and marketing skills which serves as a barrier for sales and improvement in products.
- f. Compliance – Complex documentation and legal formalities is also one of the major reasons for hindrance in their growth

Fostering Micro Rural Enterprises

Following actions can be taken to promote rural micro enterprises:

- a. Skill development programs– Skill development problems related to marketing, management and technology should be provided to the entrepreneurs. This will help them in proper utilization of resources.
- b. Priority Lending – Statutory requirement for banks to consider micro enterprise in rural areas as priority lending sector
- c. Low Interest rate capital– Providing low interest rate capital will motivate rural entrepreneurs to set up micro enterprises
- d. Co-operatives – Setting up co-operatives will provide a more balanced structure to the entrepreneurs. The co-operatives will have better bargaining power in terms of both procurement and sales.
- e. Legal and finance cells – Setting up legal and finance cells which will help the entrepreneurs to follow legal compliance and raise capital for their enterprises.

In this session we had a look at the concept of rural micro enterprises, problem faced while setting and managing these enterprises and studied how can

they be promoted

To DO Activity

Do an internet search and identify the various schemes available from your state and the central government for micro-entrepreneurs. As a further activity, team up with one or more class-mates, and organize small meetings of micro-entrepreneurs/potential micro-entrepreneurs and inform them about these schemes.

Planning a Rural Enterprise

Planning is one of the most important activity while setting up a rural enterprise. Properly planned projects help in better decision making and reduce the failure rates. It aims identification of future activities in advance. It also takes care of resources and other requirements

Planning a Rural Enterprise

Planning a rural enterprise involves a lot of steps. It starts with project planning and ends with taking care of legal prospects. Following are the steps involved in planning a rural enterprise.



Figure 4.1 Steps Involved in Planning a Rural Enterprise

Project identification

Identifying the right project is very important. The rural entrepreneur needs to carry out SWOT analysis to understand its strengths, weaknesses, threats and opportunities. He should match his skillsets and knowledge with the industry to explore the synergy. Higher synergy will allow him to perform better and make proper utilization of resources and his competencies. Following steps are involved:

- Institutional support

Take help from institutes that help in the development of rural entrepreneurship. They will help by providing consultancy services to the rural entrepreneur.

- Deciding industry

It is very important for rural entrepreneur to understand which industry they want to venture into. The industries are manufacturing, trading or services

- Exercising options

The entrepreneur needs to decide if he wants to start from the beginning or buy an already existing venture.

Information Accessibility

The access to information is very important. The entrepreneurs can visit various institutions which provide them important information. The information can be in the form of feasibility studies, industry studies etc. Viability of the idea is very important as well. Production and investments need to be pre-decided. The market in which you are operating has to be understood well in advance. Information about raising capital is very crucial. Both fixed and working capital are required.

Market Assessment

It is very important to analyze the market demand and competition. Size of the market and the extent to which entrepreneur is trying to answer that market needs to be understood. Competition can change the rules of the game and thus it becomes necessary to analyze the competitors and their strategies. The entrepreneur can carry out primary and secondary research to understand these things.

Feasibility Report

It is important to understand the feasibility of every step involved in the project and a report can be generated to understand that. It could include information about production process, capital generation, market strategy, raw material procurement, sales and distribution channels, fixed costs, variable costs, breakeven point, overall cost, profitability, taxes, re-investment plan etc.

Registration Procedure

It is very important to register for various statutory bodies like pollution control board, tax authorities, industry centers etc. This is a very important process and the existence of the enterprise can be in jeopardy if proper steps are not followed.

Legal Aspects

Government has passed various acts like the factories act; industrial disputes act etc. which needs to be properly followed and hence it becomes important to know all the legal aspects involved in the business and steps to fulfil them.

Summary

We studied about the various steps involved in planning a rural enterprise.

To Do Activity

Remember the entrepreneurial idea you had shortlisted in Block 3, Unit 1. Note down how an enterprise using the same idea would be different in the rural as compared to urban.

Managing a Rural Enterprise

A rural entrepreneur has many industries to get into. After starting the enterprise, it becomes important to manage the enterprise with profitability

Managing a Rural Enterprise

There are various functions involved in managing an enterprise. They are needed to be understood in depth.

Primary Management Function

These are the primary functions which an entrepreneur needs to carry out when he starts a new venture. It includes planning, decision making, staffing and organizing. Planning is setting up of goals

to act on. Planning could be in any form including but not limited to strategic, operational, production etc. The entrepreneur must make decisions at every front. These decisions can be related to the product or technology used. He also must hire new people to distribute the load. Employment is created and the entrepreneur must recruit and manage the staff. He also needs to take care of organization of product or service. Setting up the production and managing its day to day working is necessary. Good knowledge of procurement, production, supply chain and distribution is required.

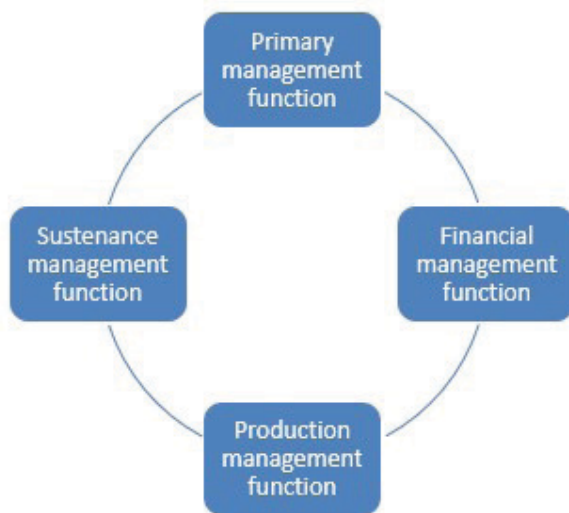


Figure 4.2 Various Functions Involved in Managing an Enterprise; Financial Management Function

Financial Management Function

As the name suggests it deals with matters related to finance. It includes pricing of the product and finding the breakeven point. It also includes management of balance sheet, income statement and cash flow statement. Costing is also covered under financial management function.

Production Management Function

It is broadly classified into two parts i.e. production management and marketing management. Production management aims at reducing the costs and maximizing the profitability of the enterprise. Working capital is needed to manage day to day functioning of the enterprise. Men, material, finances and other resources must be adequately allocated to increase productivity. Marketing management is associated with understanding the customer and provide them with what they need. It covers advertising, distribution, sales etc.

Sustenance Management Function

Once all the other management functions are in place the entrepreneur needs to pay attention to the administration. This management function includes. It involves activities like coordination, controlling, delegation and supervising

Model Questions

- What do you mean by rural entrepreneurship?
- What are the different types of rural entrepreneurs?
 - What are the problems faced by entrepreneurs in setting up micro rural enterprises?
 - How can entrepreneurs overcome the barriers and set up profitable rural micro enterprises?
 - What are the steps involved in planning a rural enterprise?
 - What is the difference between production and marketing management functions?
 - What are the different management functions involved in managing firm?
 -
- What is the difference between production and marketing management functions?
- What are the different management functions involved in managing firm?

Suggested Readings

- Entrepreneurship Development Institute of India (1987), *Developing New Entrepreneurs*, EDII, Ahmedabad.
- Jebadurai, D. J. (2007). An overview of problems of rural entrepreneurs in India. *Journal of Advanced Research in Management and Social Sciences*, 2(7), 202-208.
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Chapter 5 Rural Entrepreneurship II

Objectives of the Chapter

- To understanding the legal structure of rural entrepreneurship
- To examine the role of Government and policies for promoting rural entrepreneurship
- To understand the role played by the various financial institutions in promoting rural entrepreneurship in India
- To analyze the key financial institutions vis-à-vis IDBI, SIDBI and SFCs
- To understand the role of financing and sources of finance for rural enterprise
- To analyze the role of commercial banks in promoting rural entrepreneurship
- To understand the role of other supporting institutions like District Industries Centers (DIC), Small Industries Development Organization(SIDO) and MSME-DI

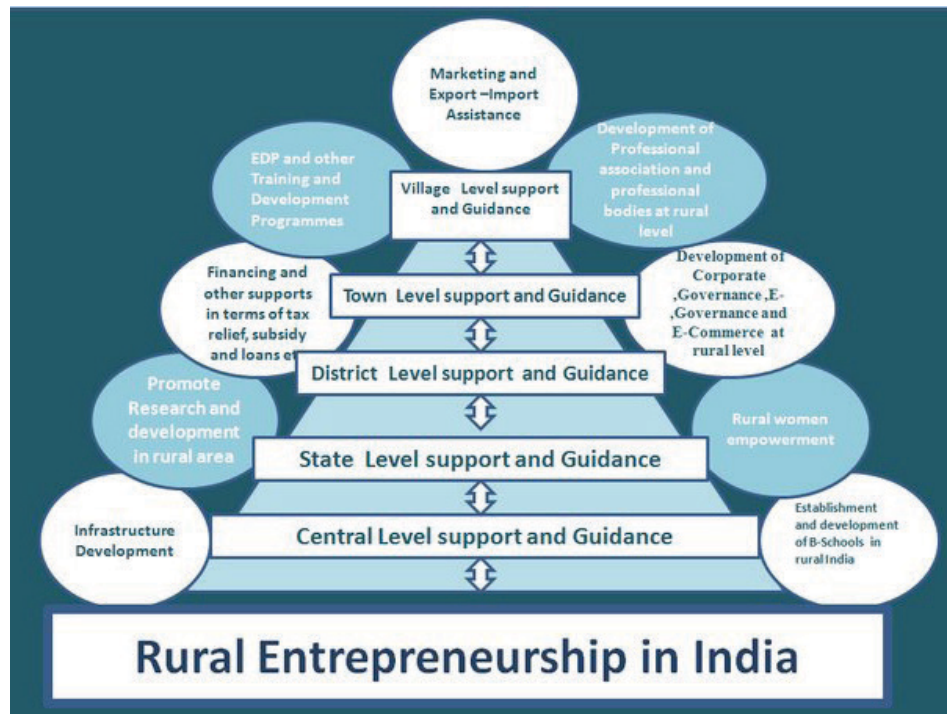


Figure 5.1: Legal Structure of Rural Entrepreneurship in India

(Source: Mehta, 2011)

Government Rules and Regulation Regarding Small Industries

It is evident that government plays a critical role in nurturing and developing the entrepreneurial sector. The support of the government in terms of formulating favorable policies is one of the prime factors that can give a boost to this sector. In light of this, the Government of India has taken various initiatives to promote the growth and development of entrepreneurship in India with special reference to the rural sector.

Legal Structure of Rural Entrepreneurship

The following figure clearly depicts the legal structure of rural entrepreneurship in India.

Role of Government in Promoting Rural Entrepreneurship

The government plays a major role in promoting the growth and development of entrepreneurship in any country. In India, the Government plays a vital role as is illustrated in the following figure. The Government of India has commenced several initiatives and introduced policy measures so as to foster entrepreneurship and culture of innovation in the country. One of the biggest challenges that India is facing in the present times is the job creation. With anote-worthy and distinctive demographic advantage, India, however, has enormous potential to raise entrepreneurs,innovate and create jobs that can prove beneficial for the entire nation.

As can be understood from the above Figure 1, the support extends from the central level, state level, district level, town level, and finally the village level.

These support span training, research, infrastructure, financing, and marketing assistance.



Figure 5.2: Role of Government in Promoting Rural Entrepreneurship

The Government also supports and promoted rural entrepreneurship through credit guarantee schemes, subsidies, consultancy support, raw materials supply, price support, and preference in government procurements.

Policies for Promoting Rural Entrepreneurship

Government of India has initiated various policies to promote entrepreneurship in rural sector. The hierarchy of schemes is delineated below:

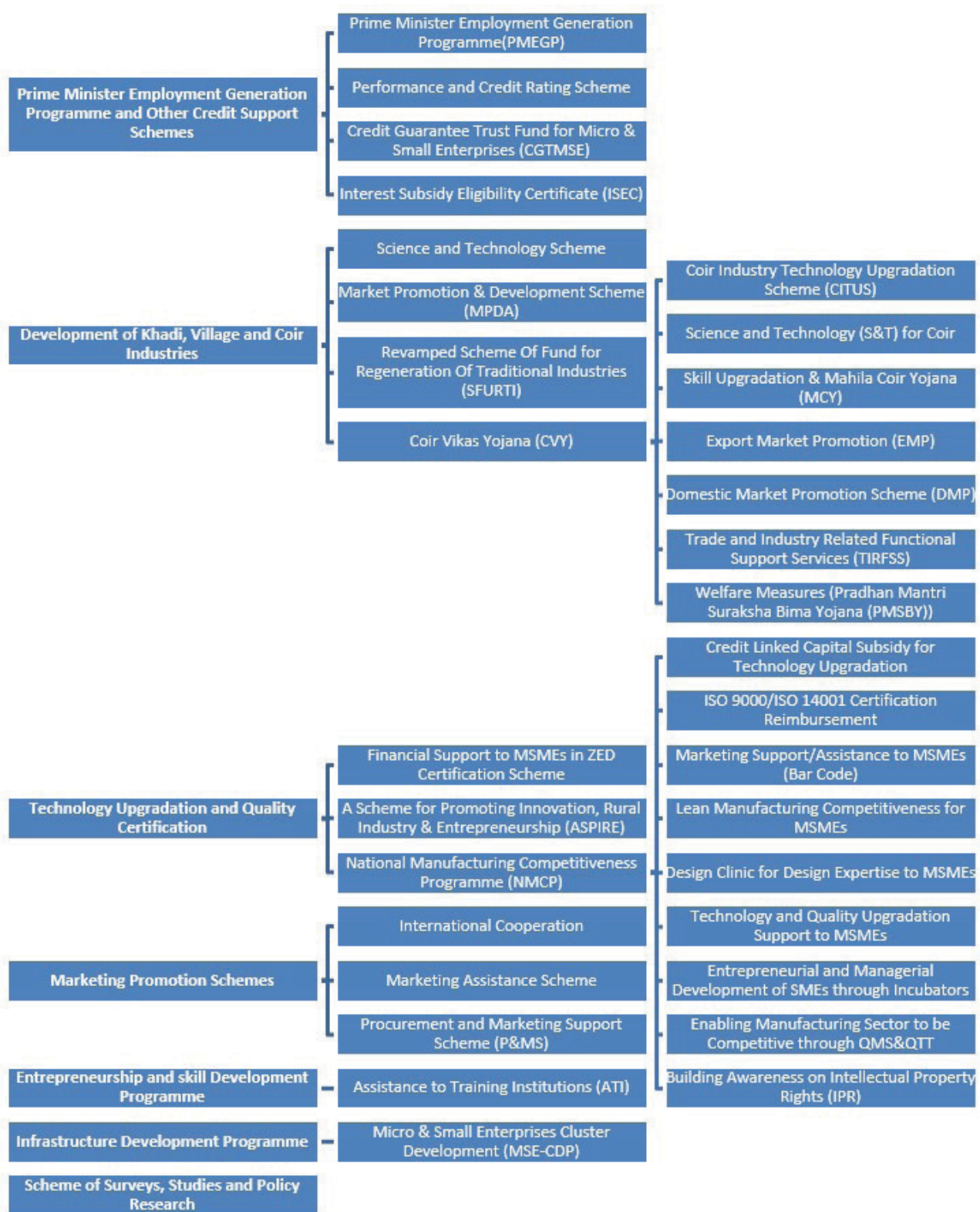


Figure 5.3 Policies for Promoting Rural Entrepreneurship

(Source: <https://msme.gov.in/all-schemes>)

A list of a few of these schemes is given below:

- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Performance and Credit Rating Scheme (Implementation through National Small Industries Corporation – NSIC)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi KarigarJanashreeBima Yojana for Khadi Artisans
- Marketing Assistance Scheme
- Provision of Urban Amenities to Rural Areas (PURA)

The following figure delineates the key organizations in skill development and training and employment in India.

governments help innovation in different ways. The fundamental objective of financial institutions is to give term credit to small and medium scale



Figure 5.4: Key Organizations in Skill Development and Training and Employment

(Source: www.nationalskillsnetwork.in)

It is evident that government plays a very critical role in nurturing and developing the entrepreneurial sector. The support of the government in terms of formulating favorable policies is one of the prime factors that can give a boost to this sector. In India, the Government plays a vital role and it is illustrated in the following figure. The Government of India has commenced several initiatives and introduced policy measures so as to foster entrepreneurship and culture of innovation in the country.

To Do Activity

Remember the entrepreneurial idea you had shortlisted in Chapter 3. Note down what all government schemes and support would be available for you if you launch that enterprise. Discuss with your class-mate to see if their enterprise is eligible for different schemes as compared to yours.

Role of Financial Institutions

Money is the life-blood of a venture. Without adequate assets, no business can be created. In India, Central and state governments are advancing various money related support to get the entrepreneurial development jump-started in the states. Various financial institutions set up by local and state

businesses for gaining resources like land, building, plant and machinery. Credit is additionally provided for extension, enhancement, innovation and development of the business. This Section throws light on the various financial institutions that play a major role in promoting the rural entrepreneurship in India.

IDBI (Industrial Development Bank of India)

Industrial Development Bank of India (IDBI) was established under Industrial Development Bank of India Act, 1964. IDBI is the principal financial institution that provides credit and other facilities with the objective of developing industries and also assisting development institutions. Its Head Office is located in Mumbai. The bank has five regional offices, one each in Kolkata, Guwahati, New Delhi, Chennai and Mumbai. Besides the bank have 21 branch offices.

Functions of IDBI:

The main functions of IDBI are discussed below:

- (i) To provide financial assistance to industrial enterprises.
- (ii) To promote institutions engaged in industrial development.
- (iii) To provide technical and administrative assistance for promotion management or expansion of industry.
- (iv) To undertake market and investment research and surveys in connection with development of industry.

Figure 5.5: Functions of IDBI

IDBI provides both direct and indirect assistance to entrepreneurs. It also acts as a source of funds.

The various schemes of IDBI are listed below:

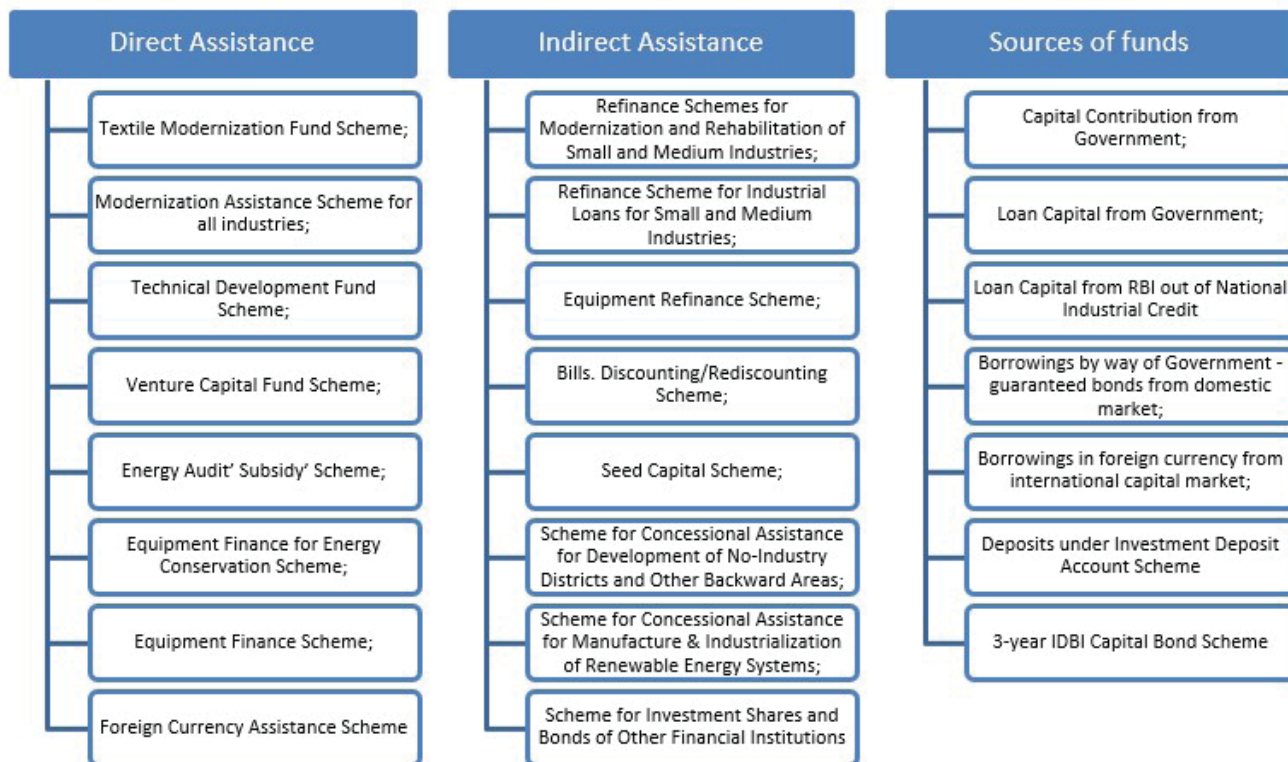


Figure 5.6: Schemes of IDBI

SIDBI (Small Industries Development Bank of India)

Small Industries Development Bank of India (SIDBI) was established in the year 1990 under an Act of Indian Parliament. Its primary objective is promoting, financing and developing Micro, Small and Medium Enterprises (MSMEs) and also coordinating the functions of institutions engaged in similar activities. It has structural linkages with Ministry of Finance and Ministry of SSI. It also acts as a nodal agency for SME schemes of Government of India.

Functions of SIDBI are explained below:

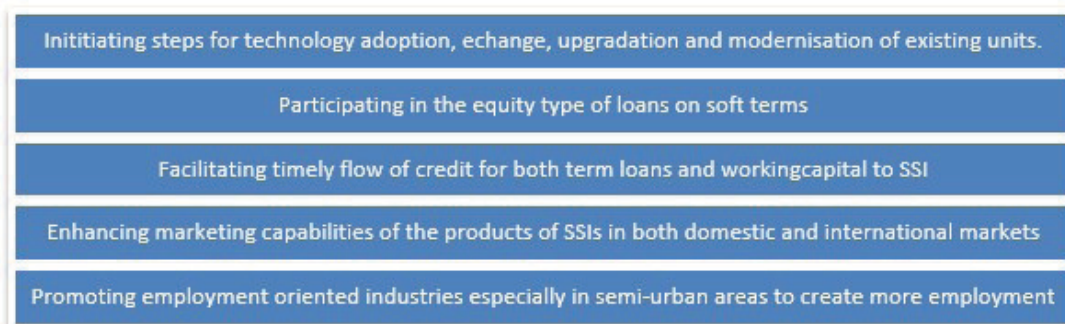


Figure 5.7: Functions of SIDBI

The schemes of SIDBI are given below:

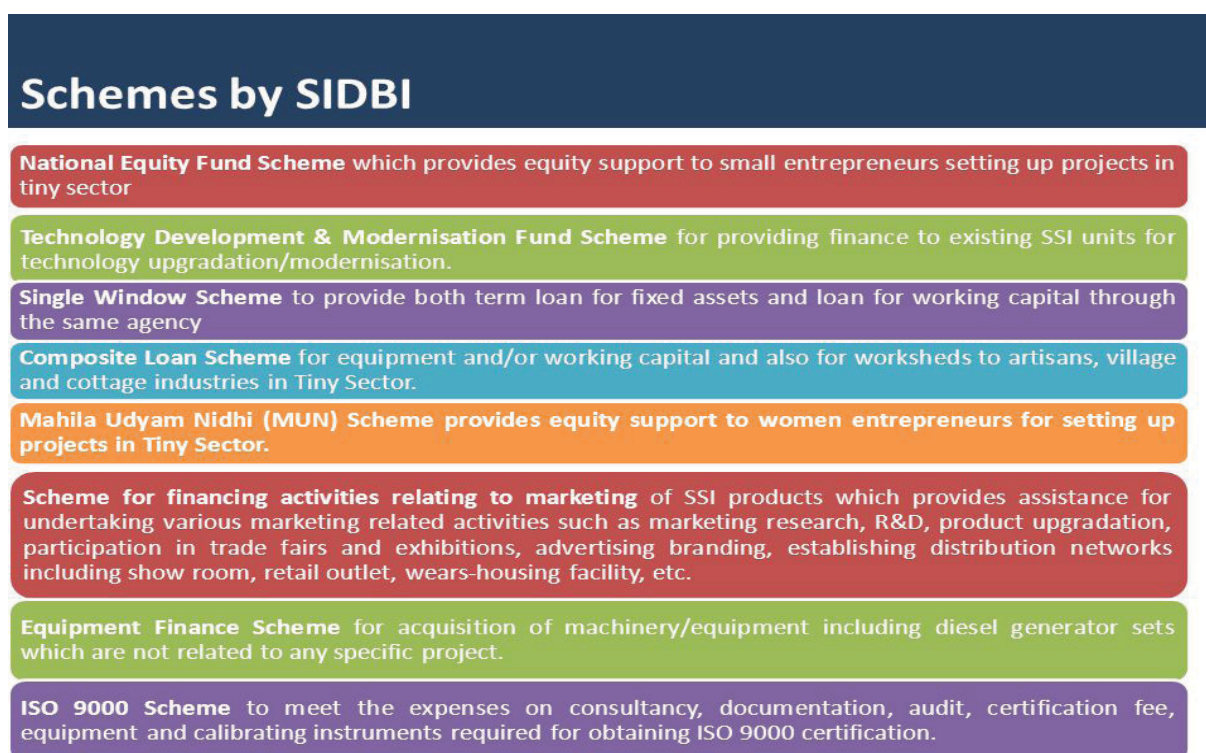


Figure 5. 8: Schemes offered by SIDBI

(Source: <https://slideplayer.com/slide/3819207/>)

SFCs (State Financial Corporations)

State Financial Corporations (SFCs), are functional at the State-level. They play a vital role in the development of financing system in the country. The basic objective of SFCs is to promote small and medium enterprises for achieving balanced regional socio-economic growth, catalyzing higher investment; generating greater employment opportunities and widening the ownership base of industry. At present, there are 18 SFCs in the country, 17 of which were set up under the SFCs Act, 1951. Tamil Nadu Industrial Investment Corporation Ltd., set up in 1949 under the Companies Act as Madras Industrial Investment Corporation also functions as a full-fledged SFC.

The basic functions of SFCs are outlined below:



Figure 5.9: Functions of SFCs

The various schemes for offering financial assistance are as follows:



Figure 5.10: Schemes offered by SFCs

In India, Central and state governments are advancing various money related foundations to get the entrepreneurial development in the state. The fundamental objective of financial institutions is to give primarily the term credit to little and medium scale businesses for gaining resources like land, building, plant and machinery. This section highlights the role played by the various financial institutions, more specifically, IDBI, SIDBI and SFCs, in promoting the rural entrepreneurship in India.

To Do Activity

For your shortlisted entrepreneurial idea, which financial institutions would be willing to extend what kind of support? Make a list of the direct assistance, indirect assistance, and funding.

Role of Commercial Banks in Assisting Entrepreneurs

The term financial management is often described as a function that incorporates all the functions that deal with managing cash and finances. It is a very important area of control especially in case of rural enterprise where the elements such as managing long-term finance as well as short-term finance are crucial for determining the success of an enterprise. This section discusses in detail the importance of financing in the setting up of a rural enterprise followed by identifying the different sources of finance that are available for rural enterprise.

Role of Entrepreneurial Finance

Any new venture needs financing and hence, entrepreneurs have to decide where to get funding from, how to invest, and how much to borrow. Indeed, one of the central preoccupations for entrepreneurs is where and from to get the funding in order to kick start their ventures and hit the ground running. In the words of Janet Kiholm Smith and Richard L. Smith, “Just as corporate finance is concerned with financial decision- making by managers of public corporations’ entrepreneurial finance is concerned with financial decision- making by entrepreneurs who are undertaking new ventures”.

THE SMALL BUSINESS HEROES GUIDE TO SMALL BUSINESS FUNDING

	SELF FUNDING	CROWDFUNDING	GRANTS	INVESTMENT	LOANS
BEST FOR	Start-ups who don't want to or can't get investment or bank loans. Good for simple, self-sufficient business models	Anyone embarking on a business project that needs funding	Businesses in need of a cash injection for a project	Those willing to give away equity and/or looking for experienced stakeholders	Businesses in need of a one-off cash injection to get off the ground or to grow
WHERE DOES THE MONEY COME FROM?	Your own assets or savings, or money from friends or family	A 'crowd' of backers all willing to invest a small amount of money in your project	Government-backed organisations who are responsible to deciding who is awarded money	Individual angel investors or venture capitalists	Banks and building societies, but also other public and private lending institutions
DO I RETAIN CONTROL OVER BUSINESS DECISIONS?	Yes	Yes	Yes	No	Yes
HOW EASY IS IT TO SECURE?	Easy – so long as you have the existing funds/assets	Difficult – convincing a large group of people to support you can be hard	Difficult – grants often have strict criteria and are very competitive	Difficult – pitching is time-consuming and competitive	Moderate – many banks and other organisations are willing to lend to small businesses
DO I NEED TO GIVE AWAY EQUITY?	No	Dependent – some crowdfunding projects promise a return in equity to backers	No	Yes	No
DO I RECEIVE MENTORING AS WELL AS MONEY?	No	No	Sometimes	Yes	No
WHAT LEVEL OF PERSONAL FINANCIAL RISK IS INVOLVED?	High	Low	Low	Moderate	High
WILL IT SUPPORT MY MARKETING AND NETWORKING EFFORTS?	No	Yes	No	Yes	No
DO I HAVE TO PAY IT BACK?	No	Depends on the type of crowdfunding	No	No	Yes
WILL I HAVE TO PUT IN MY OWN MONEY TOO?	Yes	Usually	Usually	Usually	No
IS IT USEFUL FOR B2B PRODUCTS OR SERVICES TOO?	Yes	No	Yes	Yes	Yes

Figure 5.11: Comparison of Different Sources of Entrepreneurial Finance

(Source: <https://visual.ly/community/infographic/business/small-business-heroes-guide-small-business-funding>)

Entrepreneurial finance focuses primarily on managing the finances of an enterprise across different stages of its life cycle. Almost all entrepreneurial firms tend to face the foremost operating and financial glitches during the early years of inception, thereby rendering entrepreneurial finance and the practice of effective and efficient financial management critical to the survival and success of the venture.

Principles of entrepreneurial finance



Figure 5.12: Principles of Entrepreneurial Finance

Role of commercial banks in promoting rural entrepreneurship

Let us first go through the structure of commercial banks in India:

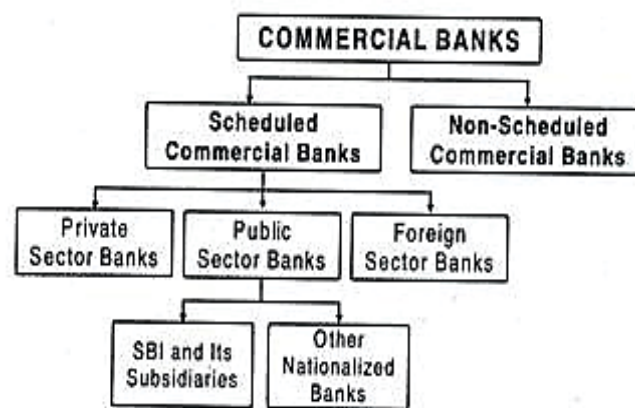


Figure 5.13: Structure of Commercial Banks in India

(Source:http://cdn.yourarticlelibrary.com/wp-content/uploads/2014/03/clip_image00288.jpg)

Commercial banks play a pivotal role in promoting the growth and development of entrepreneurship in India. These help in accelerating the entrepreneurial growth in the following manner:



Figure 5.14: Role of Commercial Banks

These are also illustrated in detail below:

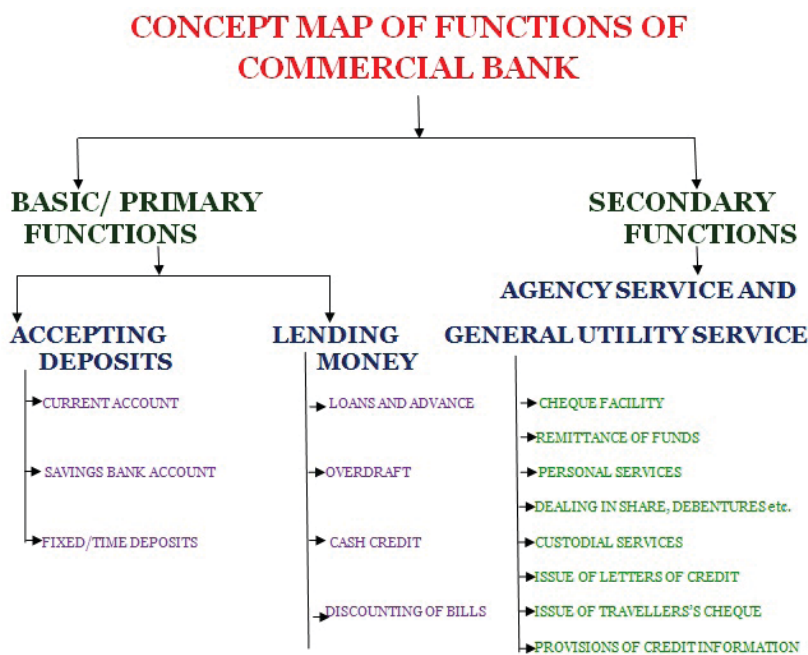


Figure 5.15: Functions of Commercial Bank

It is a very important area of control especially in case of rural enterprise where the elements such as managing long-term finance as well as short-term finance are crucial for determining the success of an enterprise. Any new venture needs financing and hence, entrepreneurs have to decide where to get funding from, how to invest, and how much to borrow. Indeed, one of the central preoccupations for entrepreneurs is where and from to get the funding in order to kick start their ventures and hit the ground running. Almost all entrepreneurial firms tend to face the foremost operating and financial glitches during the early years

of inception, thereby rendering entrepreneurial finance and the practice of effective and efficient financial management critical to the survival and success of the venture.

To Do Activity

Go to the branch of any nearby commercial bank. Introduce yourself as a student and discuss your entrepreneurial idea with the bank loan officer or bank manager. Note down what questions and concerns they have and what kind of loans they are willing to offer. Compare note with the experience of your classmate(s) and see how they are different.

Role of other Supporting Institutions

Various financial institutions set up by local and state government helps innovation in different ways. The fundamental objective of financial institutions is to give primarily the term credit to little and medium scale businesses for gaining resources like land, building, plant and machinery. This Section throws light on the various financial institutions that play a major role in promoting the rural entrepreneurship in India.

District Industries Centers (DIC)

The concept of District Industries Centers (DIC) was introduced in the Industrial Policy, 1977. It was a remarkable development to promote the growth of cottage and small industries particularly in the small towns of India. The prime objective of setting up DICs was to provide an integrated framework for administering the promotion of industries at district level.

Objectives of DIC

The key objectives of DIC are as follows:

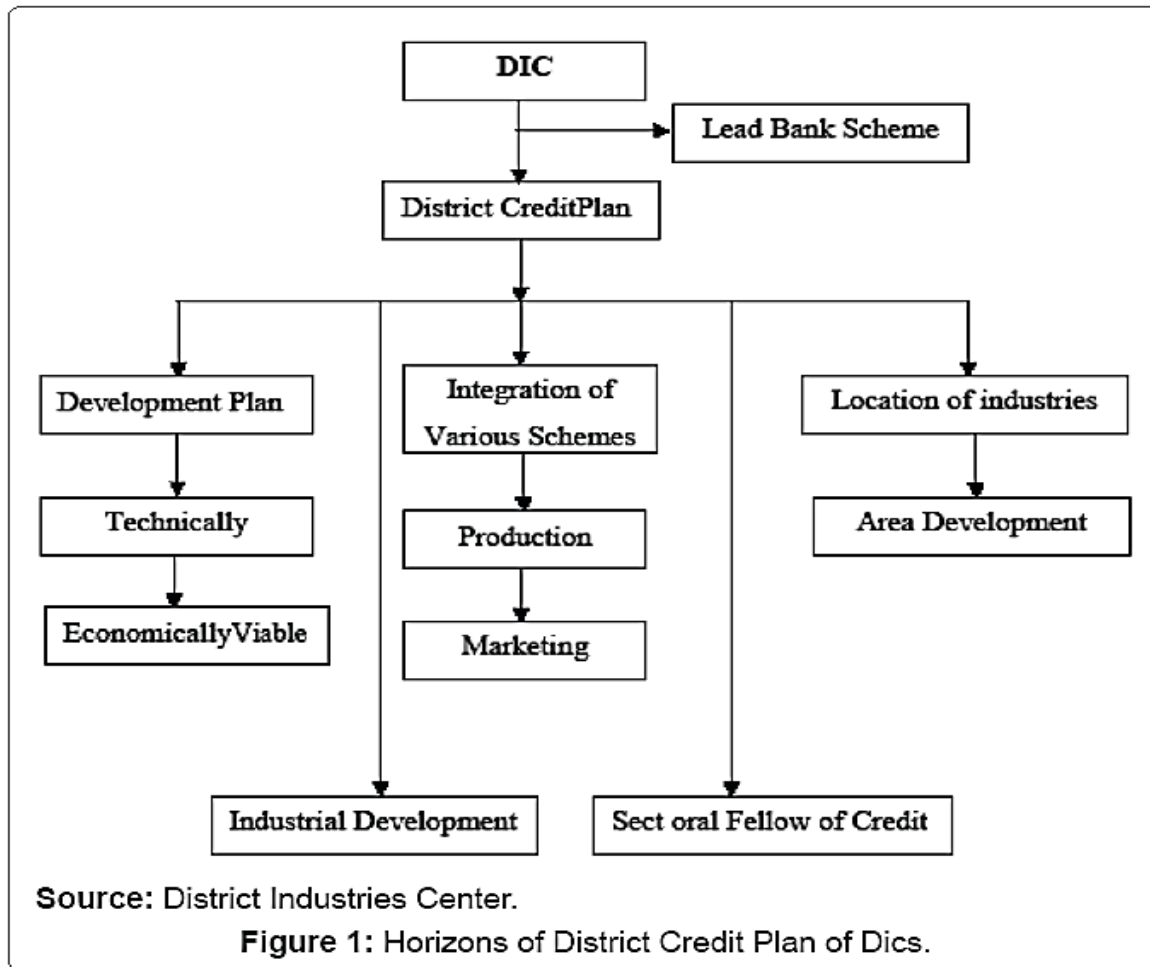


Figure 5.16: Role of District Industries Centers

(Source: Selvaraj and Balajikumar, 2015)

The activities performed by District Industries Centers are as follows:

- Registration of SSI units (Permanent/ Provisional).
- Registration of Handicrafts/Cottage industries.
- Implementation of Prime Minister’s Rozgar Yojana.
- Granting of Subsidies to SSI units.
- Distribution of Project profiles among entrepreneurs.
- Training for Entrepreneur Development Programme.
- Organisation of Industrial Cooperative Societies.
- Raw Material assistance through SIDCO.
- Allotment of sheds in Electrical & Electronic Industrial Estates.
- Marketing assistance through SIDCO.
- Conducting Motivation Campaigns.
- Clearance of licences etc. through Single Window Meeting.
- Rehabilitation of sick SSI units.
- Recommendation of Awards to SSI units.
- Recommendation of loan applications to banks under KVIC Scheme.

Figure 5.17: Activities performed by DIC

Small Industries Development Organization(SIDO)

Popularly known as SIDO, the Small Industries Development Organization (SIDO) is the national SME Development Agency of India. It is a key constituent of the Ministry of Small Scale Industries of the Government of India and set up in the year 1954. The basic objective of SIDO is to provide services to the small industries all across the country with its broader domain of activities and services. A few of them are given below:

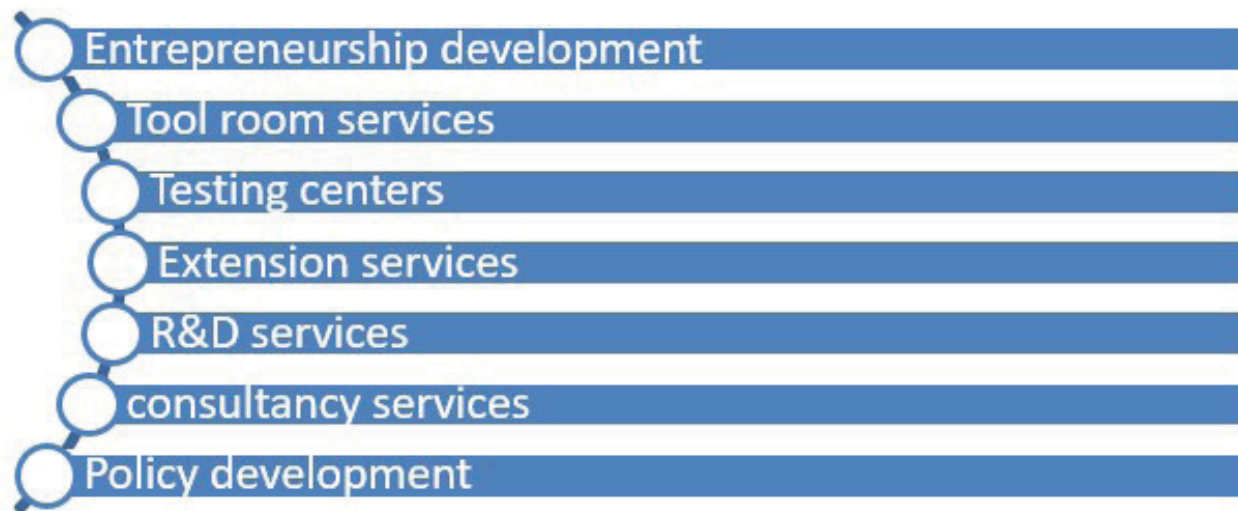


Figure 5.18: Activities of SIDO

Functions of SIDO

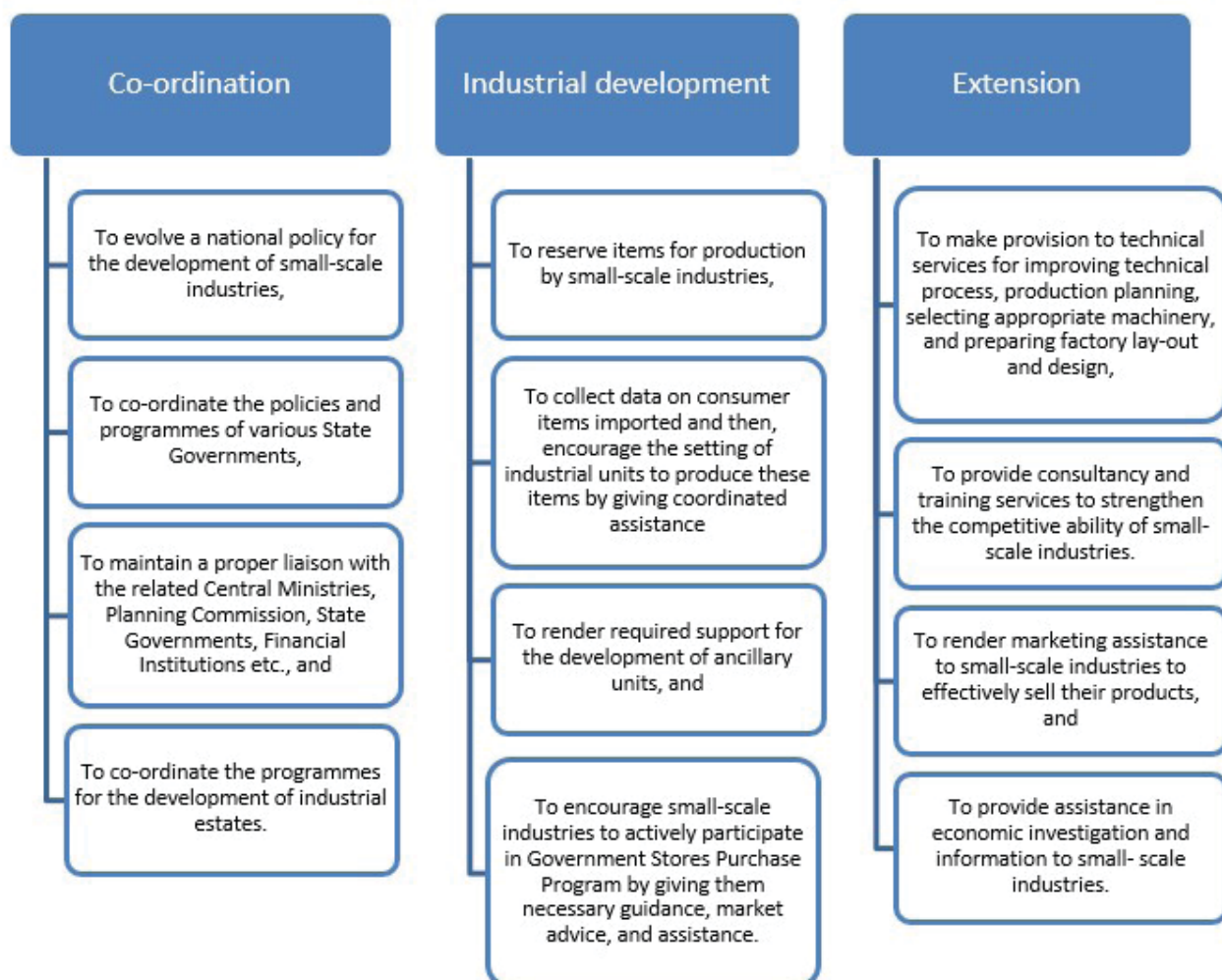


Figure 5.19: Functions of SIDO

MSME-DI

MSME-DI is a field institute of Office of the Development Commissioner (Micro, Small and Medium Enterprises) Ministry of Micro, Small and Medium Enterprises Government of India, which was formerly known as Small Industries Service Institute (SISI), New Delhi. A detailed information on the classification of MSME is given below:

Table 5.1 Classification of MSME

(Source: <https://www.clearias.com/micro-small-and-medium-enterprises-msme/>)

Nature of activity of the Enterprise	Investment in plant and machinery excluding land and building for enterprises engaged in manufacturing or production, processing or preservation of goods	Investment in equipment excluding land and building for enterprises engaged in providing or rendering of services (loans up to Rs 1 crore)
Micro	Not exceeding Rs.25.00 Lakhs.	Not exceeding Rs.10.00 Lakhs.
Small	More than Rs.25.00 lakhs but does not exceed Rs.500.00 lakhs.	More than Rs.10.00 lakhs but does not exceed Rs.200.00 lakhs.
Medium	More than Rs.500.00 lakhs but does not exceed Rs.1000.00 lakhs.	More than Rs.200.00 lakhs but does not exceed Rs.500.00 lakhs.

In India, Central and state governments are advancing various money related foundations to get the entrepreneurial development in the state. The fundamental objective of financial institutions is to give primarily the term credit to little and medium scale businesses for gaining resources like land, building, plant and machinery. This Section highlights the role played by the various financial institutions, more specifically, DICs, SIDO and MSME-DI, in promoting the rural entrepreneurship in India.

Recent Government initiatives

The support of the government in terms of formulating favorable policies is one of the prime factors that can give a boost to this sector. In light of this, the Government of India has taken various initiatives to promote the growth and development

of entrepreneurship in India with special reference to the rural sector. The Government of India has commenced several initiatives and introduced policy measures so as to foster entrepreneurship and culture of innovation in the country. Government of India has initiated various policies to promote entrepreneurship in rural sector. This Section discusses some of the recent initiatives taken by the Government of India in this direction.

Recent Government Initiatives

The Government of India has taken numerous initiatives for promoting the growth and

development of rural entrepreneurship in India. A list of a few of these schemes is given below:

- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Performance and Credit Rating Scheme (Implementation through National Small Industries Corporation – NSIC)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi KarigarJanashreeBima Yojana for Khadi Artisans
- Marketing Assistance Scheme
- Provision of Urban Amenities to Rural Areas (PURA)

The following figure illustrates the various schemes that are being implemented in India in this regard:



Figure 5.20: Schemes Initiated by the Government of India

Case study

Here we will now discuss a few initiatives that are being implemented in India along with their respective support and associated opportunities.



Figure 5.21: Advantage India Initiative

(Source: <https://www.ibef.org/industry/infrastructure-sector-india.aspx>)



Figure 5.22: Schemes for Empowering Minorities

(Source: <https://www.scoopnest.com/user/BJP4India/829012677125025792-empowering-minorities-real-work-done-by-modi-government-in-place-of-mere-lip-service>)

Various schemes launched by the Government had helped provide skills and other trainings to a large number of women and youth.



Figure 5.24: Schemes for Entrepreneurship

(Source: http://www.pmindia.gov.in/en/government_tr_rec/unleashing-indias-entrepreneurial-energy/)

This Section discusses the recent government initiatives that are being launched for the growth of rural entrepreneurship in India. We also discussed a few initiatives focusing on MSME or the rural growth.

To Do Activity

Along with one or more class-mates, identify one scheme of the government and understand the same in detail. Conduct short sessions for entrepreneurs so that they can understand and benefit from the scheme.

Model Questions

- Evaluate the government initiatives for the rural entrepreneurship in India.

What do you understand by rural entrepreneurship? What role does government play in promoting rural entrepreneurship in India?

- What is the role played by the financial institutions in promoting the rural entrepreneurship in India?
- Discuss in detail the role played by IDBI in promoting the rural entrepreneurship in India.



Figure 5.23: Schemes for MSME

(Source: <https://msme.gov.in/>)

- Highlight the role played by SIDBI in promoting the rural entrepreneurship in India.

- Explain in detail the role played by SFCs in

promoting the rural entrepreneurship in India.

- What is entrepreneurial finance? What are the various sources of entrepreneurial finance?
- Q2. Discuss in detail the importance of financing for a rural enterprise.
- Q3. Define commercial bank. What are the various functions of commercial banks?
- Evaluate the government initiatives for the rural entrepreneurship in India
- Discuss the various schemes and initiatives taken by Government in promoting rural entrepreneurship in India.

Suggested Readings

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Block 3

Rural Entrepreneurship

Part 2

Chapter 1 Introduction to Rural Entrepreneurship

Objectives of the Chapter

- To understand the concept and meaning of Entrepreneurship
- To understand types of entrepreneurship
- To differentiate between Rural and Urban Entrepreneurship, Entrepreneurship and Intra-preneurship
- To understand the Historical development of Entrepreneurship in India.
- To appreciate the contemporary developments, challenges and opportunities for Rural Entrepreneurship in India, and
- To visualize a bright future of Rural Entrepreneurship in India.
- To understand the Characteristics of Entrepreneur.
- To understand the Competencies required for a successful Entrepreneur.
- To make buddy rural entrepreneurs aware about the challenges and opportunities in rural eco-systems

Understanding Entrepreneurship

Introduction

Entrepreneurship is the process of designing, launching and running a new business. Most of the new businesses start as a small business and with time, resources, market-access and profits earned, they grow into large enterprises. The people who conceptualize and create these businesses are called Entrepreneurs. Entrepreneurship creates wealth and creates jobs in society. Thus Entrepreneurship is one of the key drivers of growth. Success of one business entity triggers a chain reaction for rapid development. Entrepreneurship is thus a necessary condition for any society's development.

Entrepreneurship - Definition

Entrepreneurship is associated with 'starting a new business'. The term Entrepreneurship originated in Europe during 17th and 18th Century. The word Entrepreneurship is derived from a French word 'Entreprendre' which means 'to undertake', 'to pursue

opportunities', or 'to fulfill needs and wants through innovation and starting businesses'. The word first appeared in French dictionary in 1723. The word 'Entrepreneur', which most people recognize as meaning someone who organizes and assumes the risk of a business in return for profits was introduced by Richard Cantillon (1697-1734), an Irish economist of French descent.

French economist, Jean Baptiste Say (1767-1832) used the word 'Entrepreneur' to define an 'adventurer' or "one who undertakes an enterprise, especially a contractor, acting as intermediary between capital and labor". According to Say "The entrepreneur shifts economic resources out of an area of lower value and productivity to an area of higher value, productivity and yield". The Entrepreneur, thus, identifies the opportunity to add value to the existing resources, and takes risk to invest time, money and efforts to undertake it.

Joseph Schumpeter (1883-1950) defined Entrepreneur as someone who undertakes a new business "to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility " Schumpeter views the personal qualities of energy, leadership, and determination as playing an important role.

Contemporary writers in management and business have presented a wide range of theories of Entrepreneurship. Most of them follow Say-Schumpeter tradition while offering some variations to the theme. Peter Drucker (1909-2005) brings the element of 'Innovation' into Entrepreneurship. According to Drucker, Innovation is the key to successful competition, growth, progress and prosperity. But innovation does not happen on its own. It takes people who are passionate about it to make it happen. Someone needs to identify opportunities for innovation, turn ideas into products, services

or business models and help them succeed in the face of adversity. And this is exactly what Entrepreneurs do.

Another dimension of 'Opportunity' is added to Entrepreneurship by contemporary American economist, Israel Kirzner. According to Kirzner, "Entrepreneur is a person who discovers previously unnoticed profit opportunities". The Entrepreneur's discovery initiates a process in which these newly discovered profit opportunities are then acted on in the marketplace until market competition eliminates the profit opportunity.

Entrepreneurship is the 'capacity and willingness' to develop, organize and manage a business venture along with any of its risks in order to make a profit.

1. Classification of Definitions of Entrepreneurship

The definitions of Entrepreneurship propounded by Richard Cantillon and J.B. Say can be categorized as historical definitions as these were the first documents on entrepreneurship. The essence of these definitions is that Entrepreneurs bring a new business into being by organizing means of enterprise to generate profit. Value addition and generation of wealth and additional jobs is the key theme of Entrepreneurship. The Entrepreneurs of 17th and 18th centuries like Henry Ford (Ford Motors), W.K. Kellogg (The Kellogg Company) in USA and JRD Tata (Tata Sons) and Seth Shiv Narayan Birla (Birla group of Companies) can be quoted as best examples of this kind of Entrepreneurship.

The Schumpeter definition of Entrepreneurship "to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility " can be considered as classical definition of Entrepreneurship, as it captures the essence of "Value Addition" and also has the additional futuristic dimension of "Creative-Destructive" innovation. In his words, "the function of entrepreneurs is to reform or revolutionize the pattern of production." The Entrepreneurs can do this by "by exploiting an invention or, more

generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on." According to Schumpeter, Entrepreneurs are the change agents of the economy. They create new markets and new and more efficient ways of doing things. They are the modern business leaders.

The establishment and worldwide growth of aviation industry and IT Industry, where-in technological innovations were the triggering points for establishment of new industrial systems, can be explained as the examples of Classical Entrepreneurship.

The last two definitions "Innovation-centered Entrepreneurship" propounded by Peter Drucker, and "Opportunity-driven-Entrepreneurship" by Israel Kirzner can be classified as the contemporary or current theories of Entrepreneurship. The conceptualization and growth of dotcom industries, app based enterprises (Ola, Uber, PayTM) are examples best explained by "Innovation and Opportunity driven Entrepreneurship".

2. Entrepreneurship – Rural-Urban

The concept of Entrepreneurship evolved in the West, and so examples are mainly driven from there. In India also major Entrepreneurship initiatives documented belong to urban India. Examples of Urban Entrepreneurship include - Akshay Patra Foundation, Event Management Companies, most of the app-based service Industries (eg. makemytrip.com, irctc.com etc). On the other hand, Entrepreneurs (conceptualized) working in rural India can be classified as Rural Entrepreneurs. It is not that there is less or no Entrepreneurship in Rural India. Our rural brethren are equally talented and industrious. It is purely due to lack of understanding of the concept and lack of documentation in rural India.

India, once known as "Sone Ki Chidiya" (Golden Bird), is reinventing itself. Ancient Indian economy was basically rural. Ours is land of spices, cotton, iron, sugar and pearls. India was once a major exporter of Textiles, Spices, Sugar and Iron

weapons. There were a lot of value-addition activities in the country-side. Our Industries, including rural enterprises, were suppressed during the colonial rule. We are again looking at Rural Entrepreneurship as an emerging subject of study in India. There are umpteen number of Innovations happening in the country-side. We only need to explore, identify, document and popularize Rural Entrepreneurship success stories. One such initiative is Honey bee Network of India, founded by Professor Anil Gupta of Indian Institute of Management (IIM), Ahmedabad. According to Prof. Gupta “India’s villages have become a hot bed of innovation, as its rural poor develop inventions out of necessity. Several of the people on this list have no more than an elementary school education”. Some of best known examples of Rural Entrepreneurship include- development and popularization of Motorcycle-based Tractor by Mansukhbhai Jagani, which costs around Rs. 20,000/- only and is highly fuel efficient (it can plow an acre of land in 30 minutes with two liters of fuel). Another highly acclaimed rural Innovation is Cotton Stripping Machine developed by a farmer Mr. Mansukhbhai Patel, again a farmer from Gujarat. These and many more (over 1,00,000) rural entrepreneurship/ ideas/ Innovations and traditional knowledge practices success stories have been documented by Honey-Bee Network over last 25 years.

Rural Entrepreneurship has potential to provide huge opportunities to our unemployed/ under-employed rural youth, and along with improve the rural infrastructure and livelihoods. There are enormous opportunities for value-addition in Agricultural and allied sectors.

Entrepreneurship is the ‘capacity and willingness’ to develop, organize and manage a business venture along with any of its risks in order to make a profit. The key ingredients of Entrepreneurship include Organizational Ownership, Value-addition, Risk-taking and Profit-making. The Entrepreneurship theories take cognizance of role of Innovation- Process or Technological, Opportunity- Identification and exploitation, by quick action.

Entrepreneurship is key for economic development. Rural Entrepreneurship is necessary to enhance Rural Prosperity.

Types of Entrepreneurship

Being an entrepreneur is not really about starting a new business. It is a way of looking at the World: seeing opportunity where others see none, taking risks when other take refuge. Entrepreneurship is thinking beyond, predicting consumer behavior and at times shaping new business opportunities. There are different types of classifications of Entrepreneurs by economists and management experts. This Section explains these typologies.

1. Types of Entrepreneurship

Entrepreneurship is an innovative process that involves with multifaceted and diversified activities for providing new things to the society and the civilization. The orientation makes it different and therefore, it may be classified as individual and mass entrepreneurship or private and public; entrepreneurship. A number of scholars have classified in three, four and even nine types of Entrepreneurs. These are hereunder:

Arthur H Cole (1889-1974) classifies entrepreneurs as empirical, rational and cognitive entrepreneur.

Empirical: He is entrepreneur hardly introduces anything revolutionary and follows the principle of rule of thumb.

Rational: The rational entrepreneur is well informed about the general economic conditions and introduces changes, which look more revolutionary.

Cognitive: Cognitive entrepreneur is well informed, draws upon the advice and service of expert and introduces changes that reflect complete break form the existing scheme of Enterprise.

Clarence Danhof (September 12, 1911—Age 106 years) has classified entrepreneurs based on his study on American agriculture. He classified entrepreneurs into four categories:

Innovative Entrepreneur: An innovative entrepreneur is one who introduces new product, new service or new market. An innovative entrepreneur is also known as modern entrepreneur. An innovative entrepreneur can work only when a certain level of development is reached. These entrepreneurs introduce new

changes and develop the business after a certain level of development is reached. They invent new products.

Adaptive Entrepreneur: Adaptive entrepreneur is one who adopts the successful innovations of innovative entrepreneur. These entrepreneurs imitate the techniques and technologies innovated by others. These entrepreneurs can be seen both in underdeveloped and developing countries. They also make small changes in relevance to their market environment.

Fabian Entrepreneur: A Fabian entrepreneur is one who responds to changes only when he is very clear that failure to respond to changes would result in losses. Such entrepreneurs do not introduce new changes. They also do not desire to adopt new methods. They are very shy and stick to old customs. They are very cautious.

Drone Entrepreneurs: These Entrepreneur's activity may be restricted to just one or two innovations. These entrepreneurs do not make any further changes. They refuse to utilize the opportunities and may also suffer losses. They are very conventional. They refuse to introduce changes. They even make losses but avoid changes. Sometimes they may be pushed out of the market.

Hans Schollhammer (1980) had classified entrepreneurship into five categories such as administrative, opportunistic, acquisitive, incubative and imitative entrepreneurship. But with the change of time Entrepreneurship classification has increased to nine types. These are:

Administrative Entrepreneurship: The entrepreneurial activity under this category is centered around administrative techniques and functions. It gives a new option to handle prevailing or future situations in a more effective way that provides advantages and competitive edge. Total Quality Management, job redesigning, new techniques of doing things, participative management or management by consensus are a few of the examples of administrative entrepreneurship that increase overall organizational efficiency and that make the firms successful and sustainable in the competitive market environment.

Opportunistic Entrepreneurship: There is a proverb "Hit! while the iron is hot". It is the best exhibit of the characteristic of this category of entrepreneurship. Environmental changes always offer new opportunities. But everybody is not equally capable of identifying and to utilize that opportunity on time. The entrepreneurship that identifies, exploits and executes the opportunity in the first hand regarded as opportunistic entrepreneurship.

Acquisitive entrepreneurship: The entrepreneurship that learns from others competencies is acquisitive entrepreneurship. It acquires something new of value front, the competitive environment or achieves the competitors' technical capacities. It keeps the entrepreneurship sustainable in the competitive environment. The failure never restrains them from acquisition but motivates them further to discover such a thing with a new visitor.

Incubative entrepreneurship: This category of entrepreneurship generates and nurses new ideas and ventures within the organization. It executes them in a productive manner and ensures material gain for the organization. They pursue and help to get differentiated technologies to promote creations and innovations Microsoft, Nokia etc. always incubates new varieties types of product and creates product differentiation in the market.

Imitative entrepreneurship: The entrepreneurship that imitates a good or service operating in the market under a franchise agreement is the imitative entrepreneurship. It is the medium that spread technology over the world. It adopts an existing technology in countries over the world. It also adopts an existing technology with minor modification appropriate to the local condition.

Private Entrepreneurship: The entrepreneurship that is initiated under private sector is private entrepreneurship. The government gives various support services through private and public concerns that encourage private initiative in taking entrepreneurial ventures. A layer and mutual relationship between private and public sectors would make economic development speedy and balanced.

Public entrepreneurship: The entrepreneurship that is undertaken by the government through its various development agencies is public entrepreneurship. All countries, developed or underdeveloped, take a public initiative in venture ideas to fulfill the initial deficiency of private entrepreneurs.

Individual entrepreneurship: The entrepreneurship that is undertaken by an individual or a family with the personal initiative is individual entrepreneurship.

Mass Entrepreneurship: This type of entrepreneurship emerges in an economy where a favorable climate of motivation and encouragement exist for developing a wide range of entrepreneurship among general mass is mass entrepreneurship. It increases small and medium enterprises in a country.

There are other classifications of Entrepreneurs and entrepreneurships based on use of technology, motivation of entrepreneur, growth of enterprise, stage of development and profile of Entrepreneurs. These classifications are summarized hereunder:

a) Use of technology: i) Technical Entrepreneur, ii) Non-Technical Entrepreneur, iii) Professional Entrepreneur, and iv) High-tech Entrepreneur

b) Motivation of Entrepreneur: i) Pure Entrepreneur, ii) Induced Entrepreneur, iii) Motivated Entrepreneur, and iv) Spontaneous Entrepreneur

c) Growth of Enterprise: i) Growth Entrepreneur, and ii) Super-Growth Entrepreneur.

d) Stage of Development: i) First generation Entrepreneur, ii) Modern Entrepreneur, and iii) Classical Entrepreneur

e) Unique Profile: i) Techno Entrepreneur, ii) Social Entrepreneur, iii) Rural Entrepreneur, iv) Women Entrepreneur, and Intra-preneur.

Of the above classifications we will discuss the last classification in little more details in next sections.

2. Techno Entrepreneur

Technology plays a very crucial role in triggering entrepreneurship. Every new technological

research and development gives rise to a few or many Entrepreneurs. Some technologies have huge potential for entrepreneurship. Example Internet, Mobile Apps, etc. The Entrepreneurs conceptualizing their enterprise on technology are classified as Techno Entrepreneurs. Technology access or technological competence, however, is only a necessary condition for techno Entrepreneurship, not sufficient one. The other condition is 'business proposition' or market potential of the 'Product or service' proposed to be offered, and the final requirement is commercial skill of the Entrepreneurs. As most of our Indian 'University degrees' teach only core science or at the most technology, our Graduates are found to be good or sometimes even best in Science or technology, are found to be weak on entrepreneurial skills.

Technical (ITI passed, Diploma Holders, etc.), Technological and Professional (Agriculture, Veterinary, Fisheries, Chartered Accountants etc.) graduates are highly suitable for Techno Entrepreneurship. Apex national institutions like IITs have started grooming their graduates to undertake entrepreneurship. IIT Madras (Chennai) has started RTBI (Rural Technology Business Incubator) to provide business incubation opportunities and hand-holding (supporting credit linkage, market research etc.) to their Engineering and humanities graduates. Similarly Government of India has initiated a large scheme under the name Agri-Clinic and Agri-business Scheme (ACABC) to provide a two-month residential "Entrepreneurship Training" to Agricultural and allied graduates. This scheme has been opened for other graduates (having studied biological sciences at Intermediate or Graduation level e.g. B.Sc. with one subject as Botany). This kind of support is required to inculcate Entrepreneurial skills and attitude.

3. Women Entrepreneur

Women constitute 50% of World Population, and contribute 66% of the workload. They receive 10% of the Income and own less than 1% of World resources. This is really ironical. Economic development of any country, society or World will not be possible, if the Women population is not taken on board for Entrepreneurship. Just like Education, when a man undertakes Entrepreneurship, he alone

becomes Entrepreneur, whereas when a Woman takes Entrepreneurship, entire Family becomes Entrepreneurial. The Self-Help Group (SHG) movement of Andhra Pradesh demonstrated that the uneducated/ semi-educated women on combined Andhra Pradesh state demonstrated high degree of financial discipline when they were organized into groups and provided short-term loans. Women are more sensitive to repayment. They have better soft-skills like courteous behavior, pleasing manners and more patience while learning. Therefore, it is easier to groom Women as competent Entrepreneurs. The experiences of MS Swaminathan Research Foundation (MSSRF) Chennai indicate that married women are more suitable for running “Village Knowledge Centres (VKCs)”, more commonly known as “Common Service Centre (CSCs)”, across the country.

Education and Training is essential ingredient for knowledge and/ or skill-oriented Enterprises. It is, hence necessary to provide adequate opportunities for Young Women to participate in educational and training programs. As young women find it difficult to stay out of their houses for on-campus training programs, more spatial distribution is required for women’s polytechnics and industrial training institutions. 100% hostel facilities, with adequate security arrangements are required for women only institutions. And under no circumstances, these (women only) institutions should be converted into men’s institutes.

Continuous monitoring and improvement of educational and training programs for young women is necessary for encouraging Women Entrepreneurs. Home Science colleges and Women’s Colleges need to scout and document successful Women (in general) and Women Entrepreneurs in particular to encourage students to consider Entrepreneurship as an attractive career option. The success stories of Women making a mark in other fields like sports, astronauts, administrators and managers motivate the young women to undertake Entrepreneurship also.

4. Rural Entrepreneur

Entrepreneurs establishing business ventures in pre-dominantly rural areas are called rural

Entrepreneurs. This is emerging as a national challenge (to provide meaningful productive self-employment to educated/skilled rural youth and also to bridge the economic development gap between urban and rural areas) and also as a national opportunity (availability of a large number of educated youth, vast agricultural economy, increasing demand for processed, semi-processed agricultural/ horticultural/ rural produce in urban areas, and continuously improving basic communication infrastructure-roads, railways and internet communication). Rural Entrepreneurship caters to the rural needs such as employment generation, income generation, rural development, build up village republics and curbing rural – urban migration. There are huge opportunities rural areas to tap- the demand for graded, packaged, fresh fruits and vegetables in the urban areas and the rural youth can be trained to undertake entrepreneurial initiatives to get-into the supply-chain of these rural products.

5. Social Entrepreneur:

Social Entrepreneurs are the Entrepreneurs with “Social Mission”. For them the Social Good is the focal theme, not the Financial Profit or Wealth Creation. They create and sustain Social Values. Social Entrepreneurship is combination of Entrepreneurship and passion for Social Good. This concept is as old as “Sati-Pratha Unmoolan” and as current as “Sulabh International”. There have been social reform movements from time immemorial. Those were organized on Individual leadership for larger cause, without any formal or structural Organizations. Some of them emerged as institutions in long-term. Now these movements have more formal existence and institutionalization of Corporate Social Responsibility (CSR) has given these initiatives a further boost. In olden days Social Movements were community funded, supported by industry or individual donations and implemented mainly by volunteerism. Now these Entrepreneurs organize their ventures on sound business principles to further their Social Cause.

Social Entrepreneurs engage in all the processes of Entrepreneurship –Innovation, Adaptation, Continuous Learning and improvement, while

relentlessly pursuing new opportunities that serve their mission. New-age Social Entrepreneurs exhibit higher accountability to their donors, their beneficiaries (clientele) and maintain higher financial discipline.

A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create and sustain a venture to make a social change. Social Entrepreneurs measure their success by the impact they have on the society in long-run. Social Entrepreneurs are essential change-agents for eradicating social evils like child-marriages, open-defecation, drug-addiction, and also to address complex social issues better maternity and child-health care, financial inclusion, education and environment etc.

6. **Intra-Preneur:**

Intra-preneurs are the executives/ officers working in corporate sector or business enterprises, who have undertaken “Entrepreneurial” assignments, without formally resigning or leaving their jobs. According to Wikipedia Intrapreneur is “A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation”.

The major advantage for an Intrapreneur is – backing by the company (financial, technical and existing market network). The initiative and innovation to productize the idea, however, remains from Intrapreneur. There are a large number of examples from big companies like Google, Facebook and Intel, where their employees developed an ancillary product to enhance the value or outreach of their main product line. In India, the idea of Kinetic Zing (a variant of Kinetic India) came through one of their employees, who suggested that they must have a mobile charger in their mobile. Similarly at Pune-based Zensar Technologies, Mr. Vijay Gaikwad, Head Innovation Group, has been credited with building a tool called the Solution BluePrint, which has automated the software engineering process in the industry. Intrapreneurs are thus highly valuable employees who exhibit entrepreneurial talent

while remaining in the formal corporate sector.

Entrepreneurship is a very wide open choice for young educated and skilled manpower. There are a number of classifications of Entrepreneurships based on technology used, motivation, growth and stage of development and uniqueness of profile.

Evolution of Entrepreneurship in Rural India

Entrepreneurship is associated with ‘starting a new business’. In simple terms “entrepreneurship” is the act of being an entrepreneur, which can be defined as “one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods”. Creative process of economic goods and services provides jobs to the local population. It attracts more investment. It needs more infrastructure and hence facilitates overall development. Thus the development of whole civilization can be attributed to Entrepreneurship. Entrepreneurship is not new to India. India was known to be prosperous country in olden days. We had a flourishing Agriculture, a well-developed textile industry and prosperous rural life. It is Indian prosperity which attracted Mogul and later English invasions to our country. In this Section we will discuss the evolution of Entrepreneurship in Rural India.

1. **Rural Entrepreneurship-Historical Perspective**

The economic history of India begins as early as 3300-1300 BC, with Indus Valley Civilization. During this period Indian economy (which subsumed present day Pakistan, Bangladesh and part of Afghanistan) was very well organized. It evolved from a largely agricultural and trading society into a mixed economy of manufacturing and services, while a large majority still involved in agriculture. The period was marked by intensive trade

activity and urban development. Though there was a significant urban population, much of India's population resided in villages, whose economy was largely isolated and self-sustaining. Each village had farmers, carpenters, iron-smiths, goldsmiths, barbers, doctors (ayurvedic practitioners) teachers, preachers (Brahmins -pujarees), weavers and general merchants (kirana shops). Agriculture was the predominant occupation and satisfied the village's food requirements, besides providing raw materials for hand-based industries such as textiles, food processing and crafts. All the professions/businesses were family based. The family pooled their resources to maintain the family and invest in business ventures. The system ensured younger members were trained and employed and that older and disabled persons would be supported by their families. The system prevented agricultural land from splitting with each generation, aiding yield from the benefit of scale. Such sanctions curbed the spirit of rivalry in junior members and instilled a sense of obedience.

Along with the family- and individually-owned businesses, ancient India possessed other forms of engaging in collective activity, including the gana, pani, puja, vrata, sangha, nigama and sreni. Nigama, pani and sreni refer most often to economic organizations of merchants, craftspeople and artisans, and perhaps even para-military entities. The organizational structures at village panchayat was very strictly organized. A village panchayat had full legal authority to hear the cases and its verdict including the enforce punishment to erring members.

Religion played an important role in shaping economic activities. As most of the villages and towns were around river valley, most of the functions/ pilgrimage towns like Haridwar, Cawnpore (Kanpur), Benaras (Varanasi), Allahabad, Calcutta (Kolkata), Nasik, Puri, Ujjain were also developed by the side of great rivers. These big towns were developed into centres of trade and commerce. Religious functions,

festivals and the practice of taking a pilgrimage resulted in an early version of hospitality industry. All these towns still house old Sarais.

The Indus Valley Civilization was followed by Maurya Empire (300 BC), which had united most of Indian subcontinent. This resulted in political unity and military security allowing for a common economic system and enhanced trade and commerce, with increased agricultural productivity. India is estimated to have had the largest economy between 1AD and 1000 AD, controlling between one-third and one-fourth of the world's wealth. India was overtaken by China for a brief period during 1500-1700 AD, and then again became world's largest economy in 1700 AD producing about a quarter of global GDP, before declining sharply during British rule in late 18th century. Its global share in industrial output declined from 25% in 1750 to 2% in 1900. There was a heavy de-industrialization of India during 1750 to 1947, with almost fatal blow to the village and industries. As a reader one needs to appreciate there was no Electricity, no Computers, no Airplanes during Indus Valley Civilization, Mauryan Empire, it was primarily an agriculture-based economy, fueled by rural enterprises and village industries. The rural go-down system (grain storage systems) of Harappa and Mohenjo-Daro are still quoted to be the best. Indian agriculture was at its best. Food crops included wheat, paddy and barley, while non-food cash-crops included cotton, indigo and opium. By mid-seventeenth century Indian cultivators begun to extensively grow maize and tobacco. Bengali peasants learned techniques of mulberry cultivation and sericulture, establishing Bengal Subah as a major silk-producing region. Agriculture was highly advanced as compared with Europe. There are references of use of seed-drills in Moghul India. Major irrigation systems were built during Moghul emperors, giving further fillip to crop-yields and harvests. Major road constructions happened during that time to facilitate trade and commerce.

India supporting a quarter of world's GDP,

with majority profession continuing to be agriculture, is ample proof that Rural Entrepreneurship was at its peak during Indus Valley Civilization, Mauryan and other early medieval kingdoms like Cholas, Guptas, Harsh, Palas, Rahtrakutas and Hoysalas. This continued till arrival of Moghuls. Moghuls also did not disturb the Indian Economy much, only later Moghuls – (Aurangzeb in particular) extracted high rate of taxes from peasantry, resulting in decline of Agriculture and consequent decline of rural artisanship and ultimately rural industry. However, it was the British rule which gave a death knell to Indian Rural Entrepreneurship and rural industries by its highly regressive taxation system, and sending all the raw materials (cotton, tobacco, indigo, iron) to England to feed British industry.

2. **Rural Entrepreneurship-Contemporary Realities**

We are living in twenty-first century. First two decades of this century have been marked by tremendous developments of entrepreneurship in urban areas. This is particularly true for India. In the early years of Independence, 1947 onwards we started from scratch. 1952 onwards, planned development of country began with more focus on heavy industries, major infrastructure (bakhra, hirakud dams, IITs, etc.) and revival of major industries, which was location-specific (dams/ roads) or city-centric (Educational Institutions/ Industries). In rural areas Agriculture remained the major occupation, with only primary school and a few local kirana shop being the only other options for employment/ career-building. With more employment/ part-time job opportunities in cities and towns, migration from rural areas to cities/ towns started on a large scale, resulting in very poor health of rural economy. In some of Indian villages (particularly in hills of Uttarakhand, Himachal Pradesh) only the elderly (over 50 years) constitute majority of the population. All the young persons have migrated to nearby cities in search of livelihood. Similarly in some districts

of Telanagana (for example Karimnagar) all the able-bodied young people have migrated to Hyderabad, leaving their old parents to look after agriculture. This has created a very scary picture of rural India. Time has come to change this divide. We need to reinvent India, its prosperity. India lives in villages. Even now over 60% of our population lives in villages. We need to create rural infrastructure, rural jobs, rural roads, schools and other facilities so as to support rural entrepreneurship and rural prosperity.

Government of India, and all the State Governments are highly sensitive on this issue, and all of them want to support rural entrepreneurship. Learning the lessons from success of urban entrepreneurship all state governments are now working-out strategies to promote rural entrepreneurship. The four corner stones of Knowledge, Credit, Management and Marketing, all four ecosystems necessary for entrepreneurship are now being pursued vigorously by all state governments. In fact this is the best time for the establishment and growth rural entrepreneurship. Rural economy is growing, there is enough agricultural produce, horticultural produce and there is ever increasing demand from nearby cities/ towns for processed/ packaged/ graded/ organic and quality food products, crafts, and arts. Rural Tourism is also providing good opportunity for entrepreneurship. The success of “Lizzat Papad” has made the brand a house-hold name even in America, where there is a significant population of Indian descent. Internet penetration is reaching the most difficult areas of the country, and rural roads infrastructure makes it possible to explore the all-India market. With new initiatives like eNAM and Common Service Centres (CSCs) the rural entrepreneurs can reach-out to the whole national market. The e-marketing initiative of Patanjali Brand (Haridwar to Har Dwar translating as From Haridwar to each house) has promise to make a 1000 million Rupees company (turnover in 2016-17) to 100 Billion company within next 2 years (as

indicated by Baba Rambdev on NDTV at 2.00 pm on January 16, 2018).

Institutional support system is improving at a very fast pace, so also the availability of educated and trained manpower. Hence the current situation is highly conducive to start rural entrepreneurship.

3. **Future of Rural Entrepreneurship**

The future of Entrepreneurship is the future of the Country. For India it directly translates as the future of the nation. Considering the importance being attached to improving rural economy, proposed doubling of farmers' income and providing urban facilities in rural areas, we can safely assume that the future of Rural Entrepreneurship is bright in India. This bright future will depend on taking concrete steps of establishing Rural Management as a discipline in all Indian Universities (to make available rural managers), making rural posting compulsory for all government doctors (for at least 5 years), ensuring disbursement of timely loan to all rural entrepreneurs by banking system, and linking all nearby cities/ towns with all-weather roads to rural areas, to facilitate smooth transportation of rural products/ services to urban areas. All this has started to happen. Rural Technology Parks are getting built (NIRDPR, Hyderabad being a leading example) to show-case success of rural enterprises. There is strong need to establish and strengthening Rural Management institutions for proper teaching, training, hand-holding, documenting and disseminating rural entrepreneurship success stories. Strengthening of National Council of Rural Institutions (to serve as a national think-tank, provide policy analysis and feedback, design develop and mentor Course Materials and Master trainers and ultimately serve as a repository and clearing house of Rural Engagement/ Rural Entrepreneurship success stories for the whole country) must be one of the top priorities of the union government.

Rural Entrepreneurship is not a new

concept for India. Indian has been one of the most ancient developed rural economies. The village self-rule (gram-swaraj) is an Indian Concept. We need to reinvent our economic prowess. As India still lives in villages, the route of Indian economic development will be fast-forwarded by Rural Entrepreneurship. Fortunately there is unison of thinking among policy makers (in all states and at federal level) on this subject at this point of time, as the country is facing acute rural distress. Current situation provides a good opportunity for rural entrepreneurship to flourish.

Entrepreneurial Competencies

Entrepreneurs are highly focused, achievement oriented, enthusiastic, and confident individuals, who have some innovative business ideas and also capacity to take risk. These individuals like freedom, but at the same time they are highly disciplined and focused on their business idea. In this unit we will discuss the characteristics of Entrepreneurs and the competencies required for a successful entrepreneur.

1. **Characteristics of Entrepreneurship**

Entrepreneurs are highly focused, achievement oriented, enthusiastic, and confident individuals, who have some innovative business ideas and also capacity to take risk. They have following characteristics:

- ✓ Entrepreneurs are highly motivated and action oriented.
- ✓ They have full faith in their technical competence and have unwavering commitment to their idea.
- ✓ Entrepreneurs are innovative. They encounter new problems in new areas and they are prepared to solve these problems.
- ✓ They are highly creative and result oriented.
- ✓ They are good communicators, and are able to convince others on their idea.
- ✓ They are good thinkers, planners, and doers.
- ✓ They can foresee their market, their market issues, and future of their

product.

- ✓ They are prepared to take Risk

2. Entrepreneurial Competencies

Entrepreneurship requires FULL commitment. By deciding to become an Entrepreneur, the individual has to take responsibility of all phases of business, i.e. complete ownership. This includes conceiving the Enterprise, Planning the Enterprise, Organizing finances, infrastructure, required clearances, manpower, and giving it the shape. An Entrepreneur has to possess all the skills/competencies required to undertake all the above phases of establishing and running a successful Enterprise. These competencies are summarized hereunder:

- a. Initiative:** The Entrepreneur is his own boss. He/she has to take the initiative at all the stages of the Project Initiation, Planning, Execution and Expansion. An Entrepreneur has to think beyond the current situation. He has to think of the future of the project, potential opportunities and threats to his business. Most successful entrepreneurs possess/exhibit these skills while taking decisions to expand their business or adding a new product or service their delivery line.
- b. Self-Confidence:** A successful entrepreneur will have strong belief in self. He has confidence to complete a task within committed schedule. Self-confident entrepreneurs have very good judgement of their abilities and are willing to put-in extra hard-work to justify that. This reinforces their confidence and makes them more successful Entrepreneur.
- c. Assertiveness:** Entrepreneurs are not shy guys. They are good at communication. They express their ideas clearly. They have good self-respect and communicate pro-actively.
- d. Highly Systematic:** Entrepreneurship requires full business cycle thinking. Systematic planning is one of the most critical requirement for a successful Entrepreneur. They are highly logical,

follow step-by-step approach to undertake an activity. A successful entrepreneur follows all principles of Project Management, including concurrent monitoring and feedback. They have the pen-picture of their project Implementation schedule on continuously monitor it.

- e. Innovative:** Entrepreneurs take up new businesses. They encounter new problems, they have to be innovative in their approach and have to be ready for unforeseen problem at various stages of Project execution and implementation.
- f. Well-informed:** An Entrepreneur has to be well informed, particularly on the issues related to his business/ product. They continuously look at the competing products/ businesses and opportunities. Entrepreneurs have to continually scan the technological advances in their business area, so as to safeguard the life, quality, acceptance and profitability of their product/ business. They have to be up-to-date on the legal provisions of their business read regularly on the upcoming technologies in their area of interest. Most successful Entrepreneurs participate in District, State, National and International events showcasing their product line and taking direct feedback from existing and potential customers.

3. Entrepreneurial Competencies for Rural Entrepreneur

Rural Entrepreneurs require all the competencies enumerated in the above paragraphs. Additionally they have to be knowledgeable and sensitive to local culture, customs, social systems and environment. A city-based Entrepreneur can limit his circle to his suppliers and customers, but a rural Entrepreneur has to maintain a good rapport with larger number of people. Rural societies are small, well-knit and more connected and hence the rural Entrepreneur has to interact with all the people in the rural system, irrespective of their direct concern with his business.

In rural scenario his personal goodwill often gets associated with his product quality and credibility. Rural Entrepreneur has to be stronger on soft-skills like communication, motivation, respect for local customs and self-discipline.

Entrepreneurship requires some key competencies like Initiative, self-confidence, assertiveness. A successful Entrepreneur has to be highly systematic in planning and execution of work, highly innovative in tackling new problems and well-informed on the technical/ technological issues related to his business/ product. Rural Entrepreneur, in addition has to be sensitive to local culture, customs, and social fabric. He can make a positive change in the society by sensitively handling his communication and social circles.

Challenges for Rural Entrepreneurs

Entrepreneurship is a challenging job. Entrepreneur has to face challenges from day one. Starting with the challenge of failure of business idea, to face a new competition at initial or later stages, the Entrepreneurs face innumerable challenges. It is here their passion for success and courage to face the challenges is put to test. Facing these challenges and then succeeding is the real victory of the Entrepreneurs, which give them enormous boost in confidence and makes them more successful. Rural Entrepreneurs face additional challenges due to limited access to human resources, capital and also related to infrastructure.

Rural Entrepreneurship- Eco System

Rural Eco-system encompasses the Rural Entrepreneurship eco-system. The critical requirements of knowledge, finances, technology, human resources, management and markets are hugely different in rural areas. We will discuss these critical elements in some details in the context of Entrepreneurship.

a) Knowledge Eco-System: An Entrepreneur coming from outside

will face the knowledge gap of local customs, culture and geographical resources/ limitations on the other hand a local Entrepreneur is likely to have lessor knowledge of market potential and access to the same. And it is here that an Entrepreneur with rural background is likely to have an edge over the outsider. It is, however, critical for the rural entrepreneur to have good knowledge of market channels, costs involved, and proper market linkages for his product.

b) Finances: Credit is the lifeline of a successful Enterprise. Rural entrepreneurs fail to get credit and external funding due to absence of tangible security and credit-worthiness. Even after 14 years of its operation, and subsidized credit support by National Bank of Agriculture and Rural Development (NABARD) the Agri-clinic and Agri-business Scheme (ACABC) supported by Government of India, has failed to ensure credit to even 5% of its trained Entrepreneurs. Most of the Agri-Graduates have had to establish their ventures on their own, and are surviving on sub-optimal success. Even after continuous follow-up by Government agencies, Ministry of Agriculture and Farmers Welfare, the Banks are unwilling to extend loans to ACABC Entrepreneurs, who have established their ventures in rural areas. The case is similar for other rural entrepreneurs.

c) Technology and Infrastructure: The challenges of agricultural growth in developing countries including India, mostly include the lack of “appropriate technology and rural infrastructure”. There is a huge shortage of cold-storages and cool-chains in rural areas, which results in wastage of a high percentage of fruits and vegetables, before they reach market. Some of the rural areas do not have electricity connections 24 X 7. This may at times pose a serious limitation for putting up a food-processing/ milk-chilling and processing unit. Rural roads

are another critical infrastructure for flow of goods between nearby towns/ cities and rural areas. Proper and all weather roads facilitate rural enterprises to have unhindered access to the nearby rail-heads or city/ towns. Tamilnadu provides an excellent example of good rural road network. This has resulted better and faster access for the rural produce to reach nearby cities and towns.

d) Human Resources: It is difficult for an entrepreneur to search for workers who are skilled enough and agree to work in rural areas. If the workers are not skilled enough, the entrepreneur has to provide job training which is a serious problem as they are mostly uneducated and they have to be taught in local language which they easily understand. Also the family environment, society and support system is not conducive to encourage rural people to take entrepreneurship as a career which is mostly due to lack of awareness and knowledge of entrepreneurial opportunities. Hence there is need to start Rural Entrepreneurship courses in all universities, in all states, so that the local rural youth can relate the learning to their environment and appreciate the need of further learning in areas of his/her interest.

e) Management: Generally there is shortage of highly educated youth in rural areas. Most of the rural youth prefer Arts, Science and Commerce education. Very few of them choose Management as a subject of study, Rural Management is still a scarce commodity in our primarily rural society. Only a handful of institutes like Institute of Rural Management Anand (IRMA), Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, MGAHV, Wardha, and Institute of Health Management Research IHMR, Jaipur, offer a two-year Post Graduate Diploma in Rural Development (PGDRD). National Institute of Rural Development and

Panchayati Raj, Hyderabad (NIRDPR) offers a two-year PG Diploma Program in Rural Development, and also one two-year PG Diploma Programme in Tribal Development Management (PGD-TDM). Some business Schools like Amity Global Business School, Hyderabad (AGBS), Welingkar Institute of Management Development and Research, WIMDR, Mumbai, NIMT Group of Institutions, NIMTGI offer Master of Business Administration (MBA) degree with specialization in Rural Management. All of these programs offer highly valuable inputs to budding Rural Entrepreneurs. But for a country of the size of India, we need at least 500 colleges (100 Universities) to offer a full two-year Rural Management course to provide impetus to Rural Entrepreneurship. Due to lower literacy rate of the people residing in rural areas they are not much familiar with the information technology and mostly rely on internal linkages that encourage the flow of goods, services, information and ideas. However the intensity of family and personal relationships can be helpful but they may also present obstacles for the effective business relationships as the local politics of the area may sometimes create hurdles during making important decisions and thus create hindrance in growth of an enterprise.

f) Marketing: The rural entrepreneurs experience marketing problems and the major problem is standardization and competition from the large scale units. These large scale units also create difficulty for the survival of new ventures as they have limited financial resources and are bounded for spending limited finance on sales promotion. The new ventures have to come up with new advertisement strategies so as can be easily understood by the rural people. Also the print-media has limited scope in the rural context. The traditionally bounded nature, cultural backwardness and

cultural barriers add to the difficulty of communication where people in rural areas mostly communicate in Hindi and their local dialects, and English is not understood by many people. Also, the rural entrepreneurs are heavily dependent on middlemen for marketing of their products who demand large commission as their profit. Besides this the indigenous methods of storage are not capable of protecting the produce from dampness, weevils etc. because of which the agricultural goods are not standardized.

Rural Entrepreneurship- Key Challenges

Rural Eco-system is the mirror for the key challenges for rural entrepreneurship. But along with challenges, embedded are the opportunities. The purchasing power in rural areas is continuously increasing and so also the Rural Infrastructure and availability of educated manpower. The current challenge for the rural entrepreneurs is to convert these challenges in business opportunities. Micro-finance provides an excellent such opportunity. Knowledge-based Entrepreneurship is another option. There are huge challenges for rural entrepreneurs to get skilled manpower in rural areas. This challenge can be converted into an opportunity by starting 'Skill Training Institutes' making use of Skill Mission of India initiative. Government of India is providing a big push to "Skill India Mission" and that can be game-changer for taking up new skills in rural India.

Rural Entrepreneurship-Support Systems

Rural Areas provide a low-cost, low-pollution low-energy intensive opportunities. The basic facilities like housing, schooling, travel are low cost in rural areas. The access to all the (available) facilities is within walking distance reach. The support from Banking and financial institutions is also more personal and courteous. Government support is also available for identified rural enterprises.

Local market/ resources information is available through informal channels and a word-of-mouth approach works very well in initial stages to launch the product. Rural entrepreneurs can start their ventures with a low capital/ resource base and can then upscale the same gradually with gradual success.

Rural Entrepreneurship is full of challenges and opportunities. The knowledge, Finances, Technology, Infrastructure, human resources, management and marketing all pose larger challenges in rural areas, but their solutions are also being worked out. The rural entrepreneurship is now a work in progress, whose time has come. India needs to gear-up to take up this challenge with opening of more colleges to offer rural management course, more rural technology incubation centres and more pro-active state support.

Model Question

- Define Entrepreneurship. What are the key differences between the Rural and Urban Entrepreneurs?
- Define Techno Entrepreneur. What are key skills necessary for Agriculture or veterinary graduates to become successful entrepreneurs?
- Discuss the difference and similarities between Social Entrepreneur and Rural Entrepreneurs
- Rural Entrepreneurship is essential for faster economic growth of the Country. Discuss.
- The Fountainhead (1971): By Ayn Rand, Printed The Bobbs-Merrill Company, a division of Macmillan Inc., 866 third Avenue, New York, NY 10022
- Rural Entrepreneurs need to be more sensitive to the local environment. Discuss.
- Describe the situation of Rural Enterprises in ancient India.
- What are the key challenges for a Rural Entrepreneur?

- Discuss the need and availability of Rural Management Graduates for rural entrepreneurship.

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Chapter-2

Institutional Eco-Systems for Promotion of Rural Entrepreneurship

Objectives of the Chapter

- To understand the concept and meaning of Rural Eco-System for Entrepreneurship.
- To differentiate between Rural and Urban Eco-Systems.
- To understand the need and availability of Natural Resource Base and Human Resources base in Rural Eco-Systems, and
- To understand the availability and limitations of Human Resources Base in Rural Eco-System.
- To understand the role of Panchayats in Rural Areas.
- To understand and support the role Panchayati Raj institutions in building and maintaining Rural Infrastructure.
- To understand the vision of Government of India to support Entrepreneurship in general and Rural Entrepreneurship in particular.
- To understand the role of Rural Education in inculcating technical and managerial skills among rural youth.
- To understand and appreciate the need of improving the managerial skills of rural youth at early stage.
- To know the government initiatives to promote skill development.
- To understand the Institutional Support Systems available for Rural Entrepreneurs.
- To understand the need and importance of Technical Back-Stopping for a successful Entrepreneur.
- To understand the importance of Public-Private Partnership to encourage Rural Entrepreneurship.
- To understand the important role Corporate Social Responsibility can play in promoting and sustaining Rural Entrepreneurship.

Entrepreneurship is associated with 'starting a new business'. In simple terms "entrepreneurship" is the act of being an entrepreneur, which can be defined as "one who undertakes innovations, finance and business acumen in an effort to

transform innovations into economic goods". Creative process of economic goods and services provides jobs to the local population. By very definition entrepreneurship requires an innovative (creative), educated (preferably) and motivated human capital (young, energetic and highly achievement oriented manpower), necessary capital (finances), raw materials (inputs), and market for its end-product. All these pre-requisites and enabling factors (or limiting factors, sometimes) constitute the eco-system for Entrepreneurship. The availability/access of these factors varies from Country to country, state to state, and within state from district to district. For Rural entrepreneurship the variations from one region to another region (north to south or within a state, sometimes from eastern UP to western UP, for example) are, at times, more pronounced, as the availability of credit institutions, availability of educated and motivated youth, situation of law and order and availability of raw materials may vary greatly.

We will discuss all these eco-systems required, and their current status for rural entrepreneurs. This book is organized in following five units:

Rural Eco-System, Natural and Human Resource Base

Entrepreneurship is the process of designing, launching and running a new business. Rural entrepreneurship is undertaking these activities in rural areas. Launching and running a business is a highly location sensitive. The "business-environment" available in the concerned/ proposed rural area is considered as the Eco-system for the particular business or enterprise. The same eco-system may be a positive or conducive eco-system for one business and may be highly negative or repellant for another enterprise. A pre-dominantly paddy growing region (assured irrigated area) may be good for Rice-milling and storage business, and at

the same time may be a repellent for cotton-ginning industry. Similarly a major mulberry growing area may be highly conducive to start sericulture/ silk processing business. All rural areas have their own strengths and limitations in terms of their core natural resource endowments. Each location has its unique Eco-System. In this Section we will discuss general characteristics of a typical Rural Eco-system.

Rural Eco-System - Definition

Entrepreneurship is associated with 'starting a new business', and Rural entrepreneurship is starting a new business in rural area. The "business-environment" available in the concerned/ proposed rural area is considered as the Eco-system for the particular business or enterprise. The term business-environment for rural-area (Rural Eco-system) will consist of all the enabling and limiting factors prevailing in the proposed rural area identified by the Entrepreneur. These factors will include:

- Natural Resources Base
- Human Resources base (existing and potential)
- Status of Panchayati Raj Institutions and Implementation of Government schemes
- Credit Institutions/ Sources for funding
- Road Infrastructure
- Power situation
- Market situation – existing and

potential markets

- General law and order conditions prevailing in the area

Out of the above Eco-sub-systems, we will discuss the first two namely Natural Resource Base and Human Resource base in this Section, and the remaining sub-systems in subsequent Sections in this block.

Natural Resources Base in Rural Eco-System:

Natural Resource Base is one of the key enablers for rural entrepreneurship. Rural areas provide abundant availability and supply of quality agricultural/ horticultural/ sericulture / fisheries/ forest/ minor-forest produce as raw material for initiating and running an enterprise. Natural resources by their very definition are highly area-specific. For example entire north-east (all the seven N-E states and Sikkim) is rich in availability of high quality wood/ timber/ bamboo and other minor forest produce like gum, resins, ginger and a number of area-specific produce. Abundant supply of these products must be factored in by the entrepreneurs before finalizing their enterprise. All other states, districts in India, have their location-specific agro-climate specific strengths, which can be exploited by the budding entrepreneurs. Some of the key natural resource available in major states of India are enumerated here under:

S. No.	State	Key Natural Resources
1.	Jammu & Kashmir	Kesar, Rajma, High Quality Beans, Basmati Rice, Apples, Off-season Vegetables, Makhana, high quality wood, wool.
2.	Himachal Pradesh/ Uttarakhand	Basmati Rice, Apples, Off-season vegetables, Mushrooms, Potatoes, Tomatoes, high quality wood
3.	Punjab/ Haryana/ Western UP	Rice, Wheat, barley, Green gram, red-gram, cotton, Sugar-cane (western UP only), Guava, Milk, sorghum, Potatoes, Tomatoes, bagasse (from Sugar-mills in western UP)
4.	Rajasthan	Rapeseed, Mustard, Pearl Millets, Sorghum, Paddy (in a few districts), abundant sun-shine with high temperature in summers.
5.	Gujarat	Milk, Cotton, Tobacco, Marine Fisheries
6.	Maharashtra	Milk, Cotton, Sorghum, Marine Fisheries, grapes, Mango, Onion, Pomegranates, Oranges, pine-apples, Custard Apples, Cashew
7.	Eastern UP/ Bihar/ Madhya Pradesh	Wheat, Paddy, Potato, Guava, Soybeans (MP), Litchi (Bihar), Makhana
8.	Jharkhand/ Odisha	Brinjal, Katahal (Jack-fruit),
9.	West Bengal	Jute, Vegetables, Fisheries, Pine-apples,
10.	North-Eastern States & Sikkim	Bamboo, Ginger, teakwood, pineapples,
11.	Telangana & Andhra Pradesh	Citrus, Lemon, Mosambi, Fruits and Vegetables, Cotton (Telanagana), Poultry, Milk, Tomatoes
12.	Karnataka	Sunflower, Flowers, Areca nuts, Milk, Tomatoes
13.	Tamilnadu	Coconut, Banana, sugar-cane and other plantation crops.
14.	Kerala	Coconut, Spices, Cocoa

These are the key products of these states. There are many more local agricultural and horticultural products, produced in above states. The entrepreneur must consider the production, productivity, area under production and price-trends of the key commodities (for last 3 to 5 years) before finalizing the enterprise. The availability of agricultural produce will vary district to district within the state as well, hence proper care must be taken while planning an enterprise, with dependence on specific agricultural inputs/ natural resources base of the area.

Human Resources Base in Rural Eco-System:

Human Resource base is one of the critical inputs required for Entrepreneurship. Any enterprise will need qualified and skilled manpower. An educated (well-informed), innovative and motivated Entrepreneur is the key driver of the Rural Enterprise. He/she may come from rural area or adjoining urban area. He/she will require equally committed and skilled manpower to efficiently run his/her enterprise. And it is here, rural areas have some problems. There are a number of limitations with the available manpower in rural areas. Although our rural brethren are equally talented and industrious, they, however, lack proper education and training. Some of the key limitations of available rural manpower are indicated hereunder:

- ❖ **Limited availability of educated youth.** In rural areas the young generation shifts to cities as soon as they get through the senior secondary exam (+2 level). Almost all of our rural students aspire to join the job-market in cities/ towns. Government jobs are first preference of rural

youth, followed by permanent kind of private job (in well-known multinational companies). This severely limits the availability of educated young graduates/SSC pass students in rural areas.

❖ **Lack of technical skills.** Rural students do not get adequate exposure to handle skill oriented tasks like maintaining household electric and electronic items, motor-cycles, water-purifiers and other general items commonly handled by urban youth at their homes. Further there is a serious shortage of Industrial Training Institutions (it is) in the country. This has resulted in severe shortage of trained/ skilled youth, particularly in rural areas.

❖ **Lack of management education and general ignorance about entrepreneurship.** The management education and orientation is a must for all graduates/under-graduates. Management education is easily available in urban areas, but there are very few management colleges in rural areas. The management colleges established in the periphery of cities primarily cater to the job-requirements of urban-based industries. Management education has a serious bias towards urban enterprises. There is a strong need to reorient the management education in India, considering the specific needs of our country. Even after 70 years of Independence we have only around 25 Institutes offering Masters' degree or Post Graduate Diploma in Agri-business Management (PGD-ABM) less than half-a-dozen Institutes/ Universities offering a Masters' degree in Rural Management, in a country having 50% population depending on these two vocations/ profession/ livelihoods. On the other hand there are over a 100 universities/ Institutes offering PG Program in Management serving mainly the urban areas.

The awareness and interest about Entrepreneurship is still lower in rural areas. Entrepreneurship is strongly associated with business acumen, in rural areas. Rural students perceive Entrepreneurship as the sole domain of "business community" or "commerce

students", as their own interest and purpose of education is limited to look for a suitable job, that also in urban areas, preferably. This thinking needs to be changed. Rural students need to be sensitized about job-opportunity and entrepreneurship opportunities in rural areas, at early stages (may be class 6 to class 8, before they firm up their career preferences). The idea of Entrepreneurship in general and Rural Entrepreneurship in particular must be ingrained in the minds of rural students at an early age, so that they can think of Rural Entrepreneurship also as a career option. More and more technical training institutes/ skill training institutes need to be set-up in rural areas on priority basis.

Rural eco-systems pose different kind of challenges for Entrepreneurs. The availability of Natural resources is a big positive in rural areas, and the entrepreneurs need to carefully examine the availability of critical inputs, raw materials for their proposed enterprise. Different rural areas provide regular availability different natural resources. One needs to critically analyze the availability of these materials vis-à-vis his requirements. On the other hand the availability of human resource base poses a different kind of challenge in rural areas. Education levels of available rural youth are low. Their technical skills are highly limited. At times one needs to train them in communication skills as well. Management and entrepreneurial skills and knowledge is highly limited in rural youth. We need to consider these limitations before undertaking an enterprise in rural areas. All these limitations can be overcome by proper planning, training and hand-holding.

Panchayati Raj System & Government Schemes

Rural Entrepreneurship is a highly location specific. The local population, local customs, local resources and local leadership has huge influence on the success of Rural Entrepreneur. The local self-government institutions have created and empowered the local leadership.

With 73rd and 74th constitutional amendment on 24th April 1993, when the Panchayati Raj Amendment Act 1992 was passed, and the local self-governance has been delegated to Panchayati Raj Institutions (PRIs). Panchayati Raj Institutions play a very critical role in the development of villages (in its jurisdiction), and thus have influence on the Rural Enterprises established and running in their areas.

This unit explains the importance of understanding the role and value of Panchayati Raj Institutions in rural eco-system and support being provided by Government schemes to promote Rural Entrepreneurship.

Panchayati Raj System:

The Panchayati Raj refers to the local self-governance system introduced by the constitutional amendment in 1992. The system of village panchayats is very old in India. In ancient India, it was part of the mechanism of tax collection, and was basically organized on feudal/ landlord system, at time based on caste-system as well. Mahatma Gandhi advocated Panchayati Raj as the foundation of India's political system, as a decentralized form of government in which each village would be responsible for its own affairs. Gandhi used the term "Gram Swaraj" for his vision. India, however, adopted a highly centralized form of government, with Union Government having major say in the policy making on key subjects like taxation, commerce and industries. This was partly addressed National Development Council in January 1958, by adopting Balwant Rai Mehta Committee report, with implementation of the scheme of "Democratic Decentralization", later known as Panchayati Raj. This led to the establishment of a three-tier Panchayati Raj System: Gram Panchayat, headed by a Sarpanch, at the village level, Panchayat Samiti, headed by Chairman, at block level and a Zila Panchayat, headed by a President, at the district level. Thus there are 3 layers of Panchayati Raj Institutions- first and closest to the people is Gram Panchayat (or Village Panchayat). At this level two-three small villages or hamlets are clubbed to make a Gram Panchayat. The next level in the Panchayati Raj system is Panchayat Samiti at Block level (covers around 100-110 villages, there are around 6000 blocks for

around 6,20,000 villages in India). The next and highest level of Panchayati Raj institution is Zila Panchayat (or District Panchayat), which covers all the villages in the District (in rural areas). The details of these three institutions are as follows:

Gram Panchayat: Gram Sabha is assembly of all adult (18 years or above) members of the constituent villages. The Gram Panchayat is a small elected body. Head of Gram Panchayat is called Sarpanch. Besides there is one up-sarpanch and three member of Gram Panchayat. All of them are directly elected by Gram Sabha. State Government appoints one Gram Panchayat Secretary to each gram-panchayat. Thus a gram panchayat is the Executive Body of the Gram Sabha. A gram panchayat is the cornerstone of a local self-government organization in India.

Panchayat Samiti (Block Level): Typically a Panchayat Samiti is composed of elected members of the area: block development officer, members of state legislative assembly, members of parliament belonging to that area, otherwise unrepresented groups (scheduled castes, scheduled tribes and women), associate members (such as farmers, a representative of the block panchayat). There was lot of ambiguity in the role and powers of these institutions, which was addressed with the constitution amendment in 1992-93. Panchayat Samiti is intermediate tier of the Panchayati Raj Institutions.

Zila Parishad (District Level):

Zila Panchayats are Panchayats at Apex or District Level in India. Zila Panchayats (also called Zila Parishads in some states like Maharashtra) or District Councils are elected bodies, with all the Block Pramukhs (presidents of Block level Panchayat Samitis of all blocks in the District), all the members of State legislature (from the District), and all the Members of Parliament (representing the District in Lok Sabha). Each Zila Parishad has a minimum of 50 and a maximum of 75 members. There are seats reserved for scheduled castes, scheduled tribes, backward classes and women. These Councilors are chosen by direct election from electoral divisions in the District. The Zila Parishad is headed by a President and is assisted by a Vice-President. The Deputy Chief Executive Officer from General Administration department at district level

is ex-officio Secretary of Zila Parishad. The Chief Executive Officer, who is an IAS Officer or Senior State Civil Service Officer heads the administrative set-up of the Zila Parishad. He supervises the divisions of the Parishad and is assisted by Deputy CEOs and other officials at district and block level officers. The key functions of Zila Parishad are enumerated hereunder:

- a) Provide essential services and facilities to the rural population and the planning and execution of the development programs for the district.
- b) Supply improved seeds to farmers. Inform them of new techniques of training. Undertake construction of small-scale irrigation projects and percolation tanks. Maintain pastures and grazing lands.
- c) Set up and run schools in villages. Execute programs for adult literacy. Run libraries.
- d) Start Primary Health Centres and hospitals in villages. Start vaccination drives against epidemics and family welfare campaigns.
- e) Construct bridges and roads wherever needed
- f) Execute plans for the development of the scheduled castes and tribes. Run ashramshalas for adivasi children. Set up free hostels for scheduled caste students.
- g) Encourage entrepreneurs to start small-scale industries like cottage industries, handicraft, agriculture produce processing mills, dairy farms, etc. Implement rural employment schemes.
- h) Any other program needed to help uplift needy and poor people in the district.

The Panchayati Raj amendment Act of 1992 contained provisions for devolution of powers and responsibilities to the panchayats, both for the preparation of economic development plans and social justice, as well as for implementation in relation to 29 subjects listed in the eleventh schedule of the constitution, and the ability to levy and collect appropriate taxes, duties, tolls and fees. The Act aimed to provide a three-tier systems of Panchayati Raj for all states having a population of over 20 Lakhs, to hold

Panchayat elections regularly every five years, to provide sets reservation for scheduled caste, scheduled tribes and women; to appoint a state Finance Commission to make recommendations regarding the financial powers of the Panchayats and to constitute a District Planning Committee, to prepare a development plan for the District. The Panchayats receive funds from three sources:

- Local body grants, as recommended by the Central Finance Commission;
- Funds for implementation of Centrally sponsored schemes;
- Funds released by the state governments on the recommendations of the state finance Commissions

At present there are around 2,65,000 Village Panchayats functioning in the country, looking after the grass-root level planning and development of around 6,50,000 villages. These panchayats are playing a very crucial role in developing and maintaining rural infrastructure, besides taking care of schools and primary health centers. Government of India has released over Rs. 2000 crores during last 3 years for planning and executing development works at Gram Panchayat level.

Government Schemes to promote Rural Entrepreneurship

Government of India and all the state government support Village Panchayats liberally to undertake development works. In addition a number of schemes have been launched by government of India, being implemented at village level. Some of these key schemes include:

- ✓ Swachha Bharat Abhiyan
- ✓ Unnat Bharat Abhiyan
- ✓ Pradhan Mantri Kaushal Vikas Yojana

Swachha Bharat Abhiyan: Under Swachha Bharat Abhiyan over 21,71,857 Toilets have been constructed in rural areas during last 2 years. 1,45,662 villages have been declared Open Defecation Free (ODF). Over 1,17,317 rural houses have been constructed (under PMAY-G Prime Minister Aavaas Yojana- Grameen) and 2721 Skill Raths have been launched and 1,56,246 rural youth have been placed in various village industries/ enterprises for productive

employment, under Skill Mission of India. During the Gram Samridhi Evam Swachhata Pakhwada (Village Development and Cleanliness Fortnight) from October 1-15, 2017 over 4.75 lakh cleanliness drives were taken up and over 4.5 lakh photographs of the events organized across the rural landscape of the country were uploaded on Swachh Gram Portal.

Unnat Bharat Abhiyan: Unnat Bharat Abhiyan is a program of Ministry of Human Resource Development, Government of India. The program has been launched in collaboration with Indian Institutes of Technology (IITs), National Institutes of Technology (NITs) National Institute of Technical Teachers' Training and Research (NITTTRs) and other leading Government Engineering Institutes like Indian Institutes of Science Education and Research (IISERs), College of Engineering Pune etc. The Unnat Bharat Abhiyan is being coordinated and steered by IIT Delhi. The program involves engaging with neighboring communities (in the close vicinity of Institute Campuses, to start with) and using technologies developed by them to improve the infrastructure and livelihoods in these communities. The major objectives of the program include- i) Building institutional capacity in Institutes of higher education in research and training relevant to the needs of rural India, and ii) Provide rural India with professional resource support from institutes of higher learning especially those, which have acquired academic excellence in the field of Science Engineering, Technology and Management. This initiative will also inculcate a feeling of compassion in Engineering and Technology graduates to train, support and provide mentorship to their brethren in nearby rural areas.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY): The logo of PMKVY indicates "Let us make India Skill capital of the World", which is self-explanatory and highly motivational. Launched in March 2015, this is one of the most ambitious skill development schemes, anywhere in the world. It aims to provide employability/ Entrepreneurial skills to 10 million youth within 4 years (2016-2020). A special purpose corporation- National Skill Development Corporation (NSDC) has been charged with this enormous responsibility. The PMKVY Guidelines

include:

- a) Short-term Training Guidelines- to benefit school/ college drop-outs or unemployed. The Training Centers shall provide training in Soft Skills, Entrepreneurship, Financial and Digital literacy, besides the technical training, in accordance to National Skill Qualification Framework (NSQF);
- b) Recognition of Prior Learning Guidelines- Individuals with prior learning experience or skills shall be assessed and certified;
- c) Special Project Guidelines- The Special Project component of PMKVY envisages creation of a platform, that will facilitate training in special areas and/or premises of Government bodies, corporate or industry bodies, and trainings in special job roles not defined under the available Qualification Packs (QPs)/ National Occupational Standards (NOSs).
- d) Kaushal and Rozgar Mela Guidelines- Active participation of the community ensures transparency and accountability and helps in leveraging the cumulative knowledge of the community for better functioning. PMKVY envisages that the Training Centers will conduct Kaushal and Rozgar Melas every six months with press/ media coverage, so as to show-case their success stories and encourage youth to participate in their programs;
- e) Placement Guidelines- PMKVY envisages to link the aptitude, aspiration and knowledge of the skilled workforce it creates with employment opportunities and demands in the market. Every effort will be made by PMKVY TCs to provide placement opportunities and support to trained and certified candidates. They shall also hand-holding support to Entrepreneurs;
- f) Monitoring Guidelines- to ensure that high standards of quality are maintained by the TCs, NSDC and empaneled Inspection Agencies shall use various methodologies, such as self-audit reporting, call validations, surprise visits and monitoring through the Skill Development Management System (SDMS).

PMKVY will also support branding the Training and the Enterprises established by the trained Entrepreneurs. Thus PMKVY is one of the big

schemes launched to support entrepreneurship at grass-root level.

Panchayati Raj and Rural Entrepreneurship

Rural Entrepreneurs plan, establish and run their enterprises in rural settings. The Government sponsored Rural Development Schemes provide excellent opportunity for the rural entrepreneurs to provide their technical support on work-basis, part-time basis or on contract basis. Rural entrepreneurs having skills in ICTs can support Gram Panchayats in developing, managing and updating their web-sites, uploading their details on Government of India portals. Entrepreneurs having financial management skills/ knowledge may support Gram Panchayats in managing their finances and submitting financial reports to concerned departments on-time. Entrepreneurs from urban India can also look for Rural opportunities by opening Training Centers for Skill Development in rural areas. These training centers will get Government support for the fees of training and hand-holding of rural youth. Thus there are number of opportunities offered by Village Panchayats and government of India schemes, which can be explored by rural entrepreneurs.

Panchayati Raj Institutions (PRIs) in general and Village Panchayats in particular are very important institutions in rural areas. The rural entrepreneurs need to understand the importance of these institutions. The leadership of village panchayats/ panchayat samitis can be helpful in general acceptability of the Rural Enterprise. Further the Rural Entrepreneurs can support the technical/ data-entry/ financial management and other rural works of Village Panchayats on user-charge basis. They can also help village panchayats to improve necessary rural infrastructure, which will support further growth and enhancement of rural entrepreneurship in their village. Rural Entrepreneurs can also suggest skill development plans/ initiatives for local rural youth, which can be supported by Government of India funds or State Government funds. Village panchayat will be happy to undertake any such development as it will directly support to provide productive employment to local youth.

Rural Skill Sets and Enhancing Opportunities

Skills –Technical and managerial, are most important ingredients for the success of an enterprise. Skill is “practical knowledge” and competence of getting thing done. While knowledge is understanding about a concept, product or process, knowing about it, and knowing about scientific logic behind it, skill is having confidence of DOING it, making it happen successfully, again and again, with same or improved efficiency. Here efficiency refers to both improving quality of the product or process, without increasing cost, or reducing time or cost to produce the same quantity and quality. Knowledge can be acquired by reading books, watching television, listening to radio or by reading newspapers, the skill can be acquired only by experience or self-practicing. For knowledge enhancement we need schools, colleges and teachers, for skill development we need Technical/ Entrepreneurial Training Centers, Industrial Training Institutes and competent coaches, counselors and mentors.

India is a very large country with a population of over 1300 million. 62% of our population is in working age group (15 to 59 years), and more than 54% of the total population is below 25 years of age. This is a huge population dividend, if we can exploit it positively. There is however, a large gap in terms of skill training in India. It is estimated that only 4.69% of the total work force in India has undergone formal skill training as compared to 68% in UK, 75% in Germany, 52% in USA, 80% in Japan and 96% in South Korea. These data sets speak for themselves. There is an urgent need to provide skill training to our youth. As per NSDC study on Skill-gap, during 2012-14, it estimated that there is an additional net incremental requirement of 109.73 million (10.97 crore) skilled manpower by 2022 in twenty four key sectors. Of this 109.73 million the major requirements are in the sectors where rural entrepreneurs can fill the gap. These include:

S.No.	Sector	Additional Skilled Manpower Requirement by 2022
1.	Food Processing	4.40
2.	Handlooms and Handicrafts	6.14
3.	Leather and Leather Goods	3.72
4.	Furniture and Furnishing	7.18
5.	Building, Construction and Real Estate	31.13
6.	Textile and Clothing	6.31
7.	Security	4.83
8.	Transportation and Logistics	11.66
9.	Retail Business	17.35
10.	Gems and Jewelry	1.64
	Total	89.16

Table 2.1: Additional Skilled Manpower Requirement in Major Sector by 2022. (Source: National Policy on Skill Development and Entrepreneurship 2015)

Thus there are approximately 90 million or 9 crore opportunities are likely for skilled rural youth, within next 3-4 years.

Rural Education and Skill Sets

Rural education is the education being imparted in rural areas. In most of our rural schools the medium of primary education is local language –Hindi in UP,HP, Bihar, Haryana, Jharkhand Chhattisgarh, MP, Rajasthan etc. Punjabi in Punjab, Gujarati in Gujarat, Marathi in Maharashtra, Bengali in West Bengal and Tripura, Assamese in Assam, Mizo in Mizoram, Telugu in Telangana and AP, Tamil in Tamilnadu, Malayalam in Kerala and Kannada in Karnataka. In some north eastern states like Meghalaya and Nagaland and in Jammu & Kashmir, the medium of primary education is English. Most of the states are now in process of introducing English from class I onwards, so as to bring uniformity in education system and also to bring education being imparted in government schools on par with private institutions, which start teaching English from class I onwards. Teaching in English is important for the rural children, so that they are better prepared to handle subjects like mathematics, commerce, biology, medicine, and science at higher level. Moreover for whole of IT Industry and higher learning in computing sciences the medium of communication and learning/ teaching is English and hence knowing and learning in

English is perceived to be valuable at higher level. Most of the higher education in India is in English as a medium, and thus there is a disconnect between Rural Primary Education in local language and then suddenly getting into English medium at +2 stage (Senior Secondary Stage).

Along with the Language, the learning at primary level brings in the knowledge of mathematics and science, which are very important for improving logical reasoning of rural children. There have been reports (Annual State of Education Reports- latest being ASER-2017) indicating huge differences between the knowledge and skill levels of class 5 or Class 8 children studying in rural areas vis-à-vis those studying in urban areas. It is reported that 57% of class 6 to 8 students from rural areas could not solve basic addition or subtraction of 3 digit numbers. 28% could not count currency notes, 30% failed to read the time on Wall-clock, and 40% could not read an English sentence from their own book, without breaking in between. The state of primary education, particularly in rural India needs lot of improvement. Rural Entrepreneurship, however, cannot wait for that to happen. There is an urgent need to improve the skill-set of rural children, so that they can

actively participate in nation building.

Enhancing Opportunities for Rural Skill Sets

Rural development has been one of the top priorities of all the successive governments of the country. The focus till now, however, has been on devolving decision making power, improving general (road, electricity, health and education) infrastructure, and that also by direct government or Panchayati Raj institutions. The Entrepreneurship has been considered as one of the priority agenda items only since last 10 years. The first Skill Development Policy was approved in 2009. The focus of the 2009 Skill Development Policy was to harness inclusivity and reduce divisions such as male/female, rural/ urban, organized/ unorganized employment and traditional / contemporary workplace. This policy has been further sharpened in 2015 with new National Policy for Skill Development and Entrepreneurship 2015. This policy has brought the Entrepreneurship firmly on the top of national development agenda.

Entrepreneurship is being supported by both central and state government in each state. As per the National Policy for Skill Development and Entrepreneurship 2015 all the state governments are being encouraged to set up Kaushal Vardhan Kendras (KVKs) at Panchayat level for mobilizing and imparting skills pertaining to local employment/ livelihood opportunities to school drop-outs, adolescent girls, housewives and rural youth. Each KVK will be linked to the nearest ITI/MSI/ATI for capacity building, curriculum development, assessment and certification. The KVKs will also function as counselling centers in their areas of operation. Some state governments are already working in this direction. Their efforts are being further encouraged to ensure setting up of at least one KVK in each block in the country during 2017-2022.

Private Sector initiatives in skilling are being actively encouraged and would be entrusted to NSDC to create skilling capacity in the country. For this purpose, NSDC would continue to catalyze the creation of market-based, scalable business by providing patient funding through a combination of debt, equity and grants to

Private sector to build capacity. This capacity would be created on self-sustainable model through Private Training Partners to cater to skilling needs of educational dropouts in rural and urban landscape to bring them back to sustainable livelihood options.

Special efforts will be made to organize and streamline efforts of the Non-Governmental Sector in their skill development initiatives. Mentorship support will be provided to eligible NGOs through NSDC to scale-up and create sustainable models for skill development for Green jobs (agriculture, horticulture, renewable energy, recycling, eco-tourism etc), Grey collar jobs (informal manufacturing and services) and local trades especially in rural India through KVKs.

Rural Skill Upgradation Initiatives: Cases

Government of India is focusing on promoting entrepreneurship on large scale. A separate Ministry for Skill Development and Entrepreneurship has been established for this purpose. A National Policy on Skill Development and Entrepreneurship 2015 had been drafted to meet the challenges of skilling at scale with speed and standard (quality). The National Policy aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common standards and link the skilling with demand centers. In addition to laying down the objectives and expected outcomes, the efforts have been made to identify the various institutional frameworks which can act as the vehicle to reach the expected outcomes. The national policy also provides clarity and coherence on how skill development efforts across the country can be aligned within the existing institutional arrangements. The policy is highly focused to link skills development to improved employability and productivity.

Government of India has roped in a number of government agencies– both central and state, non-government organizations (NGOs) and private sector institutions in this task of nation building. Some of the key success stories of these initiatives are narrated hereunder:

- a. Indian Institute of Gems and Jewelry: The Indian Institute of Gems and Jewelry, Jaipur

has been doing something very innovative. They have been running a special job-oriented program customized to the needs of Deaf and Dumb students.

- b. AISECT (All India Society for Electronics and Computer Technology, based at Raisen District, MP) had organized a one of its kind AISECT-NSDC Kaushal Vikas Yatra across all the AISECT-NSDC Project States, with the objectives –i) to spread awareness on importance of skill development and vocational training amongst youth establish skill development as a credible career option in front of them; ii) to popularize the AISECT-NSDC Brand and drive registration into AISECT-NSDC course; and iii) to inform the AISECT-NSDC Centers about the benefit of AISECT-NSDC Project. This yatra generated a lot on interest among rural students and created awareness about skill development and rural entrepreneurship as a viable career option for them.
- c. Gram Tarang Motor Mechanics Skill Training: A one of its kind private-private partnership was forged by Gram Tarang, one of the implementation agency for skill development programs under NSDC, with Ashok Leyland, a leading manufacturer of heavy vehicles. Gram Tarang has set-up a captive 200 seater fully residential training facility at Bhubaneswar to cater to its manpower requirements across its dealerships and help employ a large number of ITI graduates of the state in Odisha.
- d. Future Sharp: Future Sharp Skill Development, a venture of Future Group, has entered into a joint venture partnership with National Skill Development Corporation (NSDC) to train seven million people in handloom, carpentry and retail service, over next 10 years. At the national level, Future learning, through its holding company Future Corporate Resources Limited, has partnered with Ministry of Rural Development (MoRD) for “Project Udaan”, a skill development initiative. This project aims to provide skill based training and employment to over 32,000 rural, below poverty line (BPL) youth. There are a number of case-studies and success stories of the rural beneficiaries who have received

training in Retail Sector from Future Sharp Institute, and are now employed after completing their training.

- e. Gras Academy: Another skill development academy supported by NSDC, Gras Academy is one of the largest skill development enterprises in India. Gras academy has a very good network and tie-up with a number of corporate houses- both in public and private sectors, to place their trained manpower. Gras Academy trains youth in Retail, Construction, IT, Telecom, Hospitality and wellness sectors.
- f. E-Hubs: Government of India, Ministry of Skill Development and Entrepreneurship is developing a detailed Entrepreneurship Development scheme. One of the key interventions proposed in the scheme is to integrate Entrepreneurship education in to the mainstream curriculum in 3000 colleges in India. Entrepreneurship education courses will also be delivered in approximately 325 industrial clusters across the nation. Through 50 nodal Entrepreneurship Hubs (E-Hubs) set up across all states, existing and potential entrepreneurs will be targeted for entrepreneurship education modules that suit their need. These 3000 E-Hubs will, collectively, cover entire country.

All the above examples are only a tip of the iceberg. India has just stepped up its efforts to train its youth, particularly rural youth on skill training. Almost every district, every town has skill development institutes with good forward linkages, to place their trained students in the start-ups or established rural/ urban job-sectors. All of these institutions/ agencies have also been mandated to focus on rural entrepreneurship, so as to motivate rural youth to get back to their roots and serve the society and earn decent livelihood.

India has recognized the potential of its young generation to create wealth and help in national development. The route chosen, after critical examination, is through skill development and entrepreneurship. The next decade will be decade of entrepreneurship. This is the only option to –a. subsume a large number of unemployed/ under-employed youth into creative jobs, employment, and to –b. prepare a

robust entrepreneurship eco-system for overall development in urban as well as rural areas.

Institutional Support for Finances and Technical Back-stopping

Rural Entrepreneurs carry out their business in rural eco-systems. These eco-systems are relatively less robust and accessible in comparison with urban eco-systems for Entrepreneurship. The lack or limitation of these systems has plagued the rural entrepreneurship from growing. Now these systems are being promoted by Union Government on top-priority. The programs like Start-up India, Stand-up India, Make in India and Jan Dhan Aadhaar Mobile (JAM) initiatives are making rural entrepreneurship a household name. Skill Development has taken central stage in the scheme of things to promote entrepreneurship in rural and urban areas alike. We will discuss all these initiatives and other Institutional support systems and Technical back-stopping being made available to rural entrepreneurs.

Institutional Support Systems:

The most important support systems requirements for an entrepreneurs are- Human resources, critical physical infrastructure, technical competence, working capital, managerial competence and market linkages. Human resources, technical competence and managerial competence are the starting point for any Entrepreneur and are most likely to be within his/ her control. For credit, technical guidance, equipment support, marketing a Rural Entrepreneur will need external support. Government of India and state governments have established or mandated some of the existing to provide this support to entrepreneurs. These institutions can be grouped in to two categories- i) Financial Institutions, and ii) Institutes for Skill Development and iii) Institutions for Technical Guidance.

The Financial Institutions mandated by Government of India to support Rural Entrepreneurs include:

- i. **Industrial Development Bank of India (IDBI):** IDBI was set up by Government of India to coordinate the activities of existing financial institutions. Initially (since July 1964) was a wholly owned subsidiary of Reserve Bank of India, it became independent apex institution for industrial finance in 1976, with Government of India taking over its functions from RBI.

The main object of setting up this institution have been to bridge the gap between demand and supply of finance by providing direct financial assistance to industrial concerns wherever necessary and to bring into existence an apex body to coordinate activities of various financial institutions providing term finance to industries. Therefore, IDBI has been created not only as a financial agency but also for the purpose of integrating activities of all the financial institutions providing short, medium and longterm benefits for the industry. The main function of the Industrial Development Bank of India, as its name itself suggest is to finance Industrial enterprises in both private and public sector. Financial assistance is provided either directly or through special financial institutions:

(a) Direct Assistance: IDBI assists Industrial unit directly by way project loan, underwriting of and direct subscription to industries securities (Share & Debentures) soft loans, technical development fund loans and equipment finance loan. IDBI provides direct assistance for project costing more than Rs. 3 Crore under the Project finance scheme.

(b) Indirect Finance: IDBI Indirect assistance is provided basically to tiny, small and medium enterprises mainly. (i) By way of refinance of Industrial loan granted by State Finance Corporations (SFCs), State Industrial

Development Corporations (SIDCs), and commercial banks, co-operative banks and Regional Rural Banks (RRBs). (ii) Rediscounting of bills arising out of sale of Indigenous machinery on a deferred payment basis. (iii) Seed Capital assistance to new enterprise never generally through SFCs & SIDCs.

(c) Special Assistance: IDBI Act 1964, provides for a Development Assistance fund. This fund is to be used by the IDBI to assist those Industrial concerns which are not able to secure funds in the normal course either because of heavy investment or low rate of return both.

(d) Direct Assistance to Industries: The IDBI has been empowered to finance industrial concerns directly under the following structural arrangements: (i) To grant financial accommodation up to a 16 year period for export of capital goods and other commodities, (ii) To grant loans or to subscribe to the shares and debentures of industrial concerns. Such loans, advances, and debentures can be converted into equity shares at the option of the Bank, (iii) To underwrite new issues of Industrial concerns and accept, discount or rediscount bonafide commercial bills or promissory notes of industrial concerns, (iv) To guarantee deferred payment due from industrial concerns for loan raised by them in the market or from scheduled banks etc.

(e) Assistance to other financial institutions: IDBI has carried out the following refinancing functions: IDBI can refinance term advances of 3 to 25 years maturity made to industrial concerns by IFCI, SFCs and other financial institutions which may be notified by the Government. It can similarly refinance term loans of 3 to 10 years maturity made by scheduled banks and State Co-operative Banks. It can also refinance export credit of 15 years' maturity where primary lending

institutions grant loans to person in India and to persons outside India repayable within a period of 12 years.

(f) Creation of Development of Assistance funds: The Bank created a development assistance fund in 1965 with an initial contribution from Central Government. This fund is intended to provide assistance for industries which for various reasons like, heavy investment involved or low anticipated return on capital, may not be able to obtain funds in the normal course. The prior approval of the Central Government is necessary for any assistance from the Fund.

(g) Soft loan scheme: The soft loan scheme came into existence in November 1976 for financing the modernization program of five selected industries, namely, cotton, textiles, jute, cement, sugar and specified engineering industries. The scheme aims at modernization, replacement and renovation of industry which has become necessary to achieve a more economic level of production in order to enhance their competitiveness in domestic and international markets.

(h) Technical Development Fund Scheme: Technical Development Fund Scheme was introduced in March 1979 with the object of promoting fuller capacity utilization, technologies upgradation, and export development. The fund can provide foreign exchange for small value imports with the object of procuring technical know-how, foreign consultancy service, drawings and designs.

(i) Automatic Refinancing Scheme: The main features of Automatic refinancing scheme are as follows: (a) Sanction and disbursement of refinance in respect of loans upto Rs. 5 lakhs from the eligible institutions to small scale industries including those in the tiny sector which are normally covered under the

IDBI Credit Guarantee Scheme, (b) The IDBI will not levy commitment charges on credit institutions in respect of refinances under the ARS (c) Only one general agreement will be taken from the eligible institution covering draws of refinance under different schemes of the IDBT (j) Rediscounting: IDBI has introduced a scheme

Industrial Finance Corporation of India (IFCI): IFCI was the first term-financial Institution, which was set up in July 1948 by the Government of India under the IFCI Act 1948 with objective of providing medium and long-term loans to largest small Industrial concerns in the private sector. However, joint and public sector also have been made eligible for its assistance. It provide direct rupee and foreign currency loans for new industrial projects and for expansion, diversification, renovation and modernization of existing units, It also underwriter and directly subscribe to industrial security, provided financial guarantees merchant banking services and leave finance.

The Corporation performs the following functions: (1) Underwriting the shares, bonds or debentures of industrial enterprises; provided such stocks, shares or debentures are disposed of by the Corporation within a period of seven years from the date of acquisition, (2) granting loans or subscribing to the debentures of industrial undertakings repayable within a period not exceeding 25 years, (3) guaranteeing loans traded in the public market by the industrial concerns, repayable within 25 years or raided from scheduled banks or State co-operative banks, (4) subscribing directly to the stock or shares of any industrial concerns, (5) guaranteeing deferred payments in respect of import of capital goods' by industrial concerns who are able to make such arrangements with foreign manufacturers or in connection with the

purchase of capital goods manufacturing in India, (6) guaranteeing loans raised from any banks or financial institutions in and country outside India, (7) acting as the agent of the Central Government and IDBI in respect of loans sanctioned by them to industrial concerns, (8) undertaking Merchant Banking Operations, (9) providing technical and administrative assistance to any industrial concern for the promotion, management by expansion of any industry, and (10) undertaking research and surveys for evaluating or dealing with marketing or investments and 57 undertaking and carrying out techno-economic studies in connection with the development of industry.

Small Industries Development Bank of India (SIDBI): The SIDBI was set up in October 1989 under the act of Parliament as a wholly-owned subsidiary of IDBI. It is the principal financial institution for promotion, financing and development of Industries in the small scale sector. SIDBI also coordinate the activities of agencies which provide finance to small enterprises.

The main objectives of SIDBI are to serve as the principal financial institution for promotion, financing and development of Industry in the small scale sector and coordinating the functions of other institutions engaged in similar activities. The Bank, right from its inception has strived to make effective use of the existing network of institutions serving the small scale sector. Further the bank has collaborated with various national and international development organizations to synergize the efforts in serving the small scale sector.

ii. **National Small Industries Corporation Ltd (NSIC):**

The National Small Industries Corporation Ltd. (NSIC) was established by the Government of India in Feb. 1955. The main objectives of NSIC are to aid, counsel, assist, finance, protect and

promote small scale industries in the country. The Corporation provides support to small scale sector in the following areas:

- a. Supply of both indigenous and imported machines on easy Hire purchase items. Special concessional terms have been introduced for Sections in backward areas and also for units promoted by entrepreneurs from weaker sections of society.
- b. Marketing of small industries products, based on consortia approach.
- c. Export of products from small industries and developing export worthiness of small scale units.
- d. Enlisting the competent units and facilitating their participation in Government stores Purchase Programs.
- e. Developing prototypes of machines, equipment and tools which are then passed on for commercial production.
- f. Training in several industrial trades.
- g. Development and upgradation of technology for projects based on wastes.
- h. Supply and distribution of indigenous and imported raw material.
- i. Setting up small scale industries in other developing countries on turnkey basis.

iii. State Financial Corporations (SFCs):

The State Financial Corporation (SFCs) are state level financial institutions playing an important role in the development of small & medium enterprises in their respective state in tandem with national priorities. They play an effective role in the development of small and medium enterprises and bringing about regionally balanced economic growth.

Assistance Provide by SFCs: SFCs aim at wider dispersion of small scale industries within each state they meet term credit needs of such units. SFCs provide assistance to small scale industries by way of soft loans, direct subscription to equity share /debenture guarantees, discounting

of bills of exchange and seed capital / special capital. Their main objectives are to finance and promote these industries in the state for achieving the balanced growth. The activities of SFCs were under the overall control and supervision of the IDBI and RBI till about 1990 after which the SIDBI and RBI have been performing the overseeing function. SFCs operate a number of schemes of refinance and equity type assistance on behalf of IDBI/SIDBI. Besides they also have special scheme for artisans and special target groups such as SC/ ST women, ex-servicemen, physically handicapped etc. Over the year, they have diversified their activities and increased the scope and coverage of their assistance.

vi. State Industrial Development Corporations (SIDCs):

State Industrial Development Corporations were established under the Companies Act as wholly-owned undertaking of the state government, the SIDCs acts as catalysts for Industrial development and provide impetus to investment in their respective states. The first SIDC was established in Bihar in 1960. Besides SFCs there are 28 State Industrial Development Corporations (SIDCs) which promote states and also provide financial assistance to small scale units. The main objectives of SIDCs are as follows-a)-to develop Industrial Areas. b)-to ensure Market Facilities. c)-to establish New Development Centers.

They act as a catalyst for industrial development in their respective States. SIDCs provide land, infrastructure facilities like factory sheds, developed plots, roads, power, water supply, drainage and other amenities. SIDCs were set up mainly to cater to the financial requirements of medium and large-scale industries. But they also provide assistance to small-scale sector by way of term loan, subscription to equity and promotional services.

In addition all the nationalized banks, Regional Rural Banks (RRBs), Cooperative Banks and Gramin Banks have also been advised to support Entrepreneurs with timely credit on easy terms, under various schemes of

government of India.

Institutions for Entrepreneurship and Skill Training:

- i. **Entrepreneurship Development Institute of India (EDII)**: Entrepreneurship Development Institute of India (EDII), an autonomous and not-for-profit institute, set up in 1983, is sponsored by apex financial institutions - the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and the State Bank of India (SBI). EDII is the apex institution of Entrepreneurship in India. EDII has helped set up twelve state-level exclusive entrepreneurship development centers and institutes. These include: Institutes of Entrepreneurship Development (IEDs) Lucknow, Bhubaneswar, Patna, Maharashtra Centre for Entrepreneurship Development (MCED), Aurangabad, Madhya Pradesh Centre for Entrepreneurship Development (MPCED), Bhopal, Centre for Entrepreneurship Development of Karnataka (CEDOK), Dharwad and Centre for Entrepreneurship Development, Ahmedabad.

In order to broaden the frontiers of Entrepreneurship Research, EDII has established a Centre for Research in Entrepreneurship Education and Development (CREED), to investigate into a range of issues surrounding small and medium enterprise sector, and establish a network of researchers and trainers by conducting a biennial seminar on entrepreneurship education and research.

In the international arena, efforts to develop entrepreneurship by way of sharing resources and organizing training programs, have helped EDII earn accolades and support from the World Bank, Commonwealth Secretariat, UNIDO, ILO, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies. The Ministry of External Affairs, Govt. of India has assigned EDII to set up Entrepreneurship Development Centers in Cambodia, Lao PDR, Myanmar and Vietnam and Uzbekistan. Five more such centers in African region will also be

established by EDII.

- i. **Small Industries Service Institute (SISI)**: At the heart of all agencies dealing with development of small industry is small industries development organization, (SIDO). The Small Industries Development Organization (MSME Development Organization (formerly known as SIDO)), is one of the apex bodies of the Government of India, Ministry of Micro, Small and Medium Enterprises, to assist the Government in formulation of policies and programs, projects schemes, etc., for the promotion and development of Micro, Small and Medium Enterprises in the country and also coordinating and monitoring the implementation of these policies and programs, etc. Promotion and development of Micro, Small and Medium Enterprises is primarily the responsibility of the States and Union Territories (UTs) and the role of the Central Government (including the MSME Development Organization in this field is to aid and assist the States/UTs in this endeavor. Attached to the ministry, SIDO administers small industries service institute (SISI's). The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs.
- ii. **National Institute of Entrepreneurship and Small Business Development (NIESBUD)**: The National Institute for Entrepreneurship and Small Business Development was established in 1983 by the ministry of industry (now ministry of small scale industries), Government of India, as an apex body for coordinating and overseeing the activities of various institutions/agencies engaged in entrepreneurship development particularly in the area of small industry and small business

The major aim of NIESBUD is to evolve standardized materials and processes for selection, training, support and sustenance of entrepreneurs, potential and existing. Activities and objectives of NIESBUD include:

- To evolve standardized materials and

processes for selection, training, support and sustenance of entrepreneurs, potential and existing.

- To help/support and affiliate institutions/ organizations in carrying out training and other entrepreneurship development related activities
- To serve as an apex national level resource institute for accelerating the process of entrepreneurship development ensuring its impact across the country and among all strata of the society.
- To provide vital information and support to trainers, promoters and entrepreneurs by organizing research and documentation relevant to entrepreneurship development.
- To train trainers, promoters and consultants in various areas of entrepreneurship development.
- To provide national/international forums for interaction and exchange of experiences helpful for policy formulation and modification at various levels.
- To offer consultancy nationally/internationally for promotion of entrepreneurship and small business development.
- To share internationally experience and expertise in entrepreneurship development.
- To share experience and expertise in entrepreneurship development across National frontiers.

NIESBUD also serves as the secretariat for National Entrepreneurship development Board (NEDB), the apex body which determines policy for entrepreneurship development in the country.

iii. **National Institute of Micro, Small and Medium Enterprises (ni-msme), Hyderabad:** ni-msme was originally set up as Central Industrial Extension Training Institute (CIETI) in New Delhi in 1960 as a Department under the Ministry of Industry and Commerce, Government

of India. The Institute was shifted to Hyderabad in 1962, and was renamed as Small Industry Extension Training (SIET) Institute. SIET was conferred the status of national institute by the Government of India with the charter of assisting in the promotion of Small Enterprises mainly by creating a pro-business environment. In 1984, the UNIDO had recognized SIET as an institute of meritorious performance under its Centers of Excellence Scheme subsequently, it was also accorded the national status in the same year and SIET Institute became National Institute of Small Industry Extension Training (NISIET). Since then the institute has come a long way, carving a place of distinction for itself in the domain of entrepreneurship promotion, achieving recognition both at the national level and in the international arena. To cope with the pressure of globalization, the Government of India has enacted the MSMED Bill in the Parliament, which became effective from 2nd October 2006. Accordingly, the Institute, in order to reflect the expanded focus of its objectives with name was rechristened as ni-msme from 11th April 2007 and re-designed its structure and organization. It is an organization of the Ministry of Micro, Small and Medium Enterprises (formerly Ministry of SSI & ARI), Government of India. Over the years the Institute has gained immense experience and expertise in the areas of entrepreneurship development, technology, management, and extension and information services. **ni-msme's** inherent capacity to innovate together with its top-class infrastructure has enabled the institute to excel in its endeavors towards micro and small enterprise promotion. From the time of inception, **ni-msme** has been providing unstinted support to small and medium industries and has evolved to be the best in offering services like research, consultancy, information, training and extension to not only enterprises but also to concerned development agencies.

Apart from above institutions the National Skill Development Corporation

(NSDC) has tied up a number of other organizations and agencies, across the country to provide Skill development and Entrepreneurship training. In fact now NSDC supported training organizations are available in almost every district of the country. National Skill Development Corporation India (NSDC), established in 2009, is a not-for-profit company set up by the Ministry of Finance, under Section 25 of the Companies Act, 1956 corresponding to Section 8 of the Companies Act, 2013. NSDC aims to promote skill development by catalyzing creation of large, quality and for-profit vocational institutions. Further, the organization provides funding to build scalable and profitable vocational training initiatives. Its mandate is also to enable support system which focuses on quality assurance, information systems and train the trainer academies either directly or through partnerships. NSDC acts as a catalyst in skill development by providing funding to enterprises, companies and organizations that provide skill training. It also develops appropriate models to enhance, support and coordinate private sector initiatives. The differentiated focus on 21 sectors under NSDC's purview and its understanding of their viability will make every sector attractive to private investment. As of now (till January 23, 2018) NSDC has partnered with 352 training partners- having 6565 training centers covering 569 districts of the country. These training partners have trained over 74.4 lakhs potential entrepreneurs, out of whom around 40 lakhs have been placed with concerned industries.

Institutions for technical guidance:

There is paradigm shift in the eco-system of Entrepreneurship and skill development in the country. Earlier the potential entrepreneurs were trained by the institutes/ agencies and left to fend for themselves. Now the Government of India and NSDC have advised all the training partner institutes and agencies to provide training, placement and hand-holding support to the candidates approaching them for entrepreneurship. Thus the Training partners are now helping the entrepreneurs to develop

Detailed Project Reports (DPRs) getting these submitted to banks for financing and following-up with banks, to support the entrepreneurs establish their enterprises at the earliest. For example under the Agri-Clinic and Agri-Business Scheme (ACABC) of Ministry of Agriculture and Farmers Welfare, all the nodal training institutes (NTIs) identified by ACABC project implementation agency- National Institute of Agricultural Extension Management (MANAGE), the success rate of the NTIs is measured not only by the number of candidates they train, but by number of Enterprises they establish. All the NTIs are provided financial incentives to ensure hand-holding of all the established ventures for a period of one-year. These entrepreneurs are again provided refresher training by MANAGE after a period of 3 to 5 years. Thus there is long-term engagement of the Entrepreneurs with the scheme and the technical hand-holding institutes. Hence all the training partners of NSDC are now technical support institutes as well.

4. Technical Back-Stopping:

Technical back-stopping is very critical in the technology-based Enterprises. An entrepreneur has to be in constant touch with the Faculty, experts and mentors in the concerned areas for at least first 3 years of establishing any enterprise. Higher educational institutions in the country like IITs/ NITs provide this support to their alumni by way of technical seminars and personal contacts. In rural and agricultural sector the Entrepreneur has to tie-up with the nearest Agricultural college/ Krishi Vigyan Kendra (KVK) scientist working in concerned area. A list of experts with their mobile numbers, e-mail addresses must be collected by the entrepreneur before leaving the training institute. Further he/she should always look for more experts, mentors in the area of his enterprise.

Institutional support systems are life-blood of the rural enterprises. One needs to scan the rural eco-system carefully to ensure proper and timely access to credit, market and technical backstopping for smooth and uninterrupted operation of his business. Skill development and Entrepreneurship training is now available in each district of the country, and all these training institutes have been charged with the responsibility of providing hand-holding support

to trained candidates, so that they can establish and run their enterprises successfully. This 360 degree support to entrepreneur gives him confidence to get in to unchartered journey of taking up rural entrepreneurship.

Private-Public Partnership and Corporate Social Responsibility Systems

Entrepreneurship is conceiving, planning and undertaking a business activity. By very definition Entrepreneurship is business. Hence Entrepreneurship and Private business are very close to each other. Rural entrepreneurship is small or micro business in rural environment. There are a number of Private Companies, big corporate house having their plants, operations in rural areas. All these big businesses have a lot of forward and backward linkages. A rural entrepreneur can identify appropriate business opportunity in such an eco-system. Further there are opportunities offered by Government of India schemes such as Prime Ministers' Kaushal Vikas Yojana (PMKVY), Ministry of Agriculture and Farmers' Welfare's Agri-Clinic and Agri-Business Scheme (ACABC) and many such other schemes. These schemes provide opportunities to set-up training and hand-holding institutes to provide basic skills and entrepreneurship training to rural youth. In a way Public-Private-Partnership can play a multiplier effect in encouraging Rural Entrepreneurship. For example under the ACABC scheme over 50 NGOs and private institutions have trained over 40,000 Agriculture graduates to take-up rural entrepreneurship. Of these around 20,000 have established their ventures in rural areas and are providing jobs to 5-6 another rural youth, in each case. Thus over 1,00,000 rural youth have been brought under umbrella of Agri-Clinic Agri-Business Scheme Entrepreneurship in the country over last 15 years. The speed and coverage of the scheme is growing at the faster pace now, as the nationalized banks, under constant follow-up of NABARD (National Bank for Agriculture and Rural Development). Thus Public-Private-Partnership and Corporate Social Responsibility (CSR) can play a catalytic role to kick-start Rural Entrepreneurship on a large scale.

1. **Rural Entrepreneurship and Public Private Partnership:** Rural Entrepreneurship basically depends on rural population as

clients and rural eco-system as the critical human and natural resource base. These systems are highly vulnerable to limited access of credit facilities and inadequate purchasing power of the rural communities. Hence rural entrepreneurship needs initial financial support and hand-holding by Public Systems/ Public Institutions. Government of India and many of the state governments have initiated a number schemes to promote rural entrepreneurship with pro-active Public Systems support. Job creation is a foremost challenges facing India. In recent years a wide spectrum of new programs and opportunities to nurture innovation and promote entrepreneurship have been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of the society. Some of these major initiative include:

3.1 Startup India: Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs. With a 360 degree approach to enable startups, the initiative provides a comprehensive four-week free online learning program, has set up research parks, incubators and startup centers across the country by creating a strong network of academia and industry bodies. More importantly, a 'Fund of Funds' has been created to help startups gain access to funding. At the core of the initiative is the effort to build an ecosystem in which startups can innovate and excel without any barriers, through such mechanisms as online recognition of startups, Startup India Learning Programme, Facilitated Patent filing, Easy Compliance Norms, Relaxed Procurement Norms, incubator support, innovation focused programs for students, funding support, tax benefits and addressing of regulatory issues.

3.2 Make in India: Designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched

in September 2014. It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to overhaul outdated processes and policies, and centralize information about opportunities in India's manufacturing sector. This has led to renewed confidence in India's capabilities among potential partners abroad, business community within the country and citizens at large. The plan behind Make in India was one of the largest undertaken in recent history. Among several other measures, the initiative has ensured the replacement of obsolete and obstructive frameworks with transparent and user-friendly systems. This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

3.3 Atal Innovation Mission (AIM): AIM is the Government of India's endeavor to promote a culture of innovation and entrepreneurship, and it serves as a platform for promotion of world-class Innovation Hubs, Grand Challenges, start-up businesses and other self-employment activities, particularly in technology driven areas. In order to foster curiosity, creativity and imagination right at the school, AIM recently launched Atal Tinkering Labs (ATL) across India. ATLs are workspaces where students can work with tools and equipment to gain hands-on training in the concepts of STEM (Science, Technology, Engineering and Math). Atal Incubation Centers (AICs) are another programs of AIM created to build innovative start-up businesses as scalable and sustainable enterprises. AICs provide world class incubation facilities with appropriate physical infrastructure in terms of capital equipment and operating facilities. These incubation centers, with a presence across India, provide access to sectoral experts, business planning support, seed capital, industry partners and trainings to encourage innovative start-ups.

3.4 Support to Training and Employment Program for Women (STEP): STEP was launched by the Government of India's Ministry of Women and Child Development

to train women with no access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI Aayog recently redrafted the Guidelines of the 30-year-old initiative to adapt to present-day needs. The initiative reaches out to all Indian women above 16 years of age. The program imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

3.5 Jan Dhan-Aadhaar-Mobile (JAM): JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens. Besides serving as a vital check on corruption, JAM provides for accounts to all underserved regions, in order to make banking services accessible down to the last mile.

3.6 Digital India: The Digital India initiative was launched to modernize the Indian economy to make all government services available electronically. The initiative aims to transform India into a digitally-empowered society and knowledge economy with universal access to goods and services. Given historically poor internet penetration, this initiative aims to make available high-speed internet down to the grassroots. This program aims to improve citizen participation in the digital and financial space, make India's cyberspace safer and more secure, and improve ease of doing business. Digital India hopes to achieve equity and efficiency in a country with immense diversity by making digital resources and services available in all Indian languages.

3.7 Biotechnology Industry Research Assistance Council (BIRAC): BIRAC is a not-for-profit Public-Sector Enterprise, set up by Department of Biotechnology to strengthen and empower emerging biotechnology enterprises. It aims to embed strategic research and innovation in all biotech enterprises, and bridge the existing gaps between industry and

academia. The ultimate goal is to develop high-quality, yet affordable, products with the use of cutting edge technologies. BIRAC has initiated partnerships with several national and global partners for building capacities of the Indian biotech industry, particularly start-ups and SME's, and has facilitated several rapid developments in medical technology.

3.8 Stand-Up India: Launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's underprivileged. It aims to enable economic participation of, and share the benefits of India's growth, among women entrepreneurs, Scheduled Castes and Scheduled Tribes. Towards this end, at least one woman and one individual from the SC or ST communities are granted loans between Rs.1 million to Rs.10 million to set up Greenfield enterprises in manufacturing, services or the trading sector. The Stand-Up India portal also acts as a digital platform for small entrepreneurs and provides information on financing and credit guarantee.

3.9 Trade related Entrepreneurship Assistance and Development (TREAD): To address the critical issues of access to credit among India's underprivileged women, the TREAD program enables credit availability to interested women through non-governmental organizations (NGOs). As such, women can receive support of registered NGOs in both accessing loan facilities, and receiving counselling and training opportunities to kick-start proposed enterprises, in order to provide pathways for women to take up non-farm activities.

3.10 Pradhan Mantri Kaushal Vikas Yojana (PMKVY): A flagship initiative of the Ministry of Skill Development & Entrepreneurship (MSDE), this is a Skill Certification initiative that aims to train youth in industry-relevant skills to enhance opportunities for livelihood creation and employability. Individuals with prior learning experience or skills are also assessed and certified as a Recognition of Prior Learning. Training and Assessment fees are entirely borne by the Government under this program.

3.11 National Skill Development

Mission: Launched in July 2015, the mission aims to build synergies across sectors and States in skilled industries and initiatives. With a vision to build a 'Skilled India' it is designed to expedite decision-making across sectors to provide skills at scale, without compromising on quality or speed. The seven sub-missions proposed in the initial phase to guide the mission's skilling efforts across India are: (i) Institutional Training (ii) Infrastructure (iii) Convergence (iv) Trainers (v) Overseas Employment (vi) Sustainable Livelihoods (vii) Leveraging Public Infrastructure.

3.12 Science for Equity Empowerment and Development (SEED): SEED aims to provide opportunities to motivated scientists and field level workers to undertake action-oriented, location specific projects for socio-economic gain, particularly in rural areas. Efforts have been made to associate national labs and other specialist S&T institutions with innovations at the grassroots to enable access to inputs from experts, quality infrastructure. SEED emphasizes equity in development, so that the benefits of technological accrue to a vast section of the population, particularly the disadvantaged.

All the above programs of Government of India are flag-bearers in their own place and provide great opportunities to rural entrepreneurs to build their capacity by joining Entrepreneurship training programs and thereafter tying up with them to establish their Enterprise. They can also support building others' capacities by establishing Skill Training Institutes.

2. Corporate Social Responsibility (CSR):

Corporate Social Responsibility or CSR refers to "the ethical principle that an organization should be responsible for how its behavior might affect society and environment". The concept of CSR has a long and varied history. It is possible to trace business community's concern for the society for centuries. Sarais (Rest houses in olden days) at religious places and on religious tracks were constructed and "Water-Services" were offered by many business houses in good olden days in India. In the formal corporate sector, however, this

term came into discussions during 1960s. In response to the rising concerns on ethical issues in businesses, Carroll (1991) extended corporate social responsibility from the traditional economic and legal responsibility to ethical and philanthropic responsibility. According to him the CSR is made up of four responsibilities that are interrelated. These responsibilities are –economic, legal, ethical and philanthropic. Similarly Business Dictionary defines CSR as “A company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates. The companies express this through their waste and pollution reduction processes and by contributing educational and social programs and by earning adequate returns on the employed resources”.

Most consumers believe that companies doing charity work will receive a positive response. Research also finds that consumers are loyal and willing to spend more on retailers that support charity. In India, many consumers are positively sensitive towards companies having good CSR initiative. The e-Chaupal initiative of ITC company has won the company many new loyal customers, as the reach and extension system provided by e-chaupal is helping over one million farmers across the country. Similarly the stories of Tata Group of companies are well known. The Tata’s CSR focus is on –Education, health, livelihood, Rural and urban infrastructure. Besides they also undertake interventions in the areas of sports, disaster relief, environment and ethically all aimed at improving the quality of life of communities.

With Companies Act 2013, India has introduced CSR as formal requirement for the corporate sector. According to Section 135 and schedule VII of the Companies Act every company with net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more or Net profit of Rs. 5 Crores or more will come in the ambit of implementing CSR. Every qualifying company is required to spend at least 2% of its average net profit for the immediately preceding 3 financial years on the CSR activities. Further as per the CSR rules, the provisions of CSR are not only applicable to Indian companies, but also

to branches and project offices of a foreign company in India.

Activities under CSR: The activities that can be done by the company to achieve its CSR obligations, include eradicating extreme hunger and poverty, promotion of education, promoting gender equity and empowering women, reducing child mortality and improving maternal health, combating human immunodeficiency virus, AIDS, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to Prime Ministers’ National Relief Fund or any other fund set up by the central government or the state government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward castes, minorities and women and such other matters as may be prescribed. Further under companies Act, the preference is to be given to local areas and the areas where the company operates.

3. Rural Entrepreneurship and CSR:

Corporate Social Responsibility binds a corporate to undertake socially relevant development programs in the vicinity of their campuses or in other rural areas. For example the CSR activities of Reliance Industries Limited are handled by Reliance Foundation. Their areas of activities include – Rural Transformation, Healthcare, Education, Environment, Protection of National Heritage, Art and Culture and Disaster Response. The Reliance Foundation has made significant contributions to help shape India’s vision of inclusive growth. Sustainable development strategies have helped Reliance Foundation to create thriving eco-systems towards profitable growth and creation of societal value for multiple stakeholders. Through their CSR in initiatives the company engages with communities to ensure their well-being by enhancing access to quality education and healthcare, capacity building for employment generation, access to good infrastructure and ecological conservation. Reliance Foundation has trained and employed over 150 young Agricultural Graduates and Diploma holders

to support their Rural Transformation Programs. Currently Reliance foundation is working with over 94,000 rural households. The Foundation works on enhancing opportunities and disseminating information relevant to improving livelihood options among rural communities. It deploys locally-relevant solutions to promote agriculture, marine fisheries and other farm and non-farm based activities.

Similar case studies are available for other major corporate houses of the country like Future Group, Infosys, Aditya-Birla Group, and Wipro etc. All these CRS initiatives train a number of rural youth and build their skills to serve their societies more effectively. Rural entrepreneurs may take advantage of CSR Initiatives of major or medium corporate houses to undertake rural transformational programs so as to meet the CSR objectives of the Corporate sector and build their own capacity and value-chain in the process.

4. Summing up

Rural Entrepreneurship is full of challenges and opportunities. The opportunities provided by Public Private Partnership vary from opening a Training Centre under NSDC to tie-up with existing or new start-ups to create new venture with hand-holding support from Government institutions/ agencies. Corporate Social Responsibility (CSR) provides another window to access financial and technical support from big and medium corporate houses to undertake rural development / agricultural improvement/ soil reclamation programs. Rural Entrepreneurs have ocean of opportunities very close to them. They need to explore all the possible options, before freezing their business venture.

Further Reading/ References

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5. **Model Question**

- What are the opportunities for Rural Entrepreneur to access CSR Support?
- Public Private Partnership is the only vehicle to promote large scale Rural Entrepreneurship. Examine Critically.
- Explain the role of financial institutions in establishing Rural Enterprises.
- Explain the role of financial institutions in establishing Rural Enterprises.
- Define the Role of Education in Skill development?
- What are government initiatives for Skill Development for Rural youth?
- Explain the concept and utility of Entrepreneurship Hub or E-Hub?
- Define the Role of Village Panchayat in Rural Development?
- Define Rural Entrepreneurship Eco-system. What are the key differences between the Rural and Urban Entrepreneurship Eco-Systems?
- Discuss the status of rural management education in India. Which universities/ Institutes offer Rural Management degree at masters' level?
- Discuss the influence of Gram Panchayat Development Plan on the Rural Entrepreneurs.
- Discuss the Prime Ministers Kaushal Vikas Yojana (PKKVY) and its potential impact on Rural Entrepreneurship.

Chapter-3

Small and Micro Rural Enterprises

Micro, Small and Medium Enterprises (MSMEs) sector plays a significant role the improvement of production, employment and exports of the country. This sector accounts for about 45 per cent of Manufacturing output and 40 percent of the total exports of the country. This sector employs about 60 million persons. In India, MSMEs produce more than 750 products of all types. As per the revised estimates for the MSMEs sector based on Third All India Census, the number of Small Scale Industries (SSI) units at the end of 2010-2011 in the country was 311.52 lakh.

We will discuss classification of Small and Micro Enterprises- both in manufacturing and service sectors, and will also discuss issues related raw material supply, credit availability and other aspects in relation to small and micro enterprises.

Objectives of the Chapter

- To understand the differentiation between Manufacturing and Service Sector Enterprises.
- To understand the classification Micro, Small and Medium enterprises in manufacturing and service sectors.
- To appreciate the issues related to; and policies related to the Micro and small enterprises.
- To understand the process of Business Opportunity Identification.
- To develop Business Opportunity Identification framework for an enterprise.
- To understand the process of developing a Business Plan.
- To understand and appreciate the need to have detailed Project Report (DPR) before approaching financial institutions/ angel investors.
- To know and understand costing, pricing and break-even point.
- To understand the priority given by Central Government to promote Small, Medium and Micro enterprises.
- To understand and analyze the cases of Rural Enterprises promoted and supported by Government schemes and

programs.

- To understand the realities of Rural Entrepreneurship Eco-system

Understanding Small and Micro Enterprises

Small and micro enterprises are the backbone of Indian Economy. In fact MSME - an abbreviation of Micro, Small & Medium enterprises- is the pillar of economic growth in many developed, and developing countries in the world. Often rightly termed as “the engine of growth” for India, MSME has played a prominent role in the development of the country in terms of creating employment opportunities-MSME has employed more than 60 million people, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth, and contributing to the GDP. MSME sector contributes 8% of GDP. Though India is still facing infrastructural problems, lack of proper market linkages, and challenges in terms of flow of institutional credit, it has seen a tremendous growth in this sector.

The advantage of this sector is-it requires less investment, thus creating employment on a large scale, and reducing the unemployment and underemployment problems. Moreover, this sector has survived almost all threats emerging out of still completion from both domestic and international market. The most important contribution of this sector is that it absorbs rural uneducated/ semi-educated youth, and provides livelihoods to a large number of rural/ semi-urban families.

Enterprises- Medium, Small and Micro

Business Enterprises are classified as Medium, Small or Micro enterprises. The definition of these enterprises is based on their size of investment in plant and machinery (in the case of manufacturing enterprises) and equipment (in case of service sector enterprises). As per the provisions of Micro, Small & Medium Enterprises Development (MSMED) Act 2006 the Micro, Small and medium enterprises (MSME) are classified as follows:

- a. Manufacturing Enterprises**-The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and regulation) Act, 1951 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.
- b. Service Enterprises**:-The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dated.29-09-2006 are as under:

Table 3.1: Plant, Machinery and Equipment Investment limits for Micro, Small and Medium Enterprises.

Manufacturing Sector

Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees

Service Sector

Enterprises	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

3.3. Micro Enterprises:The Enterprises which are engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use (i.e. the enterprise is a manufacturing unit) and their investment in Plant and machinery does not exceed Rs. Twenty five Lakhs or the enterprises engaged in providing or rendering of services (i.e. the enterprise is a service sector unit) and their investment in equipment does not exceed Rs. Ten Lakhs, are classified as Micro Enterprises.

3.4 Small Enterprises:The Enterprises which are engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use (i.e. the enterprise is a manufacturing unit) and their investment in Plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees, or the enterprises engaged in providing or rendering of services (i.e. the enterprise is a service sector unit) and their investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, are classified as Small Enterprises.

3.5 Medium Enterprises:The Enterprises which are engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use (i.e. the enterprise is a manufacturing unit) and their investment in Plant and machinery is more than five crore rupees but does not exceed ten crore rupees; or the enterprises engaged in providing or rendering of services (i.e. the enterprise is a service sector unit) and their investment in equipment is more than two crore rupees but does not exceed five crore rupees, are classified as Medium Enterprises.

Issues with Small and Micro Enterprises:

Small and micro enterprises are the backbone of economic middle class, and rural industries. Small scale enterprises are found in every state. Small scale industry were given an important place in the framework of Indian planning since beginning for economic and ideological reasons. Small scale industry is a vibrant sector for towns and rural areas. Small scale and micro enterprises in India are a difficult business for new-comers. These enterprises face a number of problems-absence of adequate and timely banking finance, non-availability of skilled manpower, non-availability of suitable technology, ineffective/inefficient marketing due to limited resources. These enterprise face some location-specific and size-specific problems like lack of ICT literacy among various layers of employees, lack of formal procedures and discipline, problems related to raw-materials, production problems and most importantly the issue with financial resources.

c. Issues related to Financing: The financial problem of MSMEs is the root cause for all the other problems faced by the MSME sector. These industries (especially micro) are generally poor and there are no facilities for cheap credit. They fall into the clutches of money lender who charges exorbitant rate of interest. In recent years, large Indian firms obtained around 15 percent of their total funding from internal sources, 25 percent from banks and financial institutions (FIs), and 10 percent from capital markets. The remaining 50 percent came from alternative sources. Friends and family equity accounted for a huge proportion of their alternative finance, followed by trade credit. Based on the research carried out at the Centre for Analytical Finance (CAF) at the Indian School of Business (ISB) Hyderabad, and partly on the work done for the Financial Sector Reforms committee headed by Professor Raghuram Rajan, Eric J. Gleacher Distinguished Service Professor of Finance, University of Chicago during 2007-08, it was found that the firm size is inversely related to dependence on alternative financing sources; the smaller the firm, the higher is the proportion of alternative financing in the total. It was also found that poor profitability and lack of access to formal capital markets and institutions result in heavy dependence on

alternative financing channels. It was said that funding from those channels is considerably costlier than funding from formal sources. This creates a most unfortunate vicious cycle in the pattern of funding. High cost of funding results in poor profitability. Poor internal cash flow generation limits ability to service formal bank debt, and makes the firm less creditworthy from a bank's point of view. This, in turn, leads to greater dependence on alternative channels. The organizational pattern of the micro enterprises places them at a distinct disadvantage vis-à-vis the large-scale enterprises. It is due to this peculiarity of micro and small enterprises, "Murphy's Law" i.e., "If anything can go wrong, it will" squarely applies to them. This disadvantage has given rise to various problems with which the micro and small enterprises have been contending with. The problem of finance in these units is mainly due to two reasons. Firstly it is partly due to scarcity of capital in the country as a whole. Secondly, it is partly due to weak credit worthiness of micro and small enterprises in the country. Due to their weak economic base, they find it difficult to take financial assistance from the commercial banks and financial institutions. As such, they are bound to obtain credit from the money lenders on a very high rate of interest and are, thus, exploitative in character.

d. Problems related to Raw Materials: Another major problem that the micro and small enterprises have to content with is the procurement of raw material. The problem of raw material has assumed the shape of (i) an absolute scarcity, (ii) a poor quality of raw materials, and (iii) a high cost. Earlier, the majority of micro and small enterprises mostly produced items dependent on local raw material. But, ever since the emergence of modern small-scale industries manufacturing a lot of sophisticated items, the problem of raw material has emerged as a serious problem on their production efforts. The small units that use imported raw material face raw material problem either on account of foreign currency or customs duty or any other reasons. Even the micro and small enterprises that depend on local resources for raw material requirements facing various problems. Keeping in view the problem of raw material the Government made provisions for making raw material available to these units. But these units are not in a position to liaise with the official agencies and are left with

inadequate supplies of raw material. As a result, they have to resort to open market purchases at very high prices. This, in turn, increases their cost of production, and, thus, puts them in an adverse position compared to large units. The quantity, quality and regularity of the supply of raw materials are not satisfactory. There are no quantity discounts, since they are purchased in small quantities and hence charged higher prices by vendors. They also experience difficulty in procuring semi-manufactured materials. Due to financial problems these enterprises are unable to secure raw material in bulk in a competitive market.

e. Problems related to Marketing: One of the main problems faced by the micro and small enterprises is in the field of marketing. These units often do not possess any marketing organization. As a result their products compare unfavorably with the quality of the products of the large-scale industries. Therefore, they suffer from competitive disadvantages vis-à-vis large-scale units. In order to protect micro and small enterprises from this competitive disadvantage, the Government of India has reserved certain items for the small-scale sector. The list of reserved items has continuously expanded over the period and at present stands at 824 items. Besides, the Trade Fair Authority of India and the State Trading Corporations help the small-scale industries in organizing their sales. The National Small Industries Corporation (NSIC) set up in 1955 is also helping the small units in obtaining the government orders and locating export markets. Ancillary units face the problems of their own types like delayed payment by parent units, inadequacy of technological support extended by parent units, non-adherence to quality and delivery schedules, disturbing the programs of the parent units and absence of a well-defined pricing system and regulatory laws.

f. Problems of under-utilization of Capacity: There are studies that clearly bring out the gross under-utilization of installed capacities in micro and small enterprises. According to Puli Subramaniam and Reddy (2013) over 17% units were utilizing less than 50% of their installed capacity, while 2.61% were utilizing below 25% of installed capacity in the Kadapa District in 2012-13. The survey was carried out in 153 Small Scale Industries. Another study by Jagapati Rao (2010) found that out of 135 small-

scale industrial units surveyed in west Godavari district of A.P., 40-50% installed capacity was idle in most of the industrial units. On an average, we can safely say that 30 to 40 percent of capacity is not utilized in micro and small enterprises. The very integral to the problems of under-utilization of capacity is power problem faced by micro and small enterprises. In short, there are two aspects to the problems: one, power supply is not always available to these units, and whenever it is available, it rationed out, limited to a few hours in a day. Second, unlike largescale industries, the micro and small enterprises cannot afford to go in for alternatives, like installing own thermal units, because these involve heavy costs, since these units are weak in economic front, they have to manage as best as it can within their available meager means.

g. Other Problems with Small and Micro Enterprises: In addition to the problems enumerated above, the micro and small enterprises have been constrained by a number of other problems also. These include technological obsolescence, inadequate and irregular supply of raw materials, lack of organized market channels, imperfect knowledge of market conditions, unorganized nature of operations, inadequate availability of credit facility, constraint of infrastructure facilities including power, and deficient managerial and technical skills. There has been lack of effective co-ordination among the various support organizations set up over the period for the promotion and development of these industries. Quality consciousness has not been generated to the desired level despite various measures taken in this regard. Some of the fiscal policies pursued have resulted in unintended splitting up of these capacities into uneconomic operations and have inhibited their smooth transfer to the medium sector. All these constraints have resulted in a skewed cost structure placing this sector at disadvantage vis-a-vis the large industries, both in the domestic and export markets

5. Issues with Small and Micro Enterprises in Rural Areas:

The issues enumerated in above paragraphs are generic issues faced by small and micro enterprises. The rural small and micro enterprises face another major issue and that is road and power connectivity and maintenance.

The access to markets and efficiency to deliver goods and service in time is highly dependent on these public infrastructure items. In rural areas the condition and maintenance of roads is not ideal. Similarly, even after 70 years of independence, a number of blocks and villages are yet to be provided regular supply (24 X 7) of power. This becomes a limiting factor for establishing temperature critical or power-supply based production critical units in rural areas. Most of the areas in eastern UP, western Bihar, most of Jharkhand and Chhattishgarh face these limitations.

Another important, and highly sensitive issue with rural small and micro enterprises is the law and order situation, and fear of robbery in areas far-off from main roads/ national and state highways. The quality of raw-material, manpower availability and credit access reduces in direct proportion to the distance, as we move from main cities to small and medium towns and thereafter to remote locations. This issue dissuades even the most enterprising young, educated and motivated entrepreneurs to set up their units in most backward (in fact most deserving) areas.

Small and Micro Enterprises are important drivers for rural entrepreneurs. The contribution of MSME to other sectors has been immensely instrumental. It is the biggest employer after agriculture sector, despite the fact that agriculture sector's contribution to GDP is less than MSME. While it contributes about 45% to manufacturing sector, and perhaps 40% to Exports, it forms the highest share of Employment sector in India, contributing around 69% to it. Micro, Small and Medium-sized Enterprises (MSME) are one among the most important sectors, forming the backbone of the Indian economy. This sector has been instrumental in the growth of the nation, leveraging exports, creating huge employment opportunities for the unskilled, fresh graduates, and the underemployed, also extending the opportunities to banks for giving more credit to enterprises in this sector. The government should take utmost care of this sector in terms of providing more and more MSME Registration benefits through better regulations, Government must direct financial institutions to lend more credit at less interest rate for sustainability of this sector.

Most of the other problems of MSME can be overcome if they get involved in standardization of the business process, and can also adopt latest technology to improve the productivity. It is suggested that banks can support the industry by providing the credit facilities at low interest rate and Government and Institutions relating to Small and Micro industries should take effective measures to improve their market out-reach.

Project Identification and Selection

Business Identification and selection for an Enterprise is the first and most sensitive job. This decision has to be taken very carefully, as it becomes very difficult to change the business at later stages. Normally the Entrepreneurs select the business, considering various parameters – their own strength- education, knowledge, experience and confidence, strength or opportunities in the area- availability of raw materials, string need for a particular product or service, or sometime on the opportunities created by government policies and general positive business climate. Identification of Business opportunity is also starting point for estimating investment and financial requirements.

This unit explains the importance of understanding the process of Enterprise Business Opportunity Identification and selection in rural eco-system.

Project Identification- exploring Business Options and Opportunities:

An Entrepreneur may select a business opportunity through a chance event- meeting someone (of his age, comparative knowledge base, financial resources and technical competence) undertaking a new business (e.g. putting up and running a Common Service Centre or Agri-clinic or Agri-business Centre) highly successfully, or based on his/her education and training and core-competency (e.g. A veterinary graduate starting a Veterinary Clinic) or on the advice of Faculty/ mentors in his/her skill training institute. It is always desirable to have a mentor, though every entrepreneur may not be so blessed.

Sometimes prospective Entrepreneurs (particularly) in rural area join an established venture in their neighborhood (in their proposed

line of business) to get a first-hand idea of the business processes, possible clientele, and revenue stream and also to understand other issues related to finance and management. For example; a trained motor-cycle mechanic may first work in a near-by motor-cycle service-center for a few years to gain first-hand experience of interaction with clients, need to store most-often needed (and low-cost) spare-parts, essential tool-kit and other nitty-gritty of the business in that area. This experience is also called “Attachment on the job” or “on the job training” in skill-development /entrepreneurship development process.

Business Opportunities do not, however, present themselves, so straight. It is always good to understand the sequence of steps to be taken for business opportunity identification. A typical Business Opportunity identification process will have six sections:

Business Opportunity Identification Framework	
Section I:	Preparation of Personal Profile
Section II:	Description of Business Idea and its completion
Section III:	Assessment of its Competition (right now and in near future)
Section IV:	Human Resources Requirement and Availability
Section V:	Steps needed (including Finance and Infrastructure) to give business shape to this idea
Section VI:	Pre-Feasibility Study

Figure 3.1: Business Opportunity Identification Framework

a. Preparation of Personal Profile:

Entrepreneur is the key person in the whole business opportunity identification process. He/ she has certain ideas, qualifications, experience, personality, objectives, investment preparedness, attitude to risk-taking and other considerations. It is always helpful to reduce all these facts into writing, so that it can be considered by prospective investors, banks, partners (if needed). A neat fact-sheet about the

Entrepreneur is desirable to document all these attributes, and hence a format is proposed as hereunder:

Personal Profile of the Entrepreneur		
1.	Name & Age	Smt Rajesh Sharma, 45 Years
2.	Education	Ph. D. in English Literature, Masters degrees in English and Sociology
3.	Work Experience	5 Years as a Post-Graduate Teacher in an Intermediate College
4.	Other academic/ practical interest	Loves children
5.	Personality	Very pleasing, Hard-working, dynamic, all close relatives job-holders or professionals, both the children well-settled, Initial financial support assured by husband but not interested to take loan
6.	Objectives for establishing an enterprise	To serve children in nearby rural society (social service), to earn money only to maintain the enterprise
7.	Investment Preparedness	Own funds of Rs. 5,00,000 can be committed to enterprise
8.	Attitude to risk-taking	Hard-earned money. Low risk attitude
9.	Other considerations	-Wants to set-up in/ around city/ locality she lives in -wants to do it alone, may hire teachers/ aayas, if necessary

Figure 3.2: Personal Profile of an Entrepreneur

This profile will help the entrepreneur to look into appropriate opportunities of her choice and aptitude. This will also help him/her to freeze the choice of location and preparedness for investment required.

b. Description of Business Idea and its completion:

Description of Business Idea is next step in opportunity identification process. Being open to any business means, you do not have any idea of business. Hence you have to freeze the Business idea at an early stage. You can always use your analytical abilities to identify a business idea by:

a. Observing Market Trends (in the area):

An Entrepreneur has to be a sharp observer to sense a business opportunity. He may scan the Economic opportunity (state of local economy- consumer spending pattern and the level of disposable income), Social Opportunity (Social and cultural changes/ preferences, demographic changes, what the current generation thinks is “in thing”) and Technological Opportunity (new technologies, emerging technologies and new uses of old technologies). This analysis can indicate some business product or service opportunity gap, which can in-turn lead to Business (product or service) Idea.

b. Finding a gap in the Market

Finding a gap in the market place is one of the best methods for Business Idea generation. Here one can take help of friends and local community to identify most visible (and needed by community or a nearby big-business enterprise, or a nearby market) gap in the market. One can use focused-group discussions or key-people survey to access the needs of the local communities. New technologies, sometimes provide out-of-box

opportunities like an app-based taxi service in the area, app-based Auto-service, app-based catering service or app-based house-hold items repair service. All these services have emerged as game-changers and disruptive in their spheres of operations. Sudden procurement of a large number of tractors (may be due to a new mechanization scheme of central or state government) in a rural area may create possible opportunity for a tractor repair garage. Opening of a school in the vicinity may open an opportunity to set-up a stationary shop. Here the entrepreneur has to estimate the investment required, possible gestation time-period, and estimated market-size and potential profit.

c. Solving a problem/ issue in the area:

As discussed in earlier sections, an Entrepreneur has to have a very open an inquisitive mind. Sometimes the existing businesses are under threat from some disruptive technological innovations, and the entrepreneur has to look for alternative business opportunity. He/she may identify a problem/ issue in an area, which he can address. The Swachhha Bharat Abhiyan suddenly highlighted the severe shortage of Toilets in rural areas. Some entrepreneurs jumped on the opportunity and got into the business of Toilet construction or supply of labor and materials for Toilet construction or expanded their existing businesses to supply inputs required for Toilet construction.

c. Assessment of its Competition (right now and in near future):

The entrepreneur has to see the future of the proposed business on a short-term and long-term horizon. He/she may assess the competition for his/her product or service from existing and potential competitors. A new technological innovation may

encourage new and more players to jump into the market. First innovator has some advantages, and he reaps the early profits also, but he may not be the most efficient user of the innovation. One needs to learn from existing case-studies and history of technology-promoted enterprises. Neither Google was the first search engine, nor WhatsApp, was the first social media platform. Both these companies learnt from the weaknesses of existing players. Hence an Entrepreneur has to factor-in the entry of new entrepreneurs also in the market space, while taking decision on long-term investment on technology and human resources.

d. Human Resources Requirement and Availability:

Human resources are the most important factors of production of any product or service. One has to ensure availability of appropriately educated, skilled and experienced workforce to undertake the responsibility of running the Enterprise. What are the main skills needed to run the Enterprise? What are your main skills? What kinds of skilled employees you need? Are there people available (with required skills) in the local labor market? How many unskilled workers do you want to employ in the first year? How will you identify, attract and retain them? All these issues become all the more important in the context of rural areas. Highly educated technical manpower can be hired from urban areas, if needed. But one may have to spend more to retain such manpower, due to non-availability/ limitations of basic infrastructural facilities like good schools, good hospitals and general law and order situation.

e. Steps needed (including Finance and Infrastructure) to give business shape to this idea:

As discussed in earlier sections, an Entrepreneur has to have a very open

an inquisitive mind. Sometimes the existing businesses are under threat from some disruptive technological innovations, and the entrepreneur has to look for alternative business opportunity. He/she may identify a problem/ issue in an area, which he can address. Once he/she identifies the area/sector/ business proposition, he may start thinking to tie-up finances and other basic requirements (human resources, infrastructure and legal permissions, if any) to set-up his enterprise. A good idea is to undertake a pre-feasibility study for his proposed venture (preferably with an experienced mentor or a Faculty from the entrepreneurship development institute).

f. Pre-Feasibility Study:

You would like to develop a reasonably comprehensive picture of a short-listed project idea. A pre-feasibility study provides an opportunity for cleaning and screening out the ideas, which are not likely to succeed. A good pre-feasibility covers all aspects of business project concept development, start-up process, production, marketing, financing, and business management. Pre-feasibility study is an important step for an entrepreneur to understand whether his money, time, effort and resources are going to fetch desired outcomes. It brings out discussions on all problem areas, all alternative scenarios (best case, normal case and worst case) are built and best solutions are considered for actual implementation. Pre-feasibility study for a new or undocumented (or minimally documented) sectors or project is very important for a rural entrepreneur, as the data-collection, analysis and business research that goes into it reveal certain thumb rules- best practices developed and followed by existing enterprises, and certain industrial norms that become a guiding source for the new entrepreneur regarding various

aspects of setting up and running a business. Pre-feasibility can be carried out by a training in statute faculty or a consultant, but the involvement of the entrepreneur himself adds huge value to pre-feasibility study, as it helps him to understand the upcoming reality.

Project Selection

You have now reached the most critical point in Business Opportunity Identification process. Until now it was exploration, information gathering and analysis. Apart from facts and figures that establish the viability of an identified business idea, it is crucial that you take cognizance of your strengths and weaknesses while making a final selection of business ideas.

Business Opportunity identification and selection are most critical stages of starting a business venture. The Entrepreneur has to have full knowledge of all the aspects of his proposed venture. He has to be aware of all the risks (including uncertainty of getting bank finances in time, getting delayed approvals for business entity) and opportunities. In addition he has to be prepared to face new and unforeseen challenges. Hence it is very important that the Business Identification has to be done with utmost care.

Project Formulation and Business Plan Preparation

A business plan helps an entrepreneur to analyze and document all the project needs. A thoughtfully prepared Project report is an important tool as it helps the entrepreneur in anticipating and solving the problems associated or likely to be faced during the project implementation. It has been a common feedback in all the Entrepreneurship Development institutes that in preparing Detailed Project Report (DPR), the entrepreneur is forced to consider several financial and implementation problems well in advance (at times based on the experiences of earlier entrepreneurs), giving him/her enough time to solve these problems or work-out alternate solutions. This unit discusses the process of developing and understanding a business plan, and preparation of detailed project report.

Understanding Business Plan and Preparation of Detailed Project Report (DPR)

You have identified a business opportunity and selected a project, which you want to implement on ground. A sound business plan is the next step for effective implementation of your project. The first question you have to ask yourself is- For whom are you preparing this business plan? Is it needed for a banker to seek project finance? No.

The business plan is meant for you- the Entrepreneur. This is the blueprint and roadmap for you to implement. It has to explicitly contain all the -a) Assumptions- about expected finances required and their sourcing, raw material requirements, anticipated production, and market linkages projections, manpower requirements and their hiring and induction strategy etc.; -b) Projections-about Production, sales, net profit and repayment schedule of loans etc.; -c) Information- about technology, plant and machinery, competition, prevalent prices of same, similar or alternative product; and -d) Documents about machinery and raw material quotations, legal requirements and documents relating to partnership and infrastructural resources like land, building, lease deed etc.

Purpose of a Business Plan:

The purpose of a Business Plan is to help an entrepreneur visualize the whole process of setting up the business and foresee the physical and financial requirements – man, material, money and efforts, and also visualize financial returns and likely risks and their mitigation mechanism. It gives you a general idea of your resources (to be committed to this project) and means to procure them. The business plan indicates the feasibility and probability of achieving break-even point and profits. It also prepares you to commit your appropriate time for the proposed business venture.

Components of a Business Plan:

The basic element of a Business plan include- General idea of the project, Market Analysis and forecast, Promoters or Partners, Detailed Project Report (DPR), Cost estimates, Means of finances, Market and selling arrangements and Profitability and Cash Flow.

- **General Idea of the Project:**

While developing the business plan, you must be clear about the product or service you want to create. Once the product or service has been identified the next stage is “the scale”. At what scale you want to start the operations. For example in service industry if you want to start a coaching institute, then what will be first batch for? What size will it have? How many subjects will you cover? How many more teachers / coaches you will require to hire? Similar questions will have to be answered for a product business as well. In that case the Quantity and quality of the product to be started for product in the first run will decide about the plant size, infrastructure and machinery required, number of manpower required and their skills/ training levels. Answer to these questions will give idea of the finances required for one time investment and working capital required for regular operations.

- **Market Analysis and Forecast:**

Market analysis and short-term and long-term forecast for the product or service proposed to be produced is essential to understand the smooth take-off and sustainability of the business. It is advised that the Market Survey for the proposed product or service is undertaken by the entrepreneur himself/ herself. This exercise will give him clear understanding of product or service demand, its scope in near future, its closest competition and their strengths and limitations. Market survey will also indicate the “Quality parameters” of the proposed product or service, expected by the clients. Entrepreneur may take specific pre-launch feedback from the prospective clients about the desired product or service. In the best case scenario it is advisable that the entrepreneur tries to take pre-orders (or advance bookings) for the product or service. This will ensure confirm demand of the proposed service. For example when FIITJEE (a coaching institution teaching/ training IIT aspirants for 2-4 years) planned to start 2-year full-time +2 (Classes 11 and 12) in Hyderabad, they visited number of

CBSE affiliated senior secondary schools, where they interacted with parents of the students who were appearing for class 10 examination. This interaction helped them to get a better idea of the facilities expected by the parents at the proposed educational facility, and also expectations from faculty (and their experience), proposed fee-structure and also realistic expectation about the result of their wards. This market survey also helped FIITJEE to decide to provide air-conditioned class-room education for +2 students, as the parents were willing to make a little more investment for their wards, for taking this examination (JEE).

The entrepreneur may have to revise his/ her budget upwards/ downwards to suit the needs/ expectations from the clients.

- **Promoters or Partners:**

The information about promoters and or partners (with full details about their name, age, educational qualifications, family background and experience) is an important part of business plan. The business plan must have full clarity about the percent share of each partner, in case of partnership. The exit clause, in case of any dispute must also be built-in the Business Plan.

- **Detailed Project Report:**

The Detailed Project Report (DPR) is the most important document of the Business Plan. DPR will contain all the technical information about the production-facility, details of all plant and machinery requirements, capacity of the plant (current and proposed later, so as to build the building foundations etc), procurement arrangements (detailed drawing of the equipment, process to be followed, engineering design standards to be followed, selection of equipment suppliers, constructions/ erection of storage/ go-downs, trial-runs and staffing pattern). The DPR will have full details of plant location and layout (details of factory shed- own or rented) details of total area and provision for extension, details about electrification requirements and power consumption, and expected cost of land, building and machinery.

The major component of Detailed Project Report (DPR) will include:

- i) **Introduction** : Project Introduction, Project Objectives and Strategy, Brief History of the Product/ Service, Key Properties (Utility/ Service Proposition), BIS (Bureau of Indian Standards) Provision and Specifications
- ii) **Market Study and Assessment:** Present Market Scenario- at Gram Panchayat Level, Block level, District level, State Level and National level, Present Market Demand and supply, Estimated Future Demand and Forecast, Name and Address of Existing Units (Present Players in your District/ State), Market Opportunity.
- iii) **Raw Materials Required:** Full list of Raw Materials required-with Quantity and specifications, Prescribed Quality Parameters and List of Suppliers in the area.
- iv) **Manpower Requirement:** Requirement of Skilled and unskilled staff and labor-Managerial, Technical, Office Staff and Marketing Personnel
- v) **Plant and Machinery:** Full list of Plant and machinery, repair and maintenance Equipment (if needed) and Fire-safety measures.
- vi) **Manufacturing Process and Formulations:** Detailed Process of Manufacturing with Formulation, Packaging requirements, Full process Flow Chart with diagram.
- vii) **Infrastructure and Utilities:** Project Location, Layout, Requirement of Land and Buildings, Construction Schedule, Plant Layout and Requirement of key Utilities.
- viii) **Project Cost and Financial Estimates:** Detailed Project Cost and item-wise estimates- Full Plant Economics detailing Assumptions for profit making, full cost estimates of Land, Building, Plant and Machinery, Labor and consumables, Working capital required every month, Site Development and maintenance Expenses, Production Schedule, and Revenue flow.
- ix) **Means of Finance:** Own Capital, Share Capital, Partnership Capital and Loans.

- **Cost Estimates:**

Cost of Total Project is a very serious issue to be estimated before launching the same. Utmost care needs to be taken for this exercise. The cost estimates may include:

- ✓ Fixed Capital – The Cost required to set-up the Unit
- ✓ Working Capital– The amount required for day-to-day running of the unit
- ✓ Preliminary and Pre-Operations Costs- Costs to be incurred on Market-Survey, DPR Preparation, Consultancy Charges (if any) and organization of pre-launch Marketing events
- ✓ Provision for Escalation and Contingencies

You must always keep a margin of 15-20% for any additional requirements, while preparing cost estimates.

- **Means of Finance:**The Cost estimates will give you clear idea of financial requirements for establishing and running the business. Now you need to work-out the sourcing of the required funds. These sources could include-Your own investment, Equity, Bank Loan and /or Government subsidy.
- **Market and Selling Strategy:**As an entrepreneur, it is your responsibility to ensure that there is a reasonable market potential for the product/ service, before you take the final decision to set-up the facilities and hire the staff. Proper marketing arrangements must be made before hand.
- **Profitability and Cash Flow:**The financial viability of the unit is one of the critical financial requirements of any project. Your cost estimates must include break-even point, return on investment and profitability and short and long run.

- g. **Understanding a Business Plan and Preparation of Detailed Project Report (DPR):**

Business Plan Preparation is a time-consuming process. Many a times the

trainee Entrepreneurs get tempted to use existing template (or a readymade DPR, which most training and skill-development Institutes provide as reading /background material), fill-in the blanks and submit it to banks. This must be avoided. The business Plan / DPR prepared by any other person or agency will not be 100% suitable for you. The process of Business Plan and DPR preparations enables you to interact with real actors and entities – be it banks, clients or marketing personal. This is highly useful “drill”, which will prepare you to jump into the venture. Besides giving you first-hand information about the Industry ecosystem, it prepares you to anticipate issues, problems and opportunities in advance. While preparing the business plan the following sequence may be followed:

- ✓ **Collect Preliminary Information:** You must collect full information on legal and technical issues related to the Product. Information about No Objection Certificates from Local Self-Government, any other agency or department, necessary licenses, Registration for Goods and Service Tax may be collected well in advance.
- ✓ **Finalize Production Schedule:** Once you are sure about the Product, then you need to work-out full estimates of costs and revenues for the first year (to start with). You need to estimate the production Schedule for the first, second and third year for this purpose.
- ✓ **Document Production Process:** Details on technical aspects of the product and the process of manufacturing step-by-step with plant and layout needs to be worked-out and documented. Quality checks for all raw-material and semi-finished and finished goods to need to be put in place.
- ✓ **Provision for Fixed Capital:** The major cost components are Fixed Capital goods. These must include- Land and site development charges, Building and civil works, Plant and machinery, technical knowhow and engineering fees, miscellaneous fixed assets, preliminary expenses, pre-operating expenses and provision for contingencies.
- ✓ **Provision for Working Capital:** Provision of Working capital is also a critical element in the cost estimates. Adequate provision for Raw Materials, Consumables, Personnel requirements and other regular administrative expenses needs to be done.
- ✓ **Total Cost of Project:** The total cost of the project will include Fixed capital costs, Preliminary and pre-operative costs, Working Capital (for one year) and contingencies.
- ✓ **Financing of the Project:** Financing of the project will include details of proposed sources of funding- Own investment, Capital subsidies from Central/ State Government, if any, Loans from Friends and relatives, Loan from Banks/ corporations.
- ✓ **Profitability Calculations:** Estimated profitability must be calculated in advance. This process will include calculation of Production Profitability (Sales revenue- Estimated cost of Production), and then including any other income and then calculating net profit after provision of Taxes.
- ✓ **Repayment of Loans:** Repayment of Loans must be an integral part of financial planning and forecasting. Year wise provision for repayment of loan and interest must be reflected in the business plan.
- ✓ **Project Implementation Planning:** Project Implementation Planning (in weeks, months and years) is to be part of a sound Business Plan. Time and cost for all the Project Implementation Stages need to be indicated. These stages may include- Preliminary Survey of Product, Market Research and preparation of Project

Report (DPR), Loan Application, submission and follow-up, Selection of Project site and other necessary formalities, Plant and machinery selection and order, construction of building/ factory, Machinery and equipment installation, Selection and deployment of personnel, Electricity and fuel application and formalities, other necessary licenses and sanction letters from concerned authorities, necessary training to staff, trial run, commercial production and final launch of the Product in the Market.

4. Costing, Pricing and Break Even Point

Costing Pricing and Break-even points are very critical financial elements for an entrepreneur. The success of any business will depend on how meticulously it has been planned, implemented and managed. The entrepreneur must understand the meaning and implications of each of the three elements- costing, pricing and break-even point.

4.1. Costing- Cost of Production:

The cost of production need to be worked in realistic conditions and assumptions (not on 100% capacity utilization). These costs will include- Material costs, cost of utilities, manpower costs, factory overheads, administrative expenses, sales expenses and miscellaneous expenses. There are several factors which influence these costs, these include- Volume of production, Product Mix, Internal efficiency, method of production and labor productivity. The volume of production is the most influential factor for the cost of production.

All the components of costs must be included while calculating cost of production. Cost of production can be calculated batch-wise, day-wise or on monthly basis. Imputed costs of all the utilities and miscellaneous expenses like administration, security and maintenance must also be included in the cost of production.

4.2 Pricing:

Pricing is the most critical decision for a new product or service. The revenue generation in any commercial venture/ business is based on price of product or service. At the same time, however, the price should be most competitive so as to attain desired market share. Therefore a realistic price should be set, which would not only ensure a targeted rate of return on the project investment but also create the desired level of market share for the business unit.

The Pricing exercise will include the following calculations:

- i) Manufacturing Cost: Cost of raw materials + Labor + Direct Expenses + Overheads
- ii) Add : Administrative Costs
- iii) Add : Marketing Costs
- iv) Add : Other Miscellaneous Costs
- v) Add : Desired Margin
- vi) = Selling Price

The more the difference between cost and prices, the higher will be the profit from business, but equally higher will the risk of getting new competition (as every business is not a monopoly). Therefore, pricing decision must be taken very carefully.

There are various pricing strategies start-ups follow. These include:

4.2.1 Penetrating the Market with low Price:

The pricing strategy adopted by App-Based Taxi-Services falls in this category. For the first 2 years both OLA and UBER offered very high level of incentives to private-taxi owner-drivers to attach their vehicles with them. Simultaneously they offered highly subsidized services to customers. As a result, they invested quite a lot of money to get the customers hooked to their services. Once they achieved a critical mass of customer-base and also number taxis attached to them, they are slowly increasing the prices. They will reach the break-even soon, and then will start making profits. This strategy is good for big-businesses, who can invest a large amount to get started and plan for long-term stay in the business or plan to sell their brand

(business) to other players, later (e.g. Taxi for sure in Taxi business and Air-Deccan in domestic aviation business).

4.2.2 Introducing a Product at a Premium:When you are introducing an innovative product, you can reap the profits with high pricing (to start with), and later bring the prices down as the competitors get in to the market (e.g. mobile router launched by Reliance Jio- they started with a price of Rs. 2999/- per unit in May 2017, reduced the price to Rs. 1999/- within 3 months and are now selling the same product for Rs. 999/- per unit). The windfall profits made in first three months were very good for the company.

4.2.3 Return on Investment:This is the most commonly used method of pricing in the manufacturing industry. The price is fixed after taking into account the financial aspects. “How much rate of return on the Investment” you want to obtain, is the key factor in deciding the price. This has relation with sales forecast as well. A rate of return of 15% to 25% per annum on the fixed and working capital is a safe margin. This will provide a sustainable proposition of any new unit.

4.2.4 Ethical Pricing:Ethical pricing is practiced, where the entrepreneur has social goals to achieve. Here the objective is to maximize social welfare. The SULABH INTERNATIONAL (providing clean, hygienic toilet facilities on user-charge basis) follows this principle. They charge only the maintenance costs for their services, the ultimate purpose being improving the hygiene in the society. Similar practice is followed for many life-saving drugs.

4.2.5 Pricing based on Competition:This is most often used pricing policy for common goods and services. You can't arbitrarily fix the price of commonly available product or service. For example you want to get into the business of production of stationary items- pens, pencils, note-books etc. Here the prices of commonly available items of similar quality and specification will saleable on similar (or lower) prices. There

is very little room for pricing in these items, also called fast moving consumer goods (FMCG) sector. In case of these goods and services the production or supply efficiency will get you better returns.

4.3. Break-even Point:

No business starts making profit from day one. It takes time to take-off. A critical amount of production has to happen and then sold at pre-decided prices, to achieve “break-even”. Break-even is the point when the total revenue receipt is equal to total expenditure (a point of “no-profit no loss”). Here the total expenditure on the production will include both fixed as well as variable costs. At break-even point:

Profit = Total sales revenue- Total Cost (Fixed cost + total variable cost)= ZERO

i.e. Total Sales Revenue = Total Costs (Fixed Cost + Variable Costs)

Out of these three factors, “Sales Revenue” and “Variable Costs” are influenced by level of activity while the “Fixed cost” is influenced by time. Hence, at the break-even point:

Fixed Cost = Sales Revenue – Variable Costs

This entity “Sales Revenue – Variable Cost” is also called “Product Contribution”, as it is the surplus the business operation is generating after paying for the variable costs. Based on this, several formulae are developed to calculate the break-even point for a business. These include:

BEP (Capacity utilization) = $\frac{\text{Total Fixed Cost}}{\text{Total Product Contribution}} \times \text{Capacity Utilization}$

BEP in Quantity of Production = $\frac{\text{Fixed Cost}}{\text{Contribution per unit of Production}}$

BEP in Sales Value = $\frac{\text{Total Fixed Cost}}{\text{Contribution per unit}} \times \text{Sale price per unit}$

For example, in an enterprise (e.g. a Coaching center) the total fixed cost is Rs. 20,000/- (Rent of the Site + Salary of two part-time teachers) per month, and variable cost per student is Rs. 100/- (cost/commission per student to the referring/ advertising agency) and the fee per student per month is Rs. 1500/-. The Coaching center can house up to 30 students. Then the break-even point at percentage of capacity utilization is:

Total Fixed Cost	= Rs. 20,000/-	
Total sales Revenue	= Rs. 1,500 * 30	= Rs. 45,000
Total Variable Cost	= Rs. 100 * 30	= Rs. 3,000
Total Service Contribution	= Rs. 45,000 – Rs. 3,000 = Rs. 42,000	
Break-Even Point	= $(20,000/42,000) \times 100 = 47.62\%$	

This means that the Coaching center can break-even if it operates at a minimum of 47.62% of Capacity Utilization (i.e. 47.62% of 30 students = 14 Students or more). The Coaching Center will start making profit when the coaching class-size crosses the 15 Student mark.

Calculation of break-even point is very important in business decisions. One has to decide about the minimum batch size (as in this case) to run the business profitably. In initial stages a new entity may have to incur losses to get adequate market share (or the batch size or lot-size in case of manufacturing goods/ product). Only in long-run the enterprises make good and consistent profit.

Government Policies for Micro and Small Enterprises

Entrepreneurship development has been identified as one of the core-priorities areas by successive central and state governments. Government of India established an office of Development Commissioner (MSME) in 1954 and over the years, it has seen its role evolve into an agency for advocacy, hand holding and facilitation for small industries sector. It is only in 2007 when the erstwhile Ministry of Small Scale Industries and Ministry of Agro and Rural Industries were merged to form the Ministry of Small and Medium Enterprises (MSME). MSME since then has emerged as a highly vibrant and dynamic sector of Indian economy. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries, but also help in industrialization of rural

and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. Government provides a lot of support for training, hand holding and promotion of rural enterprises through a number of schemes and programs being implemented by MSME and other ministries. These programs and schemes are being discussed in this unit.

Institutional Support Systems- Government Policies

Government of India has established the Ministry of Small Medium and Micro Enterprises with the sole objective to facilitate promotion and development of Medium, Small and Micro enterprises in all the states. The primary responsibility of promotion and

development of MSMEs is of the State Governments. However, the Government of India, supplements efforts of the State Governments through various initiatives. The role of the M/o MSME and its organizations is to assist the States in their efforts to encourage entrepreneurship, employment and introduction livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The schemes/programs undertaken by the Ministry and its organizations seek to facilitate/provide:

- i) Adequate flow of credit from financial institutions/banks;
- ii) Support for technology upgradation and modernization;
- iii) Integrated infrastructural facilities;
- iv) Modern testing facilities and quality certification;
- v) Access to modern management practices;
- vi) Entrepreneurship development and skill upgradation through appropriate training facilities;
- vii) Support for product development, design intervention and packaging;
- viii) Welfare of artisans and workers;
- ix) Assistance for better access to domestic and export markets; and
- x) Cluster-wise measures to promote capacity-building and empowerment of the units and their collective.

The implementation of policies and various programs/ schemes for providing infrastructure and support services to MSMEs is undertaken through its attached office, namely the Office of the Development Commissioner (MSME) National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC), the Coir Board, and one training institutes viz., National Institute for Micro, Small and Medium Enterprises (NI-MSME); Hyderabad and Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha.

Some of the recent policy initiatives undertaken by MSME include:

- a. **Ease of Registration Process of MSMEs- Udyog Aadhaar Memorandum (UAM):** Registration of MSME was a tiresome process with filing of Entrepreneurship Memorandum (EM part I & II) a necessary condition. This was simplified on 18th September, 2015 in the Gazette of

India Vide Notification Number S.O 2576 (E), by making it a simple one-page registration form known as 'Udyog Aadhaar Memorandum' (UAM). The requirement of attestation of documents has been dispensed with and has been replaced by self-attestation of document. This is a path breaking step to promote ease-of-doing-business for MSMEs in India as the UAM replaces the filing of Entrepreneurs' Memorandum (EM part-I & II) with the respective States/UTs. The cumbersome filing of EM has now been dispensed with and the entrepreneurs in the MSME sector just need to file online, a simple one-page UAM on <http://udyogaadhaar.gov.in> to instantly get a unique Udyog Aadhaar Number (UAN). The salient features of the UAM are:

- i. The one page simplified registration Form would constitute a self-declaration format under which the MSME will self-certify its existence, bank account details, promoter/owner Aadhaar details, other minimum basic information required, etc.
- ii. There shall be no fee for filing the UAM
- iii. Udyog Aadhaar Acknowledgement shall be generated and mailed to the email address provided in the UAM which shall contain unique Udyog Aadhaar Number
- iv. No supporting document is required to be uploaded or submitted while filing the UAM.

b. Framework for Revival and Rehabilitation of MSMEs:

MSMEs have been playing a pivotal role in the country's overall economic growth and have increased potential to grow but major obstacle is that they have been facing the constraint of adequate or timely finance. Issues related to sickness of MSMEs, Non-Performing Assets and exit policy have been raised from time to time in different quarters. Keeping in view these issues, the Ministry of Micro, Small & Medium Enterprises has notified a Framework for Revival and Rehabilitation of MSMEs on 29th May, 2015. This framework complements to the features of the existing RBI notification of 2012 and 2014. Under this framework any enterprise can seek revival and rehabilitation benefit through a committee constituted by banks with representatives from State Governments. The key features of this Framework include:

- **Identification of incipient stress:** Before

a loan account of a MSME turns into a Non Performing Asset (NPA), banks/creditors are required to identify incipient stress in the account. Any Micro, Small or Medium enterprise may also voluntarily initiate proceedings under this framework if enterprise reasonably apprehends failure of its business or its inability or likely inability to pay debts and before the accumulated losses of the enterprise equals to half or more of its entire net worth.

- **Committees for Distressed Micro, Small and Medium Enterprises:** All banks shall constitute one or more Committees at such locations as may be considered necessary by the board of directors of such banks to provide reasonable access to all eligible Micro, Small and Medium enterprises which have availed credit facilities from such bank. The Committee shall comprise of representatives of the bank, independent expert and representative of the State Government.
- **Corrective Action Plan (CAP) by the Committee:** The Committee may explore various options to resolve the stress in the account. The intention is to arrive at an early and feasible solution to preserve the economic value of the underlying assets as well as the lenders' loans and also to allow the enterprise to continue with its business. During the period of operation of Corrective Action Plan (CAP), the enterprise shall be allowed to avail both secured and unsecured credit for its business operations.
- **Options under Corrective Action Plan (CAP):** The options under Corrective Action Plan (CAP) by the Committee may include: (i) Rectification - regularize the account so that the account does not slip into the non-performing asset (NPA) category, (ii) restructuring the account if it is prima facie viable and the borrower is not a willful defaulter, and (iii) recovery - Once the first two options at (i) and (ii) above are seen as not feasible, due recovery process may be resorted to.
- **Restructuring Process:** If the Committee decides restructuring of the account as CAP, it will have the option of either referring the account to Enterprise Debt Restructuring (EDR) Cell after a decision to restructure is

taken or restructure the same independent of the EDR mechanism. If the Committee decides to restructure an account independent of the EDR mechanism, the Committee should carry out the detailed Techno-Economic Viability (TEV) study, and if found viable, finalize the restructuring package within 30 days from the date of signing off the final CAP.

- **Prudential Norms on Asset Classification and Provisioning:** While a restructuring proposal is under consideration by the Committee/EDR, the usual asset classification norm would continue to apply. The process of re-classification of an asset should not stop merely because restructuring proposal is under consideration by the Committee/EDR. However, as an incentive for quick implementation of a restructuring package, the special asset classification benefit on restructuring of accounts as per extant instructions would be available for accounts undertaken for restructuring under these guidelines.
 - **Willful Defaulters and Non-Cooperative Borrowers:** Banks are required to strictly adhere to the guidelines issued by RBI from time to time regarding treatment of Willful Defaulters.
 - **Review:** In case the Committee decides that recovery action is to be initiated against an enterprise, such enterprise may request for a review of the decision by the Committee within a period of fifteen working days from the date of receipt of the decision of the Committee. Application filed under this section shall be decided by the Committee within a period of thirty days from the date of filing and if as a consequence of such review, the Committee decides to pursue a fresh corrective action plan for revival of the enterprise shall apply accordingly.
- c. ASPIRE - A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship:** ASPIRE was launched on 16.03.2015 to set up a network of technology centers and to set up incubation centers to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry with a fund of Rs. 210 crore.
- d. National Manufacturing Competitiveness Programme (NMCP):** Ensuring the growth of Small Scale Sector at a healthy rate is crucial

for the overall growth of Manufacturing Sector as also for the National Economy. For this to happen the small scale sector has to become competitive. The National Manufacturing Competitiveness Programme (NMCP) highlights the needs for enhancing the competitiveness of Indian Manufacturing Sector. This is determined by measuring the productivity vis-à-vis the use of its human capital and natural resources. The NMCP is the nodal program of the Government to develop global competitiveness among Indian MSMEs. The Programme was initiated in 2007-08. This program targets at enhancing the entire value chain of the MSME sector through the following schemes:

- i. Lean Manufacturing Competitiveness Scheme for MSMEs;
- ii. Promotion of Information & Communication Tools (ICT) in MSME sector;
- iii. Technology and Quality Up gradation Support to MSMEs;
- iv. Design Clinics scheme for MSMEs;
- v. Enabling Manufacturing Sector to be Competitive through Quality Management Standards (QMS) and Quality Technology Tools (QTT);
- vi. Marketing Assistance and Technology Up gradation Scheme for MSMEs;
- vii. National campaign for building awareness on Intellectual Property Rights (IPR);
- viii. Support for Entrepreneurial and Managerial Development of SMEs through Incubators;
- ix. Bar Code under Market Development Assistance (MDA) scheme.

e. Public Procurement Policy for Goods Produced and Services Rendered by Micro and Small Enterprises (MSEs): In exercise of the powers conferred under section 11 of the Micro, Small and Medium Enterprises Development Act, 2006, the Government of India has notified Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012 which is applicable for every Central Ministry / Department / PSU from 1st April, 2012. The Policy mandates that every Central Ministry / Department / Public Sector Undertaking shall set an Annual goal of procurement from Micro and Small Enterprises from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum of 20 percent of total annual purchases of products produced and

services rendered by Micro and Small Enterprises in a period of three years. The minimum 20% Annual procurement from MSEs has become mandatory from 1st April 2015. Policy has also earmarked a sub-target of 4% out of the 20%, from MSEs owned by SC/ST Enterprises. Further, Micro and Small Enterprises are facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money to reduce transaction cost of their business. 358 items are also reserved for exclusive procurement from Micro and Small Enterprises. Every Central Government Ministry / Department / PSU shall report the goals set with respect to procurement to be met from MSEs and the achievement made thereto in their respective Annual Reports. They shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies. All the Chief Ministers of State Governments have also been advised to formulate similar policy for MSEs in their states. A Grievances cell has been constituted for the Redressal of the grievances for MSEs. The policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkages between MSEs and large enterprises.

In addition to these policy initiatives Government of India is providing liberal training and hand-holding support to budding entrepreneurs through its training and capacity building initiatives being implemented by ni-msme (National Institute of Medium, Small and Micro Enterprises), Hyderabad, and National Skill Development Corporation (NSDC) and its partner training institutions, spread all across the country.

5. Cases of Rural Entrepreneurship through Government Policy Support

Development of the rural economy has been one of the prime concerns for Government of India. Accordingly, efforts have been made on a continuous basis for improving the economic and social well-being of people in rural areas on a sustainable basis. Despite the sincere efforts, the problems of poverty, unemployment, drudgery and migration still exist in rural economy. There is a need to address these problems by creating employment opportunities in the rural areas and this could be

done by setting up of small enterprises in the Agro-based industry sector more so as nearly 56 % of the population is still dependent on agriculture. There is ample scope for innovation, value addition and entrepreneurship development in this sector. This is possible only by skill up-gradation, handholding, mentoring, incubation and credit support aimed especially at rural youth and women providing them employment opportunities in rural areas. The ASPIRE (A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship) Scheme (launched in 2015) is aimed at solving this problem and creating employment opportunities through entrepreneurship in rural areas. The main objectives of the ASPIRE scheme are to:

- i. Create new jobs and reduce unemployment;
- ii. Promote entrepreneurship culture in India;
- iii. Grassroots economic development at district level;
- iv. Facilitate innovative business solution for un-met social needs; and
- v. Promote innovation to further strengthen the competitiveness of MSME sector.

The ASPIRE Scheme fund has a corpus of Rs.200 crore, which is dedicated for the following uses:

- a. Automation of agricultural practices and activities related thereto;
- b. Value addition to agriculture and forest produce;
- c. Recycling of agricultural pre/post-harvest wastages, off farm but farm linked, animal husbandry etc.,
- d. Business models for aggregation and value addition relevant for rural areas;
- e. Business models for creation of local employment in rural areas; and
- f. Business models for social impact.

Rural Entrepreneurship with Government of India Scheme Support:-

Case One:

Creating Value from Weed: *Eichhornia crassipes*, commonly known as water hyacinth, is an aquatic

weed which was considered to be a nuisance in the plains of Assam. Today, it is effectively utilized to make eco-friendly products, providing livelihoods to rural women. Dr. Kabya Jyoti Bora (47), a qualified veterinarian, with more than 12 years of experience in the NGO sector in Northeast India, is actively involved in training of rural women in this activity. Dr. Bora says that with a very small investment of around Rs. 200, anyone can engage in the making of handicrafts from water hyacinth. Dr. Bora completed his Agri-Clinics and Agri-Business Centres (AC&ABC) scheme training from the Indian Society of Agribusiness Professionals (ISAP), Guwahati, in the year 2010. After his training, he formed an association – ALPED (Association for Livelihood Promotion and Entrepreneurship Development) in 2013. With technical and financial support from NEDFi (North Eastern Development Finance Corporation Limited), Dr. Bora has trained more than 100 rural women in Assam's Kamrup district in the art of making gorgeous bags, flower vases, office folders and files and other products from water hyacinth. This provides enhanced income levels and livelihood opportunities to rural women. The training schedule developed under ALPED is of 10 days' duration and the minimum age of candidates is 18 years. The training is completely free for rural youth and women. Financial support is provided by NEDFi. After training, the rural youth can immediately start making these handicrafts and earn their livelihoods. "This work is less laborious than other work available in villages. Besides, women can work in their free time", says Dr. Bora. To make this activity sustainable and to provide support to the artisans, ALPED Assam has collaborated with NEDFi to develop market linkages for the crafts made by these artisans. NEDFi has its own 'Craft Gallery' in Guwahati, the largest city of Assam, to showcase and store the products of the artisans and also has a permanent exhibition platform named 'NEDFi Haat' in the heart of the city, which is very popular with both locals and tourists. Water hyacinth products are also sought after in regional and national exhibitions.

Dr. Bora says, "Commitment to excellence, consistency in efforts and connecting to the right groups is the secret of success". Address : H No-7, K. Koch Lane, Pub-Sarania, Guwahati, Kamrup, Pin: 781003, Assam Qualification : B.V.Sc. Age :

47 Year Nodal Training Institute : ISAP-Guwahati, Assam
Name of Venture : ALPED, Assam
Nature of Services : Training on Handicrafts from Water Hyacinth
No. of Farmers Covered : 100 women
No. of Villages Covered : 50
Annual Turnover : 6.00 Lakh
No. of Employment : 40 persons.

Case Two:

Scripting Success through Value Addition: The most important point in food processing is that a sizeable portion of raw material being rural based, it has a very high employment potential with significantly low investment. “Keeping this in view, hard work, dedication and some innovative thinking to make use of available resources for getting maximum benefit is the mantra of ‘Komal Agro and Food Processing Unit’, says Ms. Komal Shankar Pisal (24), owner of the firm. Ms. Komal, who graduated in agricultural biotechnology, hails from Satara district, Maharashtra, and is fully involved in retail marketing of agricultural inputs, soil and water testing, and consultancy on value addition in crop produce. Ms. Komal is a resource visitor at farmers’ storage centers, food processing units, vegetable marketing centers, small go downs, farmer-producer companies etc. Ms. Komal encourages farmers on value addition on crop produce. She says that a simple grading can bring a huge difference in market prices for the same crop produce. Ms. Komal registered 400 farmers from five villages and networked them to the market. More than 450 farmers benefitted from the soil and water test and complete guidance on crop production advised by Ms. Komal. Ms. Komal says that during summer season, the net profit on soil and water testing is Rs. 5.00 lakh.

Entrepreneurship has full policy and hand-holding support from Government of India. National Skill Development Corporation (NSDC), National Institute of Medium, Small and Micro Enterprises (ni-smse) have been charged with the responsibility to ensure provision of Entrepreneurship and skill-development training for youth all across the country. Accordingly NSDC has tied-up with over 350 partner institutions covering almost all the districts (569) of India. Banks have been asked to provide liberal finances to start-ups. Rural Enterprises are being given preferential treatment while considering their applications for loans and subsidies. Government is also providing preferential treatment for

procurement of their products by government agencies/ departments. The entrepreneurs may take full advantage of these support systems.

Rural Business Environment-Social, Economic, Political and Cultural Issues

Introduction

Entrepreneurship in Rural Areas is a highly challenging job. One has to be well versed with local customs, political settings and social structure of the area. A rural entrepreneur has to develop communication with all the social groups in the rural area. He may interact with the people at common places, and understand their point of view on various subjects/ issues, without taking sides on any sensitive issues, as there can be other side of the issue as well, and hence one has to be very careful while doing business in rural areas.

Rural Business Environment- Social

Social System of values, morality, attitudes and social influence can stimulate or limit rural entrepreneurship. Local culture may impose certain standards of behavior, which are the values and opinions of the community manifestation. The rural entrepreneurship development is limited in our country, due to difficult access of entrepreneurs to financial and consulting services, as well as, the limited nature of the local markets. The dimension of these barriers is not only formal and legal. The system of values, mentality, attitudes and behavior of the villages’ population should be understood and confirmed to, in order to implement effective policies to promote entrepreneurship in these areas. Due to a higher level of unemployment, a lower chance of employment, and limited access to education, health or transport services, rural areas in our country are vulnerable to marginalization and developmental backwardness.

The entrepreneurship development in rural areas, reflected in the economic initiatives growth, is not only desirable, but; from the perspective of the interests of inhabitants, also essential. The entrepreneurship level of rural areas is dependent not only on the legal and financial support; not only for business establishing but also business running, to operate on the market successfully, institutional and financial conditions, but equally on the social and cultural factors. Although entrepreneurship is an individual feature, a cumulative mix of knowledge,

competence, skill, courage, ingenuity and activity, social and cultural context can strengthen or weaken the entrepreneurial attitudes of individuals. The rural communities' mentality in India, formed under the certain historical conditions influence, mainly due to beneficiary approach (towards rural areas and weaker sections) of successive governments, is not susceptible to entrepreneurship. This has resulted in acute pessimism, insecurity and uncertainty, fear and passivity of the rural populations.

The new rural entrepreneur (particular coming from an urban background) has to be very sensitive to these issues and discuss his proposal for the new enterprise with the local leaders before going ahead with implementation. He has to ensure that he is hurting any groups' sentiments by undertaking his entrepreneurial business activity in the area.

Rural Business Environment –Political and Cultural Issues

Just like Social Systems, the understanding of local political and cultural issues are also very important for a rural entrepreneur. Local culture may impose certain standards of behavior, which are the values and opinions of the community manifestation. Rural Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information, and ideas. The intensity of family and personal relationships in rural communities can sometimes be helpful, but they may also present obstacles to effective business relationships—business deals may receive less than rigorous objectivity, and inter-community rivalries may reduce the scope for full village/ community cooperation. Existing businesses may resist new business development for fear of allowing further competition in a limited market. Local politics may blur lines of authority and decision making processes. Local culture is equally important. In most of rural areas the ladies are not expected to talk to strangers and hence your communication strategy has to be in line with local cultural boundaries. If your business venture need ladies / girls to work, then you may necessarily need a lady supervisor. Similarly the rural male (including rural youth) may not be willing to work under a lady supervisors (this may not necessarily be the case, everywhere, but you need to be sensitive to these issues).

Rural Business and Credit Support

“There is a lot of distance between cup and lips”,

this saying more often true in the case of rural entrepreneurs seeking financial support from credit institutions. Even after having clear guidelines from Government of India, National Bank for Agricultural and Rural Development (NABARD), and instructions from their own headquarters the branch managers of nationalized banks often reject the loan-applications of rural entrepreneurs, for want of security. The government guidelines clearly mention that there is no need for collateral security, but the banks still insist for the same. These are the observations of the author himself, while he followed-up for pending loan applications of over 1000 rural entrepreneurs, who have already established their rural enterprises, and are planning to expand the same, under Agri-Clinic and Agri-Business Center (AC&ABC) Scheme of Ministry of Agriculture and Farmers' Welfare, Government of India. A lot of follow-up is required by the rural Entrepreneurs and their training/ skill-development institutions to ensure timely and adequate credit support to them.

The next option for the rural entrepreneur is to take loan from friends and relatives. This option must be used very carefully, as at times the rate of interest (charged by close relatives) is quite high. Rural entrepreneur may start with a small budget and expand his/her business gradually, to avoid greater dependence on loan. The State Governments and Nationalized banks must be further sensitized to provide adequate credit availability to rural entrepreneurs. All the efforts, enthusiasm and a great DPR (detailed project report) of a rural entrepreneur will go in vain if the Credit Institutions continue to shy-away to provide this critical input.

Rural Entrepreneurship is highly challenging job. The entrepreneur has to fully immerse himself/ herself in the rural realities. These include tactful handling highly sensitive issues related to social systems, political and cultural issues. A successful rural entrepreneur has to maintain neutral position with regard to local political issues, which are at times highly embedded in caste, religious settings of the concerned area. The rural entrepreneur has to maintain equal-distance from various political groups and religious organizations, otherwise there is danger of getting sucked into local politics, which may not be good for his enterprise.

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Model Questions

- Distinguish between a manufacturing unit and service unit?
- Explain the classification of Medium, small and Micro enterprises?
- What are the key steps in process of Business Opportunity Identification?
- Indicate critical difference between the Rural and urban areas in the context of availability and retention of human resources.
- What is the policy initiative of central government to ease the Registration Process for new Enterprise?
- Indicate the elements of Detailed Project Report. Why should the entrepreneur involve himself in preparation of DPR?
- What are the key social challenges for a Rural Entrepreneur?
- Project Implementation Planning is necessary for smooth establishment of Project. Comment.
- Discuss the issues of Credit Access for Rural Entrepreneurs.
- How will the Public Procurement Policy of Government of India help the small and micro enterprises? Discuss.

Chapter 4

Rural Enterprise Incubation

Incubators, by definition, are a place to enable a new entity (idea) to take shape, nurture them in initial, critical stages by providing necessary support and facilitate them for growing on their own. Business incubators are places where the new business ideas are given space for discussions, are supported by mentors, experts to take shape of a startup and facilitated to seek /access institutional / angel finance to grow. The Business Incubators provide a lot of support services and resources to budding entrepreneurs which include: management guidance, technical advice, consulting, appropriate rental space, shared basic business services and equipment, networking support, marketing assistance, and financing necessary for company growth. The most common goals of incubation programs are to improve the survival and growth of new start-up firms substantially, create jobs and wealth, enhance entrepreneurial climate, create and retain businesses, commercialize new technologies, build or accelerate growth in a local industry, and diversify economies. The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms.

In India the first step for business incubation was started in 1982 with setting up of the National Science & Technology Entrepreneurship Development Board (NSTEBD) under the aegis of Department of Science and Technology to help promote knowledge driven and technology intensive enterprises. NSTEBD has facilitated a Technical Business Incubators (TBIs) in almost all Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) in the country. India's first Rural Technology Business Incubator was set-up at IIT Madras in 2006 to focus on nurturing enterprises, building rural inclusive business venture through designing products and services for rural needs. Indian Institute of Management Ahmedabad (IIMA) established a Centre for Innovation, Incubation and Entrepreneurship (CIIE) during 2007 to facilitate conversion of high-tech and mass

impact innovations into enterprises.

Rural Business Incubators are now being set-up in almost all the State Agricultural Universities (SAUs) and Indian Council of Agricultural Research (ICAR) Institutions with focus on promoting Agro-based startups and industries and by Non-Government Organizations (NGOs) in almost all major states.

Objectives of the Chapter

- To understand the concept of Business Incubator and their role in promoting Entrepreneurship.
- To understand and appreciate the services offered by Business Incubators.
- To understand the need for more number of Rural Business Incubators to promote Rural Entrepreneurship.
- To understand the current status of Rural Business Incubators in India.
- To understand the importance of State Agricultural Universities and ICAR institutes to house Rural Business Incubators.
- To appreciate the success stories of Rural Business Incubators set up by ICAR and SAUs in India.
- To understand and appreciate the critical need of general University System to serve Rural Eco-System and Rural Entrepreneurship.
- To understand the key changes needed in University educational curriculum to address rural entrepreneurship and rural engagement.
- To understand the role of Entrepreneurship in overall rural empowerment.
- To understand and appreciate the need for Rural Engagement on continuous basis.
- To understand and appreciate the role of NCRI in promoting Rural Engagement and Rural Entrepreneurship in India

Incubators are a place to enable a new entity (idea) to take shape, nurture them in initial, critical stages by providing necessary support and facilitate them for growing on their own. Business incubators are places where the new business ideas are given space for discussions, are supported by mentors, experts to take shape of a startup and facilitated to seek /access institutional / angel finance to grow. The Business Incubators provide a lot of support services and resources to budding entrepreneurs which include: management guidance, technical advice, consulting, appropriate rental space, shared basic business services and equipment, networking support, marketing assistance, and financing necessary for company growth. Accelerators and incubators are very popular and vital in today's startup ecosystem. They play a major role in startup communities throughout the world. With mentoring, which is one of the most important services they provide, accelerators and incubators are really necessary for startups to grow up.

3. **Business Incubation-Concept and Evolution**

A business incubator (according to Wikipedia) is a company that helps new and startup companies to develop by providing services such as management training or office space. The National Business Incubation Association (NBIA) defines business incubators as a catalyst tool for either regional or national economic development. NBIA categorizes their members' incubators by the following five incubator types: academic institutions; non-profit development corporations; for-profit property development ventures; venture capital firms, and combination of the above.

Business incubators originated in the United States of America and the first incubator came into being in an abandoned Massey Ferguson manufacturing plant in Batavia in 1959. A number of initiatives were undertaken between 1985 and 1995 to strengthen the incubation movement and as a result, it evolved into an ecosystem with

a plethora of models ranging from public to private incubators. Today there are over 1000 business incubators in USA, many attached to universities. These incubators are increasingly drawing intellectual capital from around the world. Business incubation has played a catalytic role in Canada's economic development. Canada houses over 400 Business Incubator and top 20 of them have incubated over 500 companies worldwide. Multinational companies like Uber, Twilio and Data Robot are the incubated companies from their top incubator – Techstar, which alone have incubate companies worth market cap of US\$9.9 billion. Incubation activity has not been limited to developed countries; incubation environments are now being implemented in developing countries and raising interest for financial support from organizations such as UNIDO and the World Bank. China also has a well-developed incubation market space, with the government playing a predominant role to accord with its mandate of high technology led economic growth. Although the creation of small businesses through the incubation model started only in late 1980s, it has been able to develop 500 variants by 2014. These incubators have helped bridge the gap between research and the marketplace, fostered entrepreneurial attitudes, and facilitated the re-entry of scholars abroad.

In India the first step for business incubation was started in 1982 with setting up of the National Science & Technology Entrepreneurship Development Board (NSTEBD) under the aegis of Department of Science and Technology to help promote knowledge driven and technology intensive enterprises. NSTEBD has facilitated a Technical Business Incubators (TBIs) in almost all Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) in the country.

4. **Business Incubation- Services Offered:**

The Business Incubators provide a lot of support services and resources to budding entrepreneurs which include:

management guidance, technical advice, consulting, appropriate rental space, shared basic business services and equipment, networking support, marketing assistance, and financing necessary for company growth.

Common Services offered by incubators may include:

- Help with business basics.
- Networking activities.
- Marketing assistance.
- Market Research.
- High-speed Internet access.
- Help with accounting/financial management.
- Access to bank loans, loan funds and guarantee programs.
- Help with presentation skills.
- Links to higher education resources
- Links to strategic partners
- Access to angel investors or venture capital
- Comprehensive business training programs
- Advisory boards and mentors
- Management team identification
- Help with business etiquette
- Technology commercialization assistance
- Help with regulatory compliance
- Intellectual property management

Please note that all the business incubators will not provide all the services. Some may be expert (linkages) in one particular area, whereas others may have strengths in some other services. Hence it is very important for the Entrepreneur to check (in advance), what kind of services will be provided by the business incubator. Most important service any (and every) incubator provides in

mentoring support, which is really a critical help for new entrepreneurs.

The most common goals of incubation programs are to improve the survival and growth of new startup firms substantially, create jobs and wealth, enhance entrepreneurial climate, create and retain businesses, commercialize new technologies, build or accelerate growth in a local industry, and diversify economies. The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms (mainly in IITs and NITs in early 1990s). However, in more recent years, they are targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, telecommunications, app-based services and software development. Incubator sponsors have also focused on microenterprise creation, the needs of women and weaker sections of society.

5. **Business Incubation- Success Stories in India**

As indicated in earlier sections, the first step for business incubation in India was started in 1982 with setting up of the National Science & Technology Entrepreneurship Development Board (NSTEDB) under the aegis of Department of Science and Technology to help promote knowledge driven and technology intensive enterprises. NSTEDB has facilitated establishment of Technical Business Incubators (TBIs) in almost all Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) in the country. The TBI, as mandated focused on incubating technology-based ideas and companies. Establishment of Entrepreneurship Development Institute of India (EDII), as an autonomous and not-for-profit institute in 1983 by apex financial institutions like IDBI Bank Lt, ICICI Bank Ltd and State Bank of India (SBI), filled the gap of entrepreneurship education and training at apex level. However, it is only after Indian Institute of Management Ahmedabad (IIMA) established Centre for Innovation, Incubation and Entrepreneurship (CIIE), in 2007, incubation of general business ideas started taking shape. EDII also joined

Business Incubator eco-system establishment of Centre for Advancing and Launching Enterprises (CrAdLE) in 2016. CrAdLE is also a Technology Business Incubator focusing on Manufacturing, Healthcare, Renewable Energy and Food/Agribusiness. There are 150 Business Incubators offering their services to budding entrepreneurs covering almost all states of the country. Some state governments (e.g. Andhra Pradesh and Telangana) have also started business incubator services with very high quality technical and financial support. Some of the major Business Incubators in India are:

a. Amity Innovation Incubator: Located at Amity University NOIDA, UP, The Innovation Incubator was established in 2008. It is supported by Department of Science and Technology (DST), Ministry of Science and Technology, Government of India.

Focus Areas: Rural Innovation and Social Entrepreneurship, Information and Communication Technologies (including Social media, ecommerce, Mobile computing, and technologies, Analytics, Cloud computing and Big Data), Education and Education Technologies, Food and Allied Technologies, Biotechnology and Life Sciences, Nanotechnology and Material Science.

Funding: Up to INR 1 Crore.

Notable Startups: ApnaCircle.com, Anduril Technologies

b. Centre for Innovation, Incubation and Entrepreneurship (CIIE): Located at Indian Institute of Management Ahmedabad (IIMA), The CIIE was established in 2007 with support from Government of India and Gujarat Government and operates as an autonomous not-for-profit entity. The key strength of CIIE is its mentoring support from IIMA Faculty and worldwide Alumni Network

Focus Areas: Information and Communication Technologies, Clean Technologies, Social Entrepreneurship.

Funding: Up to INR 20 Lakhs.

c. Science and Technology Entrepreneurship Park (STEP): Located at Indian Institute of

Technology Kharagpur (IIT-Kgp), STEP was established in 1989. It helps the young firms to survive and grow by providing specialized support services during the critical period of a business venture i.e. the startup phase. The goal of STEP is to nurture successful indigenous technologies and growth oriented entrepreneurs/ enterprises. It provides space as well as seed funds to the startups.

Notable Startups : Ikure Technosoft Pvt. Ltd.

d. Indian Angel Network (IAN) Incubator: Indian Angel Network is a network of Angel investors keen to invest in early stage businesses which have potential to create disproportionate value. The members of the Network are leaders in the Entrepreneurial Eco-System as they have had strong operational experience as CEOs or a background of creating new and successful ventures. They share a passion to create scale and value for startup ventures. Started in April 2006, the Indian Angel Network in addition to money, provides constant access to high quality mentoring, vast networks and inputs on strategy as well as execution. The Network members, because of their background are better able to assess the potential and risks at the early stage.

IAN Incubator was established with the support of National Science and Technology Entrepreneurship Development Board (NSTEDB), DST, Government of India. The Incubator helps entrepreneurs to convert their ideas in becoming successful and profitable ventures by supporting them in business planning, mentoring, recruiting their top team, commercializing their technologies, developing their products, getting early seed funding, helping in forging partnerships at national and global level, advice on intellectual property, training and development and many other things. IAN is reputed for its huge network of successful entrepreneurs, domain experts, academicians and experienced professionals.

Location: Delhi and Mumbai (and 6 more metros)

Funding: It provides support in getting seed-funding or securing loans from various

sources as government grants, angel investors, seed and early stage funds and other sources.

Notable Startups: IndiaCollegesSearch, Mukunda Foods, Skill Boost

Focus Areas: IT/ITSE, Telecom, Mobile VAS, Gaming and Animation, Internet/Web. Media and Entertainment, Education Technology, Healthcare technology, Manufacturing Products, Alternative Energy, Clean Energy, Cloud Computing, Retail Technology etc.

- e. **Agri-Business Incubation (ABI):** The ABI program is an initiative of International Crop Research Institute for Semi-Arid Tropics (ICRISAT) under the Agribusiness and Innovation Platform (AIP) in partnership with the Department of Science and Technology (DST), Government of India, to promote public-private partnerships. ABI-ICRISAT is a pioneering initiative for Agri-Business Incubation in India that maximizes the success quotient of start-up enterprises by offering them best opportunities with minimum risk. The basic objectives of ABI are :
- i) To foster the innovation through creation, development of agri-businesses to benefit the farming community;
 - ii) To facilitate agro-technology commercialization by promoting and supporting agribusiness ventures; and
 - iii) To promote successful agribusiness ventures in order to benefit the farmers through new markets, products and services. ABI provides a number support services to Agri-Business Startups These include:

- ✓ Technical consultancy through ICRISAT & co-business incubation partners-Prototype development
- ✓ Quality/Test certification of finished products
- ✓ Business development through publicity and promotion
- ✓ Access to infrastructure and facility on need basis
- ✓ Assist in obtaining financial assistance from Banks / VCs
- ✓ Access to seed grant funds of TDB-DST & TePP-DSIR, Govt. of India

Location: ICRISAT, Patancheru, District: Medak, Telangana

Successful Startups: BR Cooking Sprays Pvt. Ltd.

Business Incubators are the facilities and support service providers for Entrepreneurs to crystalize (give shape) their business ideas. Almost all national level Business Schools and Technology Institutes like- IIMs, IITs, NITs, IIITs and private Management Universities and Schools have established Business Incubators in their premises. This is a win-win situation for the Institute as well as entrepreneurs. The business institutes get to hand-hold the nascent business startups (which gives their faculty highly valuable hands-on experience) and for the entrepreneur it provides safe confines of an Institute to pursue his /her dream of giving shape to his business idea, He gets expert advice and support, right at door-step and also gets facilitation for bank-credit linkage and marketing and branding of his product. Business Incubators are doing a yeoman's service to enhance entrepreneurship in India.

Status of Rural Business Incubation in India

Business Incubators are established to nurture the development of newly conceptualized, newly formed businesses. As discussed in earlier unit, the concept of business incubation originated in United States of America (in late 1950s), and soon spread to Canada and whole of Europe. Business Incubators are attributed to have contributed significantly to development of new and small businesses in Canada. In Europe (which houses over 1000 business incubators) Italy has largest number of Incubators, and largest number businesses as well. This, in itself, amplifies the role of Business Incubators in promoting business culture and Entrepreneurship. In India, the business incubators have been common in all major business schools/ Technological Institutions and private management colleges- IIMs, Amity, Symbiosis, IITs/ NITs/ Colleges of Engineering and IIITs. The status of rural business incubators is still in nascent stages. We will discuss rural business incubators in this unit.

Rural Business Incubation

Business Incubators serving the rural entrepreneurs are classified as rural Business Incubators. The Incubators provide concept testing and validation of rural enterprise, rural eco-system analysis, taking inventory of rural support systems, management guidance, technical advice, consulting, appropriate hand-holding support (linkages with credit

institutions, facilitating necessary licenses and permissions), facilitating identification and procurement of equipment, networking support, and marketing assistance. Rural business incubators need full understanding of rural eco systems and hence these incubators must be close to rural realities.

Rural business incubators are a powerful economic development tool, which promote growth through innovation, and application of technology, support economic development strategies for small business development, and encourage growth from within local economies, while also providing a mechanism for technology transfer. The Rural Business Incubators would primarily focus on those technologies, which needs support for commercialization and further proliferation in rural areas.

Rural Business Incubators

Rural Business Incubators are necessary to give ideation, conceptualization, hand-holding and credit linkage to rural entrepreneurs in India. Even in developed economies like USA rural business incubators are playing an important role to spur overall economic development of rural communities. Universities in USA promote Rural Business Incubators in public-private-partnership mode in collaboration with concerned communities. According to a report of Michigan State University (MSU, 2013), “As a strategy for community seeking to start a business incubator, involving outside actors such as the local university, its students and its faculty is highly recommended. Michigan is home to some of the best public administration programs in the country, but this type of project could be used in any course on economic development, public policy, community development, urban studies or urban economics. This type of project could also be adapted for graduate level students and could be connected very easily to a feasibility study which would involve interviewing potential community partners and identifying space suitable for whichever incubator is chosen to developing client contracts prior to the incubator opening. Unlike feasibility studies that can cost into the tens of thousands of dollars, this type of project allows for community groups to identify weakness or threats to developing an incubator. It also allows for communities to identify business incubator ideas that may not have been chosen by members of the community group. Students provide an outside perspective that long-time residents

do not have. Additionally, because their position on the success or failure of the venture in neutral, communities can be satisfied knowing that the information present is largely unbiased. Finally, this kind of project can also act as a catalyst to broadening the reach of community and economic development activities”. MSU uses these interactions to enhance the knowledge of their students and provide them live experience of helping rural communities to take their own decisions. Similar models of Rural Business Incubators could be experimented in India.

We have a large network of over 750 universities in India. As of February 2017, there are 789 universities, 37,204 colleges and 11,443 stand-alone institutions in India, as per the latest statistics from the UGC website. If all these universities are involved in this nation-building exercise, the economic landscape of rural India can be transformed within 10 years.

Current Status of Rural Business Incubators in India

The first Rural Technology Business Incubator (RTBI) of India was established in 2006 in IIT Madras. Thereafter around 20 Business Incubators have been established with focus (partly or fully) on rural business/ Agri-business incubation. Most of these Business Incubators have been established in premier national technological institutions, state agricultural universities and management colleges/ institutions. Most of these Rural Business Incubators, however, have been triggered by support from either Department of Science and Technology (DST), Government of India or from Indian Council of Agricultural Research (ICAR) under National Agricultural Innovation Project (NAIP) -Business Planning and Development (BPD).

Government of India has recently (in 2015) launched a scheme of “Rural Livelihood Business Incubators (RLBI)” as a scheme for promotion of Innovation, Entrepreneurship and Agro Industry, by Ministry of Micro, Small and Medium Enterprises, (MSME). As per the scheme objectives government plans to raise the manufacturing share of Gross Domestic Product (GDP) from 16% to 25% by 2022, which will help in creation of 100 million (10 Crore) jobs for urban and rural youth. The objectives of RLBI include:

- Setting up a network of incubation centers and providing support for establishing Livelihood Business Incubation Centers and

- Technology Incubation Centers and tapping potential at the grass root level;
- Undertaking capacity building measures through engagement of specialized consultants, conducting surveys, organizing site visits, undertaking relevant studies and organizing workshops;
- Developing accelerator workshops. And
- Establishing a startup fund that will be managed by Small Industrial Development Bank of India (SIDBI).

As per the RLBI Guidelines, Ministry of Micro, Small and Medium Enterprises (MoMSME) would also support existing incubation centers currently operating under different Ministries and Departments of the Government of India or Institutions including National/Regional level institutions of GOI/State Governments, to set up centers dedicated to incubation and enterprise creation in the area of Agro based Industries. MoMSME would be supporting Rural Business Incubators primarily in and around academic and technical institutions to tap potential technology ideas and innovations for enterprise creation by effectively utilizing expertise and existing infrastructure already available with the incubators under the aforesaid institutions. The Ministry would assist to set up new incubation centers by eligible private institutions including Industry Associations, along with the Academic Institutions, R&D laboratories, Universities, Government entities and Technology Parks. Region wise, Crop wise, Product wise, Process wise and Industry Vertical wise Incubation Centers will be promoted.

A holistic environment for Rural Business Incubators (RBIs) is, thus, now emerging in India. Till now either the DST or ICAR was supporting the RBIs, which were setup basically to serve sectoral rural business requirements. With MoMSME providing policy environment and financial support networking, number of RBIs must increase multifold within next 5 years. Status of some of the best performing Rural Business Incubators are discussed hereunder:

Rural Technology Business Incubator (RTBI), IIT Madras: IIT Madras RTBI was established in Chennai in 2006 as a Rural Technology Business Incubator with the inception support of the Department of Science and Technology (DST), Government of India and World Bank. The core focus of RTBI is to support rural and social inclusive start-ups, primarily those that enable scalable products and services for the

under-served and bottom-of-the-pyramid segment.

As an incubator RTBI supports aspiring entrepreneurs to identify, nurture and support to evolve rural/ social inclusive business models leveraging Information and Communication Technologies (ICTs).

RTBI is continuously working and is engaged with rural communities, state Agricultural University (Tamil Nadu Agricultural University -TNAU) for developing depth and understanding of the underserved segment by sustained efforts (including a variety of independently funded initiatives) via grass root trials (involving technology creation, business modelling, service design, etc.) in areas like agriculture, education, financial inclusion, healthcare and livelihood.

The different stages of Startup Lifecycle of Ideation, Innovation and Execution are defined and captured and classified in the RTBI incubation pathway as Exploratory Phase, Venture in the making phase, Early Stage venture and Graduated Venture. RTBI encourages and supports entrepreneurs entering into our ecosystem in any of these stages.

Successful Start-ups: RTBI has been one of the most successful Rural Business Incubators of India. Start-ups and successful rural business companies incubated by RTBI include- Unifore Software Systems Pvt. Ltd., Vastra Custom Attire Pvt. Ltd, Desicrew Solutions Pvt. Ltd, Aarogyam Organic Pvt. Ltd. Kamal Kisan Simple Farmer Solutions Pvt. Ltd and many more.

Incubator for Social Enterprises and Entrepreneurs for Development (ISEED), Institute of Rural Management Anand (IRMA): ISEED has been established at IRMA Anand in August 2017, with focus to provide its partners and incubatees a nurturing and empathetic entrepreneurial ecosystem through mentoring and networking support, collaborative research, entrepreneurship, training and capacity building. ISEED will focus on agriculture and allied enterprises as part of the institute's mission and leadership in promoting sustainable, ecologically-friendly, and equitable socio-economic development of rural people through professional management. The three vertical of ISEED are –i) Agriculture and small agribusiness; ii) Sustainable habitats and sanitation; and iii) Servicing rural India covering rural tourism, clean energy, education and ICTs. Social Enterprises engaged in rural space focusing

livelihood promotion, skill development, women empowerment are also part of ISEED mandate. ISEED is currently working with over a dozen early-stage start-ups for incubation support (mentoring and networking).

Successful Start-ups: Some of the successful enterprises ISEED has incubated include -Earth 360 (working on millets value chain), Sabjizwala (delivery of quality fresh fruits and vegetable produce) and Organic (Organic retail with FPOs).

Society for Innovation and Entrepreneurship (SINE), IIT Mumbai: SINE administers a business incubator which provides support for technology based entrepreneurship. It incubates an average of 15 startups at a time and has an infrastructure spread over 10,000 sq. ft.

Founded in: 2004

Notable Startups : Webroo, Bhugol GIS, SMSGupshup.com, Innovision, Transpact, Drona Aviation, Feast, C-tech

Villgro: Founded in 2001 with a mission of incubating early-stage, innovative businesses and has since worked in discovering thousands of innovations and innovators, and incubated over 100 businesses. Villgro has been recognized as an Incubator under the Dept. of Science and Technology and Ministry of Micro-Small Medium Enterprises, Government of India. It provides mentoring, fellowship, funding and networking. Villgro envisioned an organization that moves away from the traditional form of charity to a more sustainable approach where the poor and marginalized are stakeholders in their own growth. Villgro does it by tirelessly growing an ecosystem that supports social entrepreneurs and helping them building impactful, scalable businesses with the potential to change the way communities live and function.

Location: Chennai

Focus Area: Social Enterprises

Funding: INR 50 Lakhs (milestone based) and is invested as equity and/or quasi-equity.

Successful Startups: Onebreathe, Skillveri, during 2016-17 Villgro supported 25 Social Enterprises.

Thus the Rural Business Incubators (RBIs) are picking up pace in India. But there is still a huge gap between demand and supply. There is a need of over 1000 Rural Business Incubators, and there are hardly 100 of them, and hence this pace needs to accelerate.

Rural Business Incubators (RBIs) are necessary to give boost to Rural Enterprises in the country. There have been some efforts by Department of Science and Technology (DST), and Indian Council of Agricultural Research (ICAR) to facilitate setting up of Technology Business Incubators in the country. Some of these technology business incubators are focusing on rural areas also. However, these efforts will not suffice for a country of the size of India and hence the Rural Livelihood Business Incubator (RLBI) launched by Government of India in 2015 is a very welcome step. Let us hope that this scheme will achieve its envisioned objectives and bring in 100 million rural youth under entrepreneurship umbrella.

Rural Business Incubation- Role of State Agricultural Universities and ICAR

Rural Business Incubators have been established in many technological and management institutions. These incubators are, no doubt, providing a good push for rural entrepreneurship. But the home-territory for rural business to prosper are those universities or institutions where there is continuous research and development on technologies/management practices that help rural communities, as Agriculture is the profession of most of rural youth. State Agricultural Universities (SAUs) are, thus, the most natural habitat for establishment and growth of Rural Business Incubation Centre.

Rural Business and Agriculture

Agriculture is the backbone of rural economy. Over 70% of rural households depend directly on

Agriculture to provide livelihood. Additional 10% of rural households derive their livelihood by allied activities. Indecently production and productivity front Agriculture has delivered good outcomes over last 30 years. India has become a food-surplus and Vegetable sur-plus country from a food-deficit country. India is largest producer of Fruits and Vegetables and Milk in the whole world. Instead of making the farming community happy this surplus has caused a lot of financial distress for farmers in last one decade. The potato farmers of UP, Punjab and MP, the Tomato farmers of Telangana and Karnataka and Orange and Onion farmers of Maharashtra have had to through their product on roads, for want of commensurate prices. This situation has arisen because of lack of processing, packaging, value-addition and most importantly lack of storage for these commodities. This grim situation can be converted into a huge business opportunity by Agriculture and allied graduates. There are over 50 Agricultural Universities (including Central Agricultural Universities) in India. Every state has one or more State Agricultural University. Some states like UP and Maharashtra have over 4 Universities, each. Our Agricultural universities produce over 10000 Agricultural and allied sector (Horticulture, Fisheries etc.) graduates every year. Most of the students hail from rural areas, and thus have good background and knowledge of their surroundings. These students are ideal material for Rural Entrepreneurship. The most suitable location for their entrepreneurial skill development will be the SAU itself.

On the same lines Indian Council of Agricultural Research (ICAR), the apex national council of Agriculture Research in the country can play pivotal role in triggering Agri-Incubators and Agro-based industries in the country. India has largest National Agricultural Research Systems (NARS), anywhere in the world. There is a provision of 13,642 positions of Scientists in ICAR and its institutes, out of which 11,343 Agricultural Scientists are currently in position (as per DARE / ICAR, Annual Report, 2015-2016, Ministry of Agriculture and Farmers Welfare, Government of India). All these scientists are serving the ICAR system for developing new varieties of crops, animals, and fisheries. With over 100 national research institutions covering all parts of the country and having best agricultural scientists /managers/ administrators on its roles, ICAR is best poised to lead Agri-Business Incubators in the country. ICAR can also guide SAUs

in promoting Agri-Business Incubation.

Role of State Agricultural Universities (SAUs) and Indian Council of Agricultural Research (ICAR) in Rural Business Incubation:

Indian Council of Agricultural Research (ICAR) and State Agricultural Universities (SAUs) can, and have to, play highly pro-active role in the Rural Entrepreneurship is to be promoted in India, on a mission mode. At present level the understanding of entrepreneurship is at very low or at very early stages in most of our SAUs. Only a very few of them have established Agri-Business Incubators. ICAR initiated establishment of Business Planning and Development (BPD) units in ICAR national institutions and SAUs under National Agricultural Innovations Project (NAIP) in 2010-11. ICAR has also started A Network of Indian Agri-Business Incubators (NIABI) at its headquarters to provide information-sharing and networking platform for all the BPDs in the country. NIABI facilitates commercialization of the innovative agro-technologies through agri-business development.

Role of SAUs & ICAR in Rural Business Incubation- Current Status

ICAR and SAUs have taken initial steps to establish Business Planning and Development (BPD) units in their national institutions (ICAR). BPDs have been established in 22 ICAR institutions including their top national institutions namely – National Academy of Agricultural Research Management (NAARM), Hyderabad, Indian Agricultural Research Institute (IARI), Delhi, Indian Veterinary Research Institute (IVRI), Bareilly, Central Institute for Fisheries Technology (CIFT), Cochin, Central Institute of Agricultural Engineering (CIAE), Bhopal, and Central Institute for Research on Cotton Technology (CIRCOT), Mumbai. ICAR has also facilitated establishment of BPDs in major State Agricultural Universities including- Haryana Agriculture University (HAU), Hissar, Haryana, Jawaharlal Nehru Krishi Vishva Vidyalaya (JNKVV), Jabalpur, Madhya Pradesh, Anand Agriculture University (AAU), Anand, Gujrat, Birsa Agriculture University (BAU) Ranchi, Jharkhand. Activities and achievement of some of these Agri-Business Incubators are discussed hereunder:

Technology Business Incubator, TNAU, Coimbatore:

Tamil Nadu Agricultural University is one of the leading

agricultural universities in South Asia. It is a foremost provider of agro-technologies with substantial investment in Research and Development. It has become the leader in promoting Agribusinesses in the region by starting the Directorate of Agribusiness Development (DABD) in 2007. The DABD strives to serve as a one stop solution to all the business needs of entrepreneurs who are interested in agribusiness in the areas of food processing, farm machinery horticulture, and value-addition for farm-produce.

“Technology Business Incubator TBI” was established as “Agribusiness Incubation Society AIS” at TNAU in 2001 with support from DST-NSTEDB, Ministry of Science and Technology, Government of India, with specific mission “to motivate start up’s and entrepreneurs in the field of agribusiness by providing technical assistance, quality certification, financial guidance and market linkages through business promotional activities to budding agri-prenuers”. TBI-TNAU extends support to startups in the areas of food processing, farm machinery horticulture, renewable energy, and value-added products from agricultural wastes. All the technologies developed by TNAU are available for transfer and productization to entrepreneurs and agro-based companies. These technologies are transferred through TBI-TNAU. The objectives of TBI-TNAU include:

- To develop and promote entrepreneurship in the region through Agribusiness Incubation by providing incubation support, facilitating successful agro innovation, hand holding services, market linkages and testing facilities.
- To commercialize technologies and products developed by the University
- To undertake programs on capacity building with regard to technologies and managerial aspects for establishing agribusiness.
- To contribute to competitiveness of agribusiness environment and job creation

Besides providing access to TNAU technologies TBI-TNAU supports Agri-business Start-up ventures by providing -i) Technical consultancy for Product development and standardization; -ii) Quality Certification & services; -iii) Patenting Services; -iv) Business consultancy - detailed project proposals; -v) Financial assistance from Nationalized banks and Venture capitalists; and -vi) Grants from

NABARD and MSME. TBI-TNAU helps Agri-biotech and seed ventures by providing – i) Business planning; ii) Technical guidance for Quality control; -iii) Technical guidance for Processing facility; -iv) Technical guidance for Branding and marketing; -v) Technical consultancy; and -vi) Tissue Culture facility for members.

TBI-TNAU is one of the role-model for Agri-business Incubators in India.

UAS-Bangalore C-CAMP Agri-Innovation Centre GVKK Bangalore:

University of Agricultural Sciences (UAS) Bangalore has established an Agri-Innovation Centre in collaboration Centre for Cellular and Molecular Platforms (C-CAMP) that will seek to identify specific agri-health issues and bring innovators together to develop solutions for agri-related challenges. The Centre aims to promote entrepreneurship in the agri-sector, leading to innovation, economic development and job creation. The main objectives of the Centre are to:

- Incubate agri-based startups to translate innovative ideas into commercially viable products.
- Provide physical and technical expertise to these startups to facilitate innovation and commercialization.
- Nurture the entrepreneurs and start-ups through bio-incubation, early stage funding, mentorship, and other facilitation.
- Develop a repository of Biological Material (Seeds, QTL donor lines, Trait donor lines, Microbial strains, plasmids constructs, genomic resources etc.) to facilitate innovation and accelerate product development.

The Centre will provide state-of-the-art infrastructure, as well as support in the form of scientific, technical, and business mentorship to promising agri-startups to help translate ideas into successful ventures.

Center for Agri-Innovations (CAI)-ICAR-NAARM:

The Centre for Agri-Innovation, a division of ICAR-NAARM at Hyderabad is a center of excellence which has hosted many initiatives related to agricultural research management. The Centre for Agri-innovation (CAI) at NAARM has created a gamut of opportunities

to the entrepreneurs through various initiatives in the past such as Agribusiness Knowledge Centers (AKC), Business Planning & Development Unit (BPD) and currently hosting three initiatives a-IDEA, technology Business Incubator (a-IDEA, NAARM-TBI) with support from DST followed by Agri Business Incubator (NAARM-ABI) with support from ICAR and Grass Root Innovations (NAARM-GRI) supported by ICAR.

a-IDEA (Association for Innovation Development of Entrepreneurship in Agriculture): is a Technology Business Incubator(TBI) hosted by ICAR-National Academy of Agricultural Research Management, Hyderabad (ICAR-NAARM) & Department of Science & Technology, Govt. of India (DST, GOI). a-IDEA has been housed in the Centre for Agri-Innovation at ICAR-NAARM for fostering innovation and entrepreneurship in agriculture in India. a-IDEA aims to help entrepreneurs ideate, incubate and accelerate their innovative early stage startups that are scalable to become competitive food and agri-business ventures through capacity building, mentoring, networking and advisory support.

Association for Innovation Development of Entrepreneurship in Agriculture (a-IDEA) is an agriculture-focused technology business incubator. aIDEA being one of the very few agri-focused incubators in the country has a unique approach of supporting the broad spectrum of technologies in the value chain of agriculture starting from farm to fork. Through this approach a-IDEA intends to nurture, support and scale technologies that can bring efficacy in the value chains, improve productivity and benefit the stakeholders involved in such Agri-value chains. The technologies developed by technology developers, scientists, students, entrepreneurs, startups, institutions qualify under the focus areas of technologies supported by a-IDEA.

a-IDEA Services: a-IDEA offers end to end services including Capacity building, Technology Portfolio Management, Incubation, Business and Regulatory Services, Management development & entrepreneurship development programs, customized review meetings, seminars, conferences, and skill based trainings with its huge network of experts and mentors.

Agri-Business Incubator –NAARM (NAARM-ABI):

Being the apex national academy for Agricultural Research system of the country, NAARM has been

entrusted with the responsibility from Indian Council of Agricultural research (ICAR) under its National Agriculture Innovation Fund (NAIF) to support Agri-business Incubators, mostly to its own institutions except ICRISAT. ICAR-NAARM has been the nodal agency to draft the guidelines for selection and implementation of ABIs. These ABIs were granted on competitive Programme mode. NAARM has been involved in evaluating the ABIs proposals. NAARM along with ICRISAT is now entrusted for capacity building and handholding of around 27 ABIs which are in function since Dec 2015

NAARM as a Clearing House under NAIF (National Agricultural Innovation Fund):

Intellectual property and Technology management renamed as National Agricultural Innovation Fund (NAIF) has identified National Academy of Agricultural Research Management (NAARM) for the following:

- Training, Capacity Building and other facilitation required for advancing the objectives of innovation fund and incubation fund;
- IPR- related research and developing a clearing house and facilitation center;
- Helping any ICAR institute/ agricultural University that is not able to get desired level of support for any important requirements;
- Further settling the Project Monitoring and Evaluation (PME) cells in ICAR institutes;
- Developing a mechanism for nurturing and supporting grass root innovations
- NAARM Hyderabad shall provide hand holding support to the agri-business incubators by inter-alia developing modules, guidelines and other forms of learning material for capacity building and create a mechanism for facilitation scientific and technical cooperation through information exchange on IP management and technology commercialization in the network of created agri-business Incubators. It shall also provide need based support and guidance for monitoring of Intellectual Property (IP) rights and license agreements, Negotiation skills in ICAR/ NARS staff, Business process analyses and valuation and pricing for harnessing the commercial potential of technology.

Grass Root Innovations (GRIs of ICAR):

NAARM is working with National Innovation Foundation (NIF) and Honey Bee Network to initially conceptualize the framework of grass root innovations; and in the first phase NAARM has identified 74 grass root innovations through scouting and validation and in the later phase would be taking up the commercialization of such technologies under the network of ICAR institutes including over 100 Agriculture research institutes, over 70 State Agricultural Universities (SAUs) and over 650 Krishi Vigyan Kendras (KVKs).

NAARM BPD and ABI have incubated over 20 Agri-business ventures across the country. NAARM-ABI provides incubating support to other Hyderabad based ICAR Institutions like ICAR-Indian Institute of Oilseeds Research (IIOR), ICAR-Indian Institute of Rice Research (IIRR) and ICAR-Indian Institute of Millets Research (IIMR).

Agri-Business Incubator (ABI) ICAR-CIFT:

The Agri-Business Incubation (ABI) Centre established at ICAR-Central Institute of Fisheries Technology (CIFT), Cochin supports operations on business projects as a measure of enhancing the foundation for new technology based industries and establishing a knowledge-based economy. It was sanctioned under the scheme National Agriculture Innovation Fund in January 2016.

The ABI Centre at ICAR-CIFT focuses on finding new ways of doing business in fisheries by finding doors to unexplored markets. The Centre helps prospective entrepreneurs, by providing pro-active and value-added business support in terms of technical consultancy, infrastructure facility, experts' guidance and training to develop technology based business ideas and establish sustainable enterprises. It acts as a platform for the speedy commercialization of the ICAR technologies, through an interfacing and networking mechanism between research institutions, industries and financial institutions. The Incubator at CIFT differs from traditional Business Incubators as it is tailored specifically for technology based industries and is operational at an area with a high concentration of fish production. This industry-specific incubator also allows new firms to tap into local knowledge and business networks that are already in place. ABI offers its services to industries not only in Cochin, but also all over India through

virtual incubation. Beyond promoting business growth, the Centre aims to bring its benefits to all the fisheries communities in India. ABI-ICAR-CIFT, Cochin won the best Agri-Business Incubator award in 2013. The Award was instituted by Network of Indian Agri-Business Incubators (NIABI), to recognize the achievements of the Business Planning and Development Units for their performance excellence and the Incubatees for their dedication in setting up successful agribusiness ventures. The ABI-ICAR-CIFT is now known as a "One Stop Shop", where entrepreneurs receive proactive, value-added support in terms of technical consultancy, and access to critical tools such as entrepreneur ready technologies, vast infrastructure and other resources that may otherwise be unaffordable, inaccessible or unknown. The center (ABI) acts as a platform for the speedy commercialization of the ICAR technologies, through an interfacing and networking mechanism between research institutions, industries and financial institutions. With the aim of transforming the incubator into a symbol of entrepreneurship and innovation, the ABI Unit has created an environment for accessing timely scientific and technical assistance and support required for establishment of technology based business ventures. The activities of the ABI Unit focuses on finding creative and innovative ways for linking public sector resources and private sector initiatives within and across regional and national boundaries for promoting economic growth. The ABI uses the right expertise in relevant fields to identify and analyze the constraints and barriers hindering the growth of a business, and devise appropriate strategies and explores the various structures and strategies to help small enterprises to grow and ensure a promising future in the global market.

Incubation facilities at ABI-ICAR-CIFT include- well-furnished office accommodation, with shared facilities like secretarial assistance, computing, copying, conferencing, video conferencing, broadband Internet and communication services; pilot level production lines; culinary facility; access to modern laboratory facilities for product testing and quality control and access to well-equipped physical and digital libraries.

Success Stories under the BPD of CIFT include Charis Food Products, Kerala; Monsoon Bounty Foods Pvt. Ltd., Chennai; Freedom Kitchen, Kerala; Pescado Seafood Restaurant, Cochin; Fish Bite, Haryana etc. Visits CIFT also receives a lot of visitors every year.

Haryana Agriculture University Hissar to set-up

Business Incubator: As per newspaper reports (The Tribune, August 16, 2017) the National Bank for Agriculture and Rural Development (NABARD) has sanctioned Rs 10.5 crore for setting up an incubator at Chaudhary Charan Singh Haryana Agricultural University (HAU). The development will encourage entrepreneurship in the agriculture sector, especially in research and development of technology and also food processing. This incubator would provide hand-holding support to budding entrepreneurs in the field of agricultural technology and research and also food processing. The HAU will provide necessary infrastructure to the incubatees, including transfer of our technology for commercialization and also equipment for research and technology.

Rural economy is primarily an Agriculture-based economy in our country. Hence rural business enterprises and business are highly associated with Agriculture. Agricultural Universities are the centers of education for Agriculture and allied sectors, and ICAR institutes are centers of research on various crops, animals and fisheries. SAUs and ICAR institutes are closest to the rural economy, as both these systems deal with Agricultural crops, animals and products including agribusiness. ICAR and SAUs can provide the needed thrust to Rural Entrepreneurship. ICAR has taken a good step (in right direction) by initiating Business Planning and Development Units (BPDs) in all its research institutions and also facilitating this in all the State Agricultural Universities (SAUs). Once fully operational these BPDs and Agri-Business Incubators (around 175- 100 ICAR Institutes and around 75 SAUs) can provide business incubation support to around 3500 Rural Entrepreneurs, if they facilitate even 20 Entrepreneurs every year.

Government of India may take note of this urgent need and request ICAR to take up establishment of BPDs and ABIs in all ICAR Institutes and SAUs at the earliest.

Rural Business Incubation- Need for All Universities to Join

Rural businesses essentially are the responsibility of rural communities. If our Panchayati Raj Institution functioned in letter and spirit and all our political leadership accepted the philosophy of Father of Nation Mahatma Gandhi, we would have achieved Gram Swaraj long back. It only because inherent urban bias in our planning and development

policies that the whole education and research system started to serve big-industries and multi-nationals. Only now our IIT and IIM graduates have started to think supporting rural industries and technologies. Till as late as 1990s most of our top technological manpower (IIT Graduates) aspired for and joined high-salaried jobs in Americas and Europe. Our IIT graduates have added more value to American and European economies and companies including top technological agencies like NASA, Microsoft, Google and Uber. The priorities of the whole education system were and still are tilted to serve civil services (both central and state) urban industries and large technological manufacturing houses. Only the State Agricultural Universities focused their attention on taking the research and education systems related to the cropping systems and agro-eco-situations of their respective states. Here also the key focus, till now, has been on “How to produce more food- mainly cereals- Rice and Wheat to feed the continuously growing population”. The livelihood of the rural population, including farmers has not been on the radar of any institution. The best brains from rural areas have migrated to cities after getting appropriate education and training. Rural areas did not offer enough jobs for its educated youth. We have not strengthened our rural infrastructure. Rural industries have not been developed, resulting in very few options for jobs and absorption of educated rural youth in rural economy. The only options were and are:-teaching positions in primary and secondary schools, and a few peripheral jobs in Primary health centers and Block-level and district level government agencies. It is only now when difference between rural and urban economy of India has assumed horrific inequality levels that we are taking the issue of rural entrepreneurship seriously.

Rural Business Incubation-Key Stakeholders

Rural businesses essentially are the responsibility of rural communities. The key stakeholders of rural eco-system include the people, peoples' institutions (PRIs) and their representatives (Members of Legislative Assemblies -MLAs and Members of Parliament -MPs), farmers their organizations and educational institutions – primary, secondary and university (the nearest one in the area). It is the responsibility of these critical institutions of the rural eco-system to -interact with each other, -discuss, suggest and workout comprehensive plans for village development, block development and district level development. Lack of proper interaction mechanism

(among rural stakeholders) and lack of convergence of their priorities is solely responsible for lack of rural focus in education, research and development.

Now, as we start bringing Rural Entrepreneurship in focus, it is imperative that the general universities which educate 90% of the rural youth are adequately sensitized for preparing rural educated youth to take up rural entrepreneurship as a preferred career option. At present the departments of Economics, Social Work, Commerce, Communications and Business Management have a few introductory courses on rural development. Only very few universities offer Master's Degree in Rural Management. Rural entrepreneurship and rural engagement are the next steps before general universities take up the responsibility to start Rural Business Incubators.

University Education-Critical Role

Graduate studies have the most important impression and impact on young minds. If we inculcate the value of serving “your own area- your own people- your own society and empower your neighborhood” at graduate level, this will have desired impact on young students. At present, half of our university graduates are not able to connect their knowledge and skill-sets with the requirements of rural economy. Our university education system is highly “subject-knowledge enhancement focused”, rather than value-addition knowledge and skill-set oriented. Rural economic opportunities are not discussed in general universities, even though higher level management institutes like IIM Ahmedabad, IIM Lucknow and Institute of Rural Management Anand (IRMA) are tailoring courses to build rural management and agri-business management capacities of their post-graduate students. As discussed in Block-I Unit-5 of this course, only a handful of institutes like Institute of Rural Management Anand (IRMA), Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya, MGAHV, Wardha, and Institute of Health Management Research IHMR, Jaipur, offer a two-year Post Graduate Diploma in Rural Development (PGDRD). National Institute of Rural Development and Panchayati Raj, Hyderabad (NIRDPR) offers a two-year PG Diploma Program in Rural Development, and also one two-year PG Diploma Programme in Tribal Development Management (PGD-TDM). Some business Schools like Amity Global Business School, Hyderabad (AGBS), Welinkar Institute of Management Development and Research, WIMDR, Mumbai, NIMT Group of Institutions, NIMTGI offer Master of Business

Administration (MBA) degree with specialization in Rural Management. All of these programs offer highly valuable inputs to budding Rural Entrepreneurs. But for a country of the size of India, we need at least 500 colleges (100 Universities) to offer a full two-year Rural Management course to provide impetus to Rural Entrepreneurship.

There is an urgent need to establish rural business incubators in around 600 Colleges /Universities to serve Rural Entrepreneurship in India. We can't establish institute like NIRDPR/ IRMA in every district and hence it is suggested that all the general universities may join the rural entrepreneurship education eco-system by developing and starting courses on Rural Entrepreneurship, Rural Social Work, Rural Communications and Rural Management at undergraduate level (for a Bachelor's Degree). A comprehensive course in Rural Management or Rural Engagement may then be introduced at Masters' level to prepare future trainers/ faculty members/ consultants for these departments.

Rural Business Incubation- Need for All Universities to Join

Rural Business Incubation is an urgent need for attention by policy makers at central and state levels. As of now there are hardly around 100 Rural Business Incubators in India, mostly in higher level technological institutes (IITs), management institutes (IIMs and IRMA) and ICAR (in its 22 of 101 Institutes) and State Agricultural Universities (SAUs). To take this number to over 600 Rural Business Incubators, there is an urgent need to rope in the general universities for this task. General Universities are very close to rural areas and they have more students with rural background and have basic understanding of rural economy. All the general universities may be requested by Ministry of Human Resources Development (MHRD) to take rural entrepreneurship and rural engagement courses on board at their bachelors' program level and inculcate the knowledge and skills related to rural entrepreneurship among the young rural youth. Establishing Rural Business Incubators in all the general universities will go a long way to support rural entrepreneurship in the country.

Rural Entrepreneurship and Rural Engagement

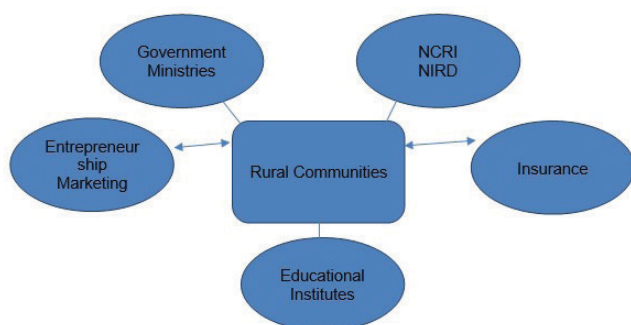
Rural Entrepreneurship is one of the key interventions for improving the economic status of rural India. There are associated issues of improving rural education (which in turn will again improve rural

entrepreneurship), rural communication, and rural management to enhance quality of life in rural areas, on holistic basis. Rural communities are a system in themselves. Addressing their empowerment needs calls for a comprehensive approach. With Panchayati Raj Institutions the constitution addressed their political aspirations and ensured their participation in local-self-government. This was only one-dimension-political empowerment. Rural communities need development on comprehensive basis. They need knowledge-empowerment and economic empowerment on sustainable basis. For this the governments (both Central and States) have to initiate more holistic interventions for rural empowerment by improving the quality and relevance of rural education, enhancing means of rural communication and create a cadre of professional rural managers (by promoting and supporting higher studies in Rural Management). We discuss these issues, and way forward, in this unit.

Rural Entrepreneurship and Rural Engagement:

Rural entrepreneurship is starting a business unit/business activity in rural areas. Promotion of rural entrepreneurship will help more and more rural youth to be engaged in productive economic activities. Rural engagement on the other hand is more holistic approach for overall rural development. It is desirable for a Rural Entrepreneur to understand the other dimensions of rural development, as he/she may have to interact with one or more of such systems. Rural engagement includes more inclusive and continuous interactions with rural communities by other support systems like- educational system (colleges and universities), political system, financial systems (banking and insurance companies) and government system (bureaucracy and public institutions).

Figure 4.1 Rural Engagement Model



Rural Engagement is not a one-way communication. It is a long-term intense relationship between the support agencies

and the rural communities. Each one of the support agency has to have a formal, structured engagement model which include 360 degree involvement with rural communities (in their vicinity or under their jurisdiction). This engagement will include that the concerned agencies inform, consult, involve, collaborate and empower the rural communities in their sphere of activities. For example an educational institution (a university) may engage with rural communities in following ways:

Inform: Informing is a passive way and involves only one-way communication- The Universities can share their knowledge (in local language) and their newsletters with rural communities (this is first level of Rural Engagement);

Consult: Consulting is next (IIInd) level of rural engagement. Here universities can share their information (e.g. their proposals for next year’s research) and get feedback from rural communities on the same. Here information is not only shared, the rural communities are asked to react to it, to supplement it and may offer their ideas to enrich it;

Involve: Involving is further higher level of engagement (level-III of Rural Engagement). Involvement allows the rural communities to influence university research proposal, university research priorities. Universities may present their proposals in draft form and seek rural community support (ideas, options, solutions) to address;

Collaborate: Collaboration is further strengthening of engagement (level -IV). Collaboration means that the rural community is a university partner (for one particular activity) from the beginning. Together they decide upon the key research areas to address and the methodology to go about it. They may have a joint research team (or joint research advisory committee) or may have

adequate representation of rural community on the research advisory committee of the university; and

Empower: Empowering is the ultimate level of rural engagement (level-V). Empowering means that the leadership comes from the rural community while university and its systems support them.

Rural engagement is, thus a serious engagement of support system agencies and institutions with rural communities. The support institutions need to accept rural communities as their clients (not as beneficiaries). All the support systems need to understand that their existence is dependent on rural systems, not vice-a-versa. It is the rural prosperity which will increase the demand for their services, increase the scope of their expansion, and will ultimately make both the system benefit from this engagement.

Rural Engagement : Need for a Mission Mode Approach:

Rural engagement is gaining acceptance in India only now. Although Mahatma Gandhi visualized Gram Swaraj as model self-rule, self-restraint and village as a self-sustaining unit. Gandhian vision of ideal village or village Swaraj is that it is a complete republic, independent of its neighbors for its wants and yet interdependent for many others in which dependence is necessary. In his own words *“An ideal Indian village will be so constructed as to lend itself to perfect sanitation. It will have cottages with sufficient light and ventilation built of a material obtainable within a radius of five miles of it. The cottages will have courtyards enabling householders to plant vegetables for domestic use and to house their cattle. It will produce its own grains, vegetables and fruit, and its own Khadi. This is roughly my idea of a model village... I am convinced that the villagers can, under intelligent guidance, double the village income as distinguished from individual income. There are in our villages’ inexhaustible resources not for commercial purposes in every case but certainly for local purposes in almost every case.”* (Village Swaraj, 2015). Our education system and Industrial development strategy for last 70 years has, however, been more focused for urban development. Our education system

has tilted the priorities for the educated youth to look for the jobs in urban centers. Cities have emerged as big industrial hubs. Big cities like Delhi, Kolkata, Mumbai, Chennai, Bengaluru, Hyderabad and Ahmedabad have emerged as the job-providers and the educational institutions (including top educational institutes- IITs, NITs, IIMs, ISB etc.) are focusing their curriculum to serve the needs of big industries in these big towns and cities. Even the students hailing from rural areas (and studying in these institutions) look for placements or starting their business ventures in big cities. This paradigm has to be reversed. India is a country with 70% population still living in rural areas. We need to focus our development priorities considering this reality. Till now our cities have been progressing and developing at the cost of rural areas. We need to reverse this trend.

There are some very good initiative taken by central and state governments to promote rural engagement in general and rural entrepreneurship in particular. Governments have launched highly effective and successful rural employment guarantee schemes (to address rural livelihood distress) like MNREGA. The ASPIRE scheme with its main objective to set up business incubators to incubate, impart entrepreneurship, skill development training to youth, mentoring and hand holding with facilitation for funding with a view to empower them to set up own business enterprises, another such noble initiatives. Similarly on credit front also the a national apex bank NABARD was specifically set-up with a mandate for providing and regulating credit and other facilities for the promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas. But all these initiatives have been looking at rural areas as beneficiaries, not as clients. This thinking has to be reversed. The rural areas are to be considered as opportunity hubs (for agro-processing), consumers and job-providers, not as beneficiaries, only then this situation will change. With a rural population of over 833 million (83.3 crores, NITI Aayog 2015), we have only two Universities offering Ph.D. in Rural Management

(Amity School of Rural Management, Noida, and Indian Institute of Health Management Research (IIHMR), Jaipur), around 10 institutes offering Master's Degree in Rural Management (Gujarat Vidyapeeth, Ahmedabad, MJP Rohilkhand University, Bareilly, UP, Singhania University Rajasthan, Tripura University, Tripura Doranda College, Ranchi, Jharkhand, Goodwill College Firozabad, U.P.,MH Patel Gram Sewa Mahavidyalaya, Patan, Gujarat, Institute of Rural Management Anand (IRMA- offering PGDRM) and few other institutes. All these institutions do not produce even 10,000 post-graduates and even a 100 Ph.Ds in Rural Management. This is too little an educational infrastructure to support a basically rural country like India. As indicated in the preceding two units there is an urgent need to multiply this infrastructure by involving all the universities- all State Agricultural Universities and all general Universities to join this great rural transformation on a mission mode. All Universities in India need to initiate Rural Engagement Program, Rural Entrepreneurship Program, Rural Communication Program and Rural Management Program at Masters Level. Governments (both Central and state) need to accord top priority for initiating/ establishing Rural Entrepreneurship Hubs, Rural Entrepreneurship Incubation Centers in all Districts (at least one in every block). Faculty sensitization and Faculty Development programs must be organized in all universities in a mission mode. Only then we will be able to address the rural development challenge of our country.

Rural Engagement, Rural Entrepreneurship and NCRI

National Council of Rural Institutes (NCRI), Department of Higher Education in the Ministry of Human Resources Development was established in 1995, with a mandate to promote resilient rural India through Higher Education interventions. NCRI designs, develops and promotes curriculum inputs for higher education programs offered by Universities and Autonomous Institutions in India. The higher educational streams of focus for NCRI include: Rural Studies, Rural Development, Rural Management, Social Work and Education. The curriculum inputs are both theoretical and practical field-related relevant to rural India. The NCRI seeks to strengthen the rural higher education curriculum and the faculty

members transacting it. Capacity building and professionalization of Rural Institutes, skill development, entrepreneurship, livelihoods, community initiatives, creativity of local groups and proactive development action constitute the core content of NCRI research and interventions. The NCRI interfaces with rural institutes of higher learning like Rural Universities, Rural Development Institutes, National Rural Livelihoods Mission and State Livelihood Action Units.

With its vision, "To involve higher education curriculum in India in the process of building resilient rural India i.e., Uthkrisht Gram for Unnat Bharat", NCRI has taken its mandate to undertake advocacy for Rural Engagement as a mission with major Universities in entire India. Equipped with a very thin, but highly competent and committed core faculty, NCRI is currently engaging with over a dozen major Universities to introduce Rural Entrepreneurship, Rural Communication, Rural Management and Rural Engagement Program at Masters' level. NCRI is organizing a series of workshops for the top-management of the Universities (Vice-Chancellors, Registrars, and Deans of Colleges) and the faculty of Management, Commerce and Social Sciences to sensitize them on Rural Engagement. NCRI is also involved in organizing workshops and seminars to facilitate Curriculum development for these subjects/ courses.

The present capacity of NCRI is, however, highly limited. There is a strong need for strengthening of NCRI in terms of core faculty and consultants, so that it can act as an implementation agency for promoting "Unnat Bharat Abhiyan" in letter and spirit. Ministry of HRD may replicate the lessons learnt by Ministry of Rural Development and Panchayati Raj (MORDPR) and Ministry of Agriculture and Farmers' Welfare (MOAFW), who have taken the services of National Institute of Rural Development and Panchayati Raj (NIRDPR) in case of MORDPR and National Institute of Agricultural Extension Management (MANAGE) in case of MOAFW. Both these institutions have not only served as think-tanks for their respective ministries, these organizations are assisting their controlling ministries by providing advocacy, training and capacity building and also Monitoring and Implementation support for the flagship schemes

(e.g. Gram Panchayat Development Plan –GPDP by NIRDPR for MORDPR and Extension Reforms and Agri-Clinics and Agri-Business Center – AC&ABC schemes by MANAGE for MOAFW). NCRI is ideally placed to play this historic role to lead and trigger Rural Engagement on massive scale. Ministry of HRD may consider to undertake a mission mode project or scheme with all India coverage to translate this dream in to reality.

Rural Entrepreneurship is an important intervention to improve rural economy and livelihoods. Rural engagement on the other hand is more holistic and comprehensive approach to rural empowerment. Rural engagement will promote more involvement of educational systems, credit support systems and policy support systems with rural areas. This will require a paradigm shift from treating rural areas as “beneficiaries” to “clients”, and initiate long-term involvement, collaboration and empowerment in letter and spirit. For this to happen there is a need for a mission mode approach, and a national apex institution to steer the same. National Council of Rural Institutions (NCRI) is ideally suited institution for this important task.

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Model Questions

- Define Agri-Business Incubator. What are the key services a Business Incubator provides?
- Question 2: Discuss the role and necessity of Business Incubators for India?
- Define Rural Business Incubator. What are the critical services a Rural Business Incubator must provide to rural entrepreneurs?
- Discuss the salient Features of Rural Livelihood Business Incubator Scheme 2015, launched by MoMSME, Government of India?
- Discuss the role of State Agricultural Universities (SAUs) in promoting Rural Entrepreneurship?

- Establishment of Business Planning and Development Units (BPDs) by ICAR is a step in right direction?
- Discuss the key stakeholders of rural eco-system who can act as a think-tank for development of Rural economy.
- What are the steps the general universities need to take to promote rural entrepreneurship? What policy measures will you suggest for the same?
- Define Agri-Business Incubator. What are the key services a Business Incubator provides?
- Discuss the role and necessity of Business Incubators for India?
- Distinguish between Rural Entrepreneurship and Rural Engagement?
- Rural Engagement is a holistic Approach. Discuss.

Chapter 5

Live Project and Hands-on Support

Entrepreneurship is a full-time job. You have to immerse yourself fully in the entrepreneurial exercise. One of the key requirement for a successful entrepreneur is to understand the local environment fully. You need to understand what works in rural areas. What are the success factors of the entrepreneurs who are operating in these conditions? What limits their expansion? What are the key institutions in the village? Are there any trouble spots? Are there any serious law and order issues? If yes, how are you going to deal with this issue? You have to take account of all the key stakeholders in the rural eco-system- Banks, Insurance Companies, Insurance Company agents/ correspondents, Panchayati Raj Institutions, NGOs, Schools, and Primary Health Centers etc. You may have to interact with all the support systems in the rural area, to ensure proper and smooth establishment and functioning of your enterprise. These support systems will include financial support systems, technical support systems, human resources educational and training support systems and last, but not the least, social support systems. You may also have a knowledge of local law and order enforcing agencies and legal agencies.

We will discuss all these rural eco-systems and their role in successful operation of rural enterprises.

Objectives of the Chapter

- To understand the key success factors of the existing rural entrepreneurs in the area;
- To identify strengths, limitations, opportunities and threats for their business venture; and
- To evaluate the potential for replicability of their successful business enterprise in the same or a nearby area.
- To understand the Entrepreneurship potential of rural areas.
- To understand the limitations and challenge for rural entrepreneurship.
- To identify the key stakeholders in the rural entrepreneur eco-system.
- To appreciate the need to know about the local support systems for public education, health and other development aspects.
- To understand the need to identify and

network with all the key Stakeholders in the identified rural area.

- To prepare mentally for setting-up your Business Venture in identified locality.

Study of Rural Entrepreneurs- Growth and Replicability issues

You are going to establish a new business enterprise in a rural area. You have full idea of the new product or service, you are going to produce/ create in this area. You may have a great or grand idea, it is always good to start on a humble note. You need to understand the environment properly. You need to imbibe the key success factors, practices of practicing successful entrepreneurs operating in this area. They may be working in altogether different field, but their understanding of the local eco-system may be helpful to you. You may start as an under-study with one them, and observe their practices and principles from a closer distance. This time will give a better understanding of the area and its requirements. This unit will give you an idea of the advantages of interacting with existing successful rural entrepreneurs in the area to learn important lessons from them.

Rural Entrepreneurs- the Local Eco-System

Establishing a new enterprise in a rural area is serious business and career decision. You may have full idea of your business enterprise, it is always good to understand the local business environment. The best person to explain this will be the existing entrepreneurs in the area, working for a few years or more. They are likely to have better understanding of the local environment- what works in the area? What are strictly “not acceptable” practices or behavior patterns? Who are the key stakeholders? Who can potentially help you to move faster? There are various ways in which a new or potential entrepreneur can get this information/ experience from the successful existing rural entrepreneurs. These include: Apprenticeship, Internship, Mentoring, Lecture Method, Group-Discussions and Case-Study etc.

Apprenticeship:

Apprenticeship is system of training, wherein a new trainee is imparted skills on a new job or machine. This method is helpful in those fields which are highly technical, and a long period is required for gaining proficiency in the desired trade or crafts. This method will be highly desirable for the new entrepreneur, if one is going to start a rural venture in a local craft or art. He/ she is required to gain a certain level of confidence to create a good quality product, which is already being produced in nearby unit. This experience will help the budding entrepreneur to identify areas for improvement in the present product quality or improve efficiency of the existing production process.

This method is highly effective to learn the skills required for the existing enterprise but at the same time it is time consuming. The entrepreneur gets a good opportunity to observe the whole process of manufacturing or delivering a good quality service. He/she also gets a look at the process of planning and implementation of various sub-systems to complete the production/ delivery process. One has to be a keen learner, attentive listener and meticulous taker of notes.

The disadvantage or limitation of the method is – it is time consuming. One has to remain attached with an existing unit for a considerable time (minimum 6 months to one year) to understand the full process of the concerned unit. The entrepreneur has to take a call on this. Is it desirable to understand the full nitty-gritty of an existing successful enterprise?

a. Internship:

Internship gives a taste of your chosen field. It let you know how will feel “Being there”. One of the greatest advantages of internship is that this allows you to experience your future industry. This experience will have two effects on the interns- makes you feel excited and drives you to work hard and build a successful career/ new business venture in this area or you realize- it is not meant for you. Either way it is a good learning.

Internship in a similar environment can help you get opportunity to know the key business people or support-systems, you need to know. You may start networking with them even before you start your own enterprise. You will

come to know about suppliers of raw-materials, consumables, manpower and potential clients for your product or service. Internship experience will give you more confidence to handle situations in your future enterprise. It will also help you realize your strengths- your knowledge about the product or process, your work-efficiency, and your communication skills (including limitations, if any). Internship will also help you get acceptability in the market.

The limitations of Internship include- you will be seen as an assistant during your internship. Sometime your full potential is not utilized and you are placed to perform menial or less important tasks or processes, which may demotivate you. Further when you establish your own enterprise, you will be known by your “ex-company association”. There are quite a few disadvantages to internships, but the advantages outweigh them. Interning will not only enhance your training and allow you to gain skills, but it will also make you a better employee/manager by giving you the self-confidence that is often a prerequisite in the workplace.

b. Mentoring:

Mentoring is one the best methods for Entrepreneurship training or hand-holding. In most of the Training Institutes the Institute allots this responsibility to an experienced Faculty member, who is well versed with the kind of enterprise, the budding Entrepreneur is planning to set-up. Having the guidance, encouragement and support of a trusted and experienced mentor can provide a mentee with a broad range of personal and professional benefits, which ultimately will lead to improved confidence and better performance at the workplace. Sometimes the Mentee can select an experienced and well-known (trusted) successful entrepreneur in same or similar area as his mentor. This option is equally helpful, as the experienced Entrepreneur in the same area will bring in experiences of dealing with other institutional support system, which will be helpful for the mentee.

The major advantages of having a mentor are- a mentee develops necessary skills and competencies required for the job; Interaction

with mentor improves his confidence in his ability to execute the task at hand; mentor teaches the mentee how to maintain a professional relationship and improves his communication skills; an experienced mentor expands the mentee's network of contacts. On the whole mentor-mentee relationship is a kind of crash-course on the current rural entrepreneurship culture prevailing in the concerned area.

Mentorship is also helpful to the mentor, as it provides him opportunity to consolidate his experiences and helps him to articulate this to next generation. It provides him a sense of fulfillment, as he is giving back his experiences and knowledge to the society. Knowledge-sharing with mentee increases self-worth of the mentor. It provides an added sense of purpose and responsibility to senior Entrepreneurs.

c. Lecture Method:

Lecture Method is the oldest method of learning and understanding about the rural eco-system. All training and capacity-building Institutions have some information about the concerned (or identified) rural location, and the same is shared with the Entrepreneur trainee. This method is least costly, but least effective as well. In today's interactive environment hands-on experience and interaction with the rural eco-system is highly advised.

d. Group-Discussions:

Group discussion is also used as a method to understand rural eco-system. The entrepreneur may visit the identified rural area, and conduct focused group-discussions with various groups (raw material suppliers, other input suppliers, potential clients and educational institutions in the area) to understand the prevailing eco-system and business environment. This method is better than Lecture method, but inferior to Apprenticeship, Internship or Mentoring.

e. Case-Study:

Case study is one of most common methods to understand the rural business eco-systems. Almost all training and Skill-development Institutions have a bank of Case-Studies (on various enterprises), which serve as reading

material and case-discussion material for the concerned group of Entrepreneurs. Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting. A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees' enjoyment of the topic and hence their desire to learn.

6. Possibilities for Growth and/or Expansion of Existing Business Enterprises:

You may have a great or grand idea, it is always good to start on a humble note. You need to understand the environment properly. You need to imbibe the key success factors, practices of practicing successful entrepreneurs operating in this area. This was indicated in our introduction to this unit. This is very important. As a newcomer to the area, you may start on a small scale, and preferably in a tested subject area. For this this you may explore the idea for growth or expansion of any existing business enterprise in the area. This experience (for some time) will give you valuable experience of 'How to deal with the local rural business eco-system'. Once you gain required confidence, and organize required finances, you may start implementing your big-idea. This way you will drastically reduce the chances of your failure in the establishment of new business enterprise.

7. Potential for Replicability:

You may always consider to replicate a success-story demonstrated/ explained by a senior Entrepreneur in nearby area. For example maximum number Agri-Clinics and

Agir-business Centers have been established in eastern Uttar Pradesh and Central Maharashtra. Here the strategy used by the two highly effective Training and hand-holding institutions has been to attach the new batch entrepreneurs with their seniors (with 3 to 5 years' experience) as intern. And then allot them a separate "Territory" to operate. Thus there is no threat of undue competition and the network of these entrepreneurs becomes a very strong affiliation to work-together for their growth and development. Collectively they have been able to influence (in the case of Uttar Pradesh) the State Government to provide more space for utilization their services for improving the Extension outreach of the State Government system, in Public-Private-Partnership mode. This has helped them to expand their bouquet of services and their income significantly. This kind of mentorship also help them to join hands at later stages.

An entrepreneur needs to have full knowledge of the rural business eco-system, before starting his new enterprise. It is advised that he/she may collect information about all enterprises working in that area and understand the secret of their success. Working as an apprentice or intern with one of the successful venture can give him/her good system-knowledge. One can work with a senior Entrepreneur as a mentee and get access to his mentors knowledge and wisdom.

Entrepreneurial Opportunities-Potential and Limitations

Rural Entrepreneurship is a highly location specific. This unit explains the importance of understanding the opportunities and challenges in rural business eco-system. An entrepreneur must be fully aware about the key opportunities and challenging he is likely to face while establishing and running his business enterprise in rural area. There are enormous opportunities in rural areas like –low establishment cost, availability of raw material and labor, low promotion costs, but all these advantages come with associated challenges- poor technical competence of labor, un-even/ erratic supply of raw-materials and issues related to pricing and collection of revenue. All these issues are discussed in this unit.

Entrepreneurial Opportunities- Potential:

Rural people always encourage and give the motivation to the entrepreneurs. They are simple and less complicated to communicate. Rural population is easy to approach- they have more free time to interact with entrepreneur, as their occupation is not full time. Rural produce is fresh from farm and you can monitor and manage the Quality of the raw-material closely. Some of the key opportunities/ advantages offered by rural India include:

- g. Low establishment cost:** when compared to the urban areas, rural entrepreneurs' business establishment cost is very low. The land costs are lower. The building costs/ rents are also lower. There is no need to construct or facilities huge infrastructure and buildings.
- h. Competitive Advantage/ Availability of Labor:** Rural youth is highly under-employed and more than half of them are unemployed. This makes the availability of Labor abundant and also the labor cost are lower in rural areas.
- i. Availability of Raw-Material:** Raw material, particularly Agricultural, Horticultural and animal produce is more fresh and of consistent quality. This is a big advantage in rural areas. Agro-processing provides huge opportunities for entrepreneurship. There is a huge demand for processed/ graded/ packaged food in urban/ semi-urban and rural areas. This demand can be tapped by the rural entrepreneurs. India is highest producer of Fruits and vegetables in the world but processes only around 2% of its produce (against the world average of 16% in this sector). This underscores the opportunity in this sector alone. There is enormous and ever increasing demand for fruit-juices, sauces, pickles, jams, jelly, honey and many such products in immediate vicinity of rural areas.
- j. Optimal Utilization of Farm-Produce:** Establishment of rural enterprises will not only provide livelihood to majority of unemployed/ under-employed rural youth, but will also save a lot of Agricultural produce from travelling long-distances for processing or consumption. This will improve overall utilization percentage of the farm-produce. India is among those countries, where there is largest wastage of cereals and vegetables due to non-availability of processing and storage facilities.

k. Employment Generation for Rural Youth:

Productive employment of rural youth is the biggest incentive for the state governments and the central government to promote rural entrepreneurship. This will kick-start faster growth in rural areas and will also improve rural purchasing power.

- l. Low Promotion Costs:** Product or service promotion in rural areas is a low-cost process. Normally there is very little or no competition in rural areas for any new product or service. Further the word-of-mouth is highly effective for promoting a new product in rural communities. Their inter-personal communications cover all aspects of their life, including their feedback on using a new product or service.

Entrepreneurial Potential- Limiting Factors:

Rural eco-systems offer huge potential for Entrepreneurship. There is excellent access to good quality (and farm-fresh) raw-materials at low prices, availability of abundant rural youth for low-skilled and un-skilled jobs and low-cost of infrastructure development. But all this comes with associated limitations. These limitations are discussed hereunder

m. Poor Self-Image of Rural Youth and Lack of Motivation:

Rural youth have a very poor self-image. They lack motivation to succeed. Their lack of knowing good English makes them less confident and poor in communication. A lot of rural talent remains untapped due to their non-exploration at right time. This limits their contribution capacity and also necessitates adequate training and capacity-building before you put them on the job.

n. Lack of Technical Knowledge and lack of ICT Knowledge:

Most of the rural students drop-out from school at an early age, as a result they have very low or limited technical or scientific knowledge. Further the quality of training and teaching of Information and Communication Technology (ICT) in rural schools is not on par with their urban counterparts. On an average all +2 students in urban schools are very good at handling basic ICT modules including MS-Office (MS-Word, MS-PowerPoint and MS-Excel) and social media including blogging and use of twitter. This poses a serious limitation

for them to handle new technology, which further limits their efficiency.

- o. Distribution and Logistics:**The basic infrastructure (rural roads and electricity) continue to pose challenge in most of rural areas in the country. Non-availability of round-the-clock electricity poses a serious limitation for establishment of ICT-enabled enterprises in rural areas. One of the most ambitious schemes of Ministry of Communications and Information Technology (MCIT) –to establish one Common Service Centre (CSC) in every Gram-Panchayat is yet to become a reality. The rural youth, who have established CSCs are not able to expand their business due to limited availability of power supply in their areas.

- p. Payment Collection:**Most of the rural areas are yet to have banking facility. Prime- Ministers’ Jan-Dhan Yojana initiated by Government of India (National Mission for Financial Inclusion to ensure access to financial services, namely Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, and Pension in an affordable manner) has made good inroads in the rural areas in last 3 years, but still majority of rural population does not access their bank account electronically. The use of credit/ debit cards is highly limited. As a result payment collection remains a challenge. Handling cash transactions in rural areas has its own issues.

- q. Pricing:** Pricing of Rural products and services is another tricky issue. Most of the rural population depends on Agriculture and allied activities. Their income is seasonal (mostly two crops in a year) and hence their purchasing power is not uniform across the year, and hence their purchasing behavior also changes accordingly. Rural demand for any good is not as consistent as in urban areas, where most of the people are salaried people, and have a regular income (in size and regularity of timely payment). In rural areas you have to be prepared for erratic demand in rural areas.

- r. Scaling Across Geographies:**India is a land with many cultures and traditions. These differences become much more pronounced in rural India. Setting up operations on pan-India presents different types of hurdles indifferent states ranging from political juggling to downright local factors.

Add to that the greater differences in consumer tastes and behavior across geographies than in the relatively more cosmopolitan urban population. Hence developing same product for entire India becomes highly challenging.

- s. **Social and Cultural Challenges:** Social and cultural issues also pose a number of limitations in rural India. While in Tamilnadu and Meghalaya the Common Service Centers (CSCs) are managed by both gentlemen and ladies very efficiently, as reported by Dr. M.S. Swaminathan Foundation, Chennai and College of Post Graduate Studies (CPGS), Barapani, Shillong, while in north India (Himachal Pradesh and Punjab) Ladies do not feel like visiting CSCs manned by gentlemen and vice-versa. These are cultural issues. These cultural uses and practices need to be taken into account before setting up/ scaling-up a new enterprise in rural areas.

Possible Government / NGO Interventions in near Future:

Governments –both central government and state governments, are promoting rural entrepreneurship in letter and spirit. The skill-development focus of central government is articulated by means of schemes like ASPIRE (A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship) launched in 2015 to set up a network of technology centers and to set up incubation centers to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry. Further two national level agencies- National Skill Development Corporation (NSDC) and National Institute of Medium, Small and Micro Enterprises (ni-smse) have been charged with the responsibility to ensure provision of Entrepreneurship and skill-development training for youth all across the country. Accordingly NSDC has tied-up with over 350 partner institutions covering almost all the districts (569) of India. Banks have been asked to provide liberal finances to start-ups. Rural Enterprises are being given preferential treatment while considering their applications for loans and subsidies. Government is also providing preferential treatment for procurement of their products by government agencies/ departments. The entrepreneurs may take full advantage of these support systems. This year Government of India is going to support rural markets with a budgetary

support of over Rs. 2000/- crores, with focus on “Agricultural Processing Clusters”. These clusters will provide good opportunity to rural entrepreneurs to set-up small and micro processing units with the raw-material tie-up from local hinterland.

Similarly, rural entrepreneurs may keep looking for Non-Government Organizations (NGOs) and Private Corporates to undertake rural development based programs/ schemes, wherein they provide liberal training, capacity-building and hand-holding support to rural entrepreneurs. You can also look forward to nearby big-corporate houses to provide initial funding and technical support. Corporates like Reliance, Wipro, and Infosys are providing generous support to rural areas for undertaking social projects.

Rural entrepreneurship is full of challenges and opportunities. Although there were and still are a lot of limitations like – irregular power supply, erratic supply of raw materials, poor quality of technical know-how, but all these limitations can be addressed by properly tying-up with good technical support institutions and tailor-made training programs. Rural entrepreneurs may look for government programs and schemes to improve their knowledge and skills and also look for CSR support from nearby corporate houses.

Active Interaction with key Stakeholders- Panchayats, NGOs, Schools etc

Understanding the local rural environment is one of the crucial requirements for setting-up a new rural business venture. You must know who are the people/ institutions, you need to take permissions from, and who must be taken into confidence before starting a new venture. Even the local Teachers (who teach in primary and secondary schools in rural areas) and Police Constables (posted in nearby Police Stations) call-on the Gram Panchayat Sarpanch (Head of Village Gram Panchayat), very early into their jobs/ postings. This is not only is a matter of courtesy, but it also “brings you in”, or introduces you, to the local rural eco-system. In this unit we discuss the basic necessity to preliminary introduction with Panchayati Raj Institution members and other key stakeholders in rural area.

Key Stakeholders -Identification

Every locality, every District, every village has its own social dynamics. Even in government offices when a new person joins (either on fresh recruitment or on

transfer or posting), he or she calls on the head of the Institute, then gets familiar with the administration, accounts and heads of various divisions, so as to familiarize oneself with the “Institutional eco-system”. In fact for organized all-India services this familiarization goes on for as long as two-years. This is not a waste of time. This familiarity and interaction with real job situation, and the real stakeholders brings the whole perspective of the role one is supposed to play in the “System”. On similar lines a rural entrepreneur is a new entry into the existing rural eco-system. He / she needs to fully familiarize oneself with the realities- challenges and opportunities, options and support systems, before getting into business. Nowadays training and skill-development institutions have started to do this job. Indian Council of Agricultural Research (ICAR) has made Rural Agricultural Work Experience (RAWEX) a compulsory course to be offered to all B.Sc. (Agriculture) students in their final year. The basic objective of the program is to make them understand the rural situations, status of Agricultural technologies as adopted by farmers and more importantly to develop skills and attitude of working with farm-families for all-round development in rural area.

Rural Entrepreneur needs to understand the socio-economic, political, and general development situation in the rural area. This will help him understand forthcoming problems and issues better. He/she will be better equipped to take support from appropriate agency, in times of need.

Interactions with Panchayati Raj Institutions

Interaction with Panchayati Raj Institution functionaries is a good starting point for a new entrepreneur. He/she may interact with one or two of the senior Panchayat functionaries- Sarpanch or one of the five panches, on the general issues of the village and may also take this opportunity to explain about the value-addition proposition by your intervention in the village. You may explain about the job opportunities you will create or product/ service you are likely to offer and also how much raw-material your enterprise will require on monthly basis. This information will help them appreciate your value to the rural society, and they are most likely to welcome you with open arms. You may also seek their suggestions for your proposed venture. At times their input may be very helpful to you to decide about the exact location of your enterprise. You may also seek information on Gram Panchayat Development Plans

(GPDP), if you are likely to support them or assist them in implementing the same. These GPDPs for all the Panchayats of the country are available on the website of Ministry of Rural Development and Panchayati Raj.

Engagement with NGOs, Schools, PHCs etc

Non-Government Organizations (NGOs), Schools and Primary Health Centers (PHCs) are quite active rural entities in many areas. In some of most backward districts NGOs carry-out a lot of development work with government and private support. You may look for some opportunity to tie-up with one of the NGOs working in the area, if your proposed Business venture is in the same or similar area of work. Today, we have several NGOs contributing to entrepreneurship development in the country. The major ones are National Alliance of Young Entrepreneurs (NAYE), World Assembly of Small and Medium Entrepreneurs (WASME), Xavier institute for Social Studies (XISSL), SEWA of Ahmedabad, ‘Y’ Self-Employment of Calcutta, AWAKE (Association of Women Entrepreneurs of Karnataka), and Rural Development and Self-Employment Training Institute (RUDSETI) based in Karnataka.

Tying up with local NGOs can help you address your marketing needs. For example SEWA provides market access for the products of small (even household level) enterprises in Gujarat. These NGOs provide training, capacity-building, counselling support to rural entrepreneurs. In addition they, sometimes, help /facilitate feasibility report preparation, purchase of plant and machinery and help in performing other procedural activities. NGOs being very close to the rural communities, are most acceptable to facilitate your market access.

Local schools and Primary Health Center (PHC) are other institutions, an entrepreneur may visit to acquaint himself/ herself, with the likely availability of educated/ trained manpower for his enterprise and quality of medical support (including first-aid) service, in case of need. Your interaction with the school will depend on the type of business enterprise you are likely to start. If it has anything to do with the student community (like stationary or bags manufacturing unit or a coaching /training institute), your interaction must be more intensive. On the other hand if you are likely to set-up an agri-produce processing unit, your interaction with the student community can be limited (at best they can

be your consumers), in this case you need to interact more with farming community producing your raw-material.

Interaction with local Panchayati Raj Institutions, NGOs and schools is necessary for a rural entrepreneur. This interaction will keep him updated on the forthcoming opportunities, issues and also problems (at times). Linkages with NGOs and other private agencies may be helpful to promote marketing your produce/ service and also to access training, hand-holding, counselling and credit-linking support.

Working Together and Finalize Interventions

Entrepreneurship is highly location-specific. The success of the business venture depends on the timely and adequate support from all the local support systems- human resources, raw-material suppliers, infrastructure providers, credit institutions, social institutions and government agencies/ institutes working in the area. An entrepreneur has to foresee the role and importance of all these stakeholders. It is advised that he/she must have a few rounds of discussions with the key stakeholders, before finally putting-up his venture in the area. This will not only make them aware about your proposed business venture, it will get their valuable advice and moral support for undertaking this business in their area.

Working with all the Stakeholders:

Rural people are highly sensitive to new comers from city. They take time to have faith and belief in your discussions/ proposals. It is always good to visit the rural area with a local acquaintance or a faculty from your training/ skill-development institute. You really to “break the ice”, before getting their acceptability. You need to visit the identified place a number of times, to get a clear idea of local customs, culture, political affiliations, and social systems. You may avoid meeting people in their houses, as it may be perceived that you are close to one of the local families. You may maintain equal distance from all religious, caste, community groups, so as to remain acceptable by all of them. For that you need to listen more (let them speak), and more carefully (try to understand their intentions/ indications). They may not discuss/ disclose the local situation in black and white, you need to observe them, watch their behavior and make your own inferences. You will come to know about the key institutions, persons, credit institutions in very quick time. Rural people have a lot of information about their surroundings.

Unlike the people in the city, they spend a lot of time interacting with and observing each other, hence they have more and better understanding about their eco-system.

You may prepare a list of all stakeholders- subject wise (for credit, for human resources, for infrastructural needs, for security and maintenance and so on). The need to have good understanding with Panchayati Raj institutions, NGOs and other key functionaries has already been highlighted in earlier unit. You may also have some minimal understanding and knowledge about other business ventures in the identified rural area. Interactions with them will help you to understand the cooperative or otherwise behavior of the local population, in times of distress or any emergency.

Finalize Interventions and Establish your Business:

You may finalize to put your business ideas into reality. Go through your business plan and its implementation schedule. You may use basic concept of Project Management like Gantt chart to have a clear documentation of your implementation schedule. A Gantt Chart helps you to think ahead and put your proposed activity-schedule on time-horizon. This Chart will be very helpful in monitoring your progress while you implement the project. A brief idea of Gantt Chart is given hereunder:

a. Gantt Chart: A Gantt Chart is a type of Bar-Chart that illustrates a project schedule. This chart lists the tasks to be performed on the vertical axis, and time intervals on the horizontal axis. The width of the horizontal bars in the graph show the duration of each activity. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project. Terminal elements and summary elements constitute the work-breakdown structure of the project. Modern Gantt charts also show the dependency (i.e., precedence network) relationships between activities. Gantt charts can be used to show current schedule status using percent-complete shadings and a vertical “TODAY” line as shown here.

The Gantt Chart is named after Henry Gantt (1861-1919), who designated his chart around the years 1910-15. Gantt Chart can be prepared on paper. However, now with personal

computers, one can draw a Gantt Chart using MS-Project or similar software. Gantt Chart is most widely used management tool for project scheduling and control.

How to prepare a Gantt Chart: The steps to prepare a Gantt Chart are explained hereunder:

- i) Break-down your total project into small Tasks (activities). Write these Tasks (activities) in a table form (one activity in each row), in a sequential order. Column -1- Sl. Number, Column-2 Activity Name
- ii) Estimate most likely duration each of these activities is likely to take (for implementation/ execution), and write-down this “Activity Duration” against each activity, in third column (Column 3) in the above table.
- iii) Write down any precedence conditions in next column (necessity of completion of another activity, before you can start this activity (in Column 4).
- iv) Now you can start date and end-date for each activity (in Columns 5 and 6)
- v) Now you can plot this table in Gantt Chart as a network diagram with Time (in uniform units –hours, days, weeks, months or years- only one unit to be used in one Gantt Chart), on horizontal axis and activities on vertical axis.

An example is illustrated hereunder:

Let us consider a simple Project of “Construction of a Shade” for an industrial unit. The Activity Table for the same may look like this:

Table 4.1 Activity Chart for “Construction of a Shade” Project

Sl. No. (1)	Activity Name (2)	Activity Duration (in Weeks) (3)	Preceden-cies (4)	Starting Week (5)	End-Week (6)
1.	Develop Plan	1	--	0	1
2.	Identify Construction Team	1	1.	1	2
3.	Identify Resources	2	1.	1	3
4.	Job-Allotment	1	2.	2	3
5.	Place Order	1	3.	3	4
6.	Construction of Walls	3	2.	2	5
7.	Receive Machinery	1	5.	4	5
8.	Erection	2	6.	5	7
9.	Training	1	7.	6	7
9.	Commission	2	8.	7	9

The Gantt Chart for the above project will look like.

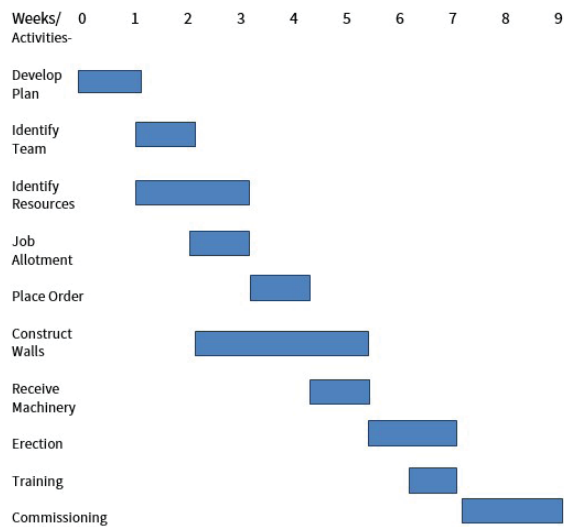


Figure 4.1 Gantt Chart for “Construction of Shade” Project

A Gantt chart is very useful tool for planning and monitoring a project. By documenting the activities and their expected time to complete, an entrepreneur gets more realistic picture of the time-schedule. Further it helps other team members (if any) to know about their role in the project, and expected time to undertake their activity. The Gantt chart also shows how the project is progressing. It can motivate the entrepreneur to gauge his progress and giving him confidence that he can achieve its completion in given/ projected schedule.

Gantt chart is only a tools for monitoring the project implementation, it does not tell the entrepreneur, where to focus his attention. The entrepreneur has to take care of critical activities in terms of time and cost over-runs and also to ensure quality. Further any delay or early completion of any activity would require re-construction of full Gantt chart. One can always use pencil for this purpose, but the main purpose of the chart will be defeated, if you modify it on day-to-day or week-to-week basis.

You may use other project management tools like Project-Evaluation and Review Technique (PERT) or Critical Path Method (CPM) for more effectively plan, implement and monitor your project. As an entrepreneur, you must continue to brush-up your project management knowledge and skills, as these skills will be helpful in managing your enterprise more effectively and efficiently.

List-out and Networking with all Rural Support Systems

Entrepreneurship is a full-time job. You have to immerse yourself fully in the entrepreneurial exercise.

You may have to interact will all the support systems in the rural area, to ensure proper and smooth establishment and functioning of your enterprise. These support systems will include financial support systems, technical support systems, human resources educational and training support systems and last, but not the least, social support systems. You may also have a knowledge of local law and order enforcing agencies and legal agencies.

Preparing a List of all Key Support Systems

At the beginning, as you scan the rural environment for setting-up your enterprise, you need to carefully take a note of all the key support systems existing in your area. A comprehensive list of all key institutions-financial, technical, technological, educational, training and skill-development may be prepared with all their key-contact details. Here the financial institutions, technical institutions and educational institutions are most critical as these institutions will provide you credit, technology and human resources needed for your enterprise. In addition, you may collect the details of social institutions – Mahila Mandal, Youth Club or other such organizations working in the area, so as keep communications with them, as and when needed.

Financial and Technical Support Systems

Financial and technical support are a continuous requirement for any enterprise. You must have good linkages with both the support systems. Financial support systems will include the banking network, particularly the nearest branch of the Lead Bank for the District and Insurance company office (concerned). You need to keep the telephone numbers of the key personal in both these systems. You may always take help of your training / skill-development agency for hand-holding or introducing to local bankers, it is your responsibility to continue this relationship in good shape and health. For a healthy financial relationship, one must repay the loan-installment in time, and confirm the same with the bank-branch. This will improve your credibility and credit-rating. A good financial track-record may help you to get next loan with lessor difficulty/ follow-up. A good documentation of all the financial transactions with a bank will also be helpful. You must maintain separate account of each loan/ bank to have full clarity and understanding of your existing and future liabilities.

Technical back-stopping is not a one-time job. As an entrepreneur, you must be ever vigilant about

technological advances is the field of your enterprise. If your system is using a particular technology, you must also weigh the alternate options available or likely to be available in near future. Small business-decisions like changing the mobile-charge packages from one service-provider to another service provider (without changing the mobile number) can save a lot of money for your enterprise. Similarly App-based companies / enterprises must always look for the latest developments on technology (hardware as well as software front) to remain in the forefront of the competition. As an entrepreneur, you need to be 24X7 open to new ideas, see possible opportunities for improving your efficiency- cost-reduction and expansion of your business. You must read local and national newspapers and also subscribe to technological magazine (concerned with a technology having direct impact on your business). You may attend one /two national or state level seminars / Workshops or refresher programs related to technological advances and opportunities in the area of your business.

Human Resources and Social Support Systems

Human resources are the most important requirements for any enterprise. Sometimes we hire good people, train them and they become an integral part of the enterprise. Good, well trained and skilled human resource are really the most valuable resources. Sometimes, a good employee may suddenly decide to leave, and that may create a huge vacuum in the Enterprise. As a good manager (entrepreneur), you must always be prepared for this type of contingencies. This may arise at any stage. This is particularly very challenging, if it happens at starting stages. Hence you need to always have a back-up plan. For every critical operation or function, you must have more than one option. You must also train your manpower in multiple skills. Additionally, you yourself must also undergo the basic training/ understanding of each operation, so that you appreciate the criticality of each function and role. This will help you in emergency situations. You may have good relations with educational institutions in your area. If your human resources requirements are likely to be met by the graduates (or Intermediate students) passing-out from a local or nearby school/ college, you may visit these schools and colleges and engage with their faculty, so that they can help you identify a suitable student for placement/ attachment with you. They can also inform the students about the opportunities in your enterprise

and also build the skill-set for the same in their final year students. You may give a seminar in local school/ college about your enterprise, if you think this will help your product to get market acceptability or will create awareness about your enterprise. This will enhance the employability of the students and also serve the industry in long-run. This will induce a two-way relationship between you and academics. Your human resources requirements will be taken care-off, as and when need arises.

Social relations are very important in Indian Rural Society. It is always helpful to keep the key social leaders informed about your enterprise, your activities, inputs, processes and outputs. You may participate in local social functions, festivals and gatherings. This will help you to know a little more about local customs- does and don'ts. As a responsible citizen it will be helpful for the society to know about your business. This comes handy when all of sudden there is a police-case, an enquiry or one of your employees is involved in local social issues. Having working relations with all the social groups is very helpful. People will come for help, if they know at least a little about your enterprise, its product(s), and its value-addition to the society. Keeping fully aloof is not advisable in rural societies.

Rural Entrepreneurship is a full engagement program with local communities and rural support institutions. As an entrepreneur, you need to be in touch with financial institutions for your credit needs, with technological/ technical/ educational institutions for your technological updating needs, with training and skill-development institutions for your human resource needs and with rural society for your safety and social needs. This engagement will not serve your immediate business need it will also improve your understanding of rural realities and help you plan to escalate/ expand your business to next level.

Model Questions

- Define Rural Entrepreneurship Business Eco-system. What is the difference between an Apprentice and an Intern?
- Question 2: Discuss advantages and disadvantages of learning about new business through a Mentor?
- What are key advantages in setting up a new enterprise in rural area?

- Question 2: What are limitations for replication of a successful venture in another state/district?
- Explain the Role of NGOs in promoting Rural Entrepreneurship?
- What is the need for a rural Entrepreneur to know about the Panchayati Raj Institutions and local social systems?
- What are key competencies required for a successful Entrepreneur?
- Rural Entrepreneurs need to be more sensitive to the local environment. Discuss.
- Prepare a list of financial institutions likely to be available in rural areas. Why does an entrepreneur need to interact with them?
- Social relations/ interactions are important in rural areas. Discuss.
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Caselets on Rural Management

A Compilation of Caselets on Rural Planning and Development,
Human Resources, Organizational Behavior, Communication, Finance,
Entrepreneurship and Rural Marketing.

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 37. Readymade to Rural, Dr Syed Kazim, Associate Professor, Acharya Bangalore B School, Bangalore
 38. Khyeti's Greenhouse in a Box, , Rasheeda Shums, Assistant Professor, AAKCBA, Hyderabad

Strength of Milk and Unity¹

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

In the 1940s, the marginal milk producers in Kaira were further marginalised by the monopoly of the Polson dairy and the middle-men who acted as agents for the only existing dairy organization. Adding to their woes was the sweltering heat of the summers that rendered the sweet milk sour after traveling short as well as long distances in the heat. Even the prices of milk were decided in an arbitrary fashion as the government had endowed Polson with monopolistic rights to collect milk from Kaira and supply it to Bombay city.

To curb the exploitation and unfair practices, the farmers of Kaira organized themselves as a group and decided to take matters in their own hands.

Response

In 1946, the milk farmers of the area went on a strike. Also, the agitated farmers of Kaira approached Sardar Vallabhbhai Patel under the leadership of local farmer leader Tribhuvandas K. Patel. The visionary Sardar Patel advised them to form a cooperative namely Kaira District Co-operative Milk Producers' Union (KDCMPU) and supply milk directly to the Bombay Milk Scheme instead of delivering it to Polson at lower prices. Sardar Patel even sent Morarji Desai as his envoy to help organise the farmers into a cooperative.

As a result, Amul-cooperative was registered on 14 December 1946 to collect and process milk. The collection of milk was decentralized as majority of producers were marginal farmers who could deliver maximum 1 to 2 litres of milk per day. To improve the process, cooperatives were formed for each village in Gujarat. By June 1948, the KDCMPUL started pasteurizing milk for the 'Bombay Milk Scheme' ridding the marginal milk producers from the exploitative grip of Polson and middle-men².

Actions Taken

The cooperative grew under the effective leadership of Dr. Verghese Kurien aided by H.M. Dalaya. Dalaya's innovation of making skim milk powder from buffalo milk which was later commercially scaled up by Kurien led to the cooperative's first modern dairy at Anand in Gujarat. This rural novice product would eventually compete with the established players in the market. The task began when K.M. Philip sensitized the Chairman Kurien about the importance of marketing and the finer nuances of creating a brand.

The success of farmer T. K. Patel, chairman Kurien and scientist Dalaya was contagious as it spread rapidly to Anand's neighbouring areas. Within a short span, five unions were formed in Mehsana, Banaskantha, Baroda, Sabarkantha and Surat, following the footsteps of Amul. To exploit synergies and expand the market while saving on advertising and avoiding inter-cooperative competition, the Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF), an apex marketing body of these district cooperatives, was set up in 1973. The Kaira Union that held the brand name Amul since 1955 transferred it to the able hands of GCMMF for marketing and growth.

In 1966, Amul hired Sylvester daCunha, then managing director of the advertising agency AS to design an ad campaign for Amul Butter. daCunha designed a campaign as series of hoardings depicting day-to-day issues faced by every Indian. The popular campaign won the hearts and Guinness world record for the longest running ad campaign in the world.

¹ Alexander Fraser Laidlaw. Cooperatives and the Poor. A development study prepared for the International Cooperative Alliance and the Canadian International Development Agency, 1977.

² Heredia, Ruth (1997). The Amul India story. New Delhi: Tata McGraw-Hill.

The White Revolution ushered with the establishment of Amul inspired the ace film-maker Shyam Benegal to make *Manthan* (1976). The film was crowd-funded by over five lakh (half a million) farmers in Gujarat who donated Rupees 2 each to the movie's budget³. These farmers not only funded the production of movie but also pushed it towards commercial success by watching it in truckloads. The riveting true story of *Manthan* even bagged the 1977 National Film Award for Best Feature Film in Hindi.

In the 1980s, cartoonists Kumar Morey and script writer Bharat Dabholkar were passed on the mantle of sketching the Amul ads. The impish Amul butter girl celebrated 50 years on 17 Oct, 2016⁴ since the release of topical ad titled "Thorough bread" featuring a jockey holding a slice of bread during the horse race season in 1966. However, the debutante was launched by Eustace Fernandez in a cartoon offering bedtime prayers with a wink and smacking lips, saying "Give us this day our daily bread: with Amul butter." Dabholkar credited Chairman Verghese Kurien for fostering a free environment that enabled the creation of expressive ads that held a mirror to the society.

Today, Amul's brand managed by the cooperative body GCMF is co-owned by a staggering 3.6 million milk producers in Gujarat. The success story of the motley group of farmers in Kaira in building one of the largest Indian dairy companies is a testimony to the strength of milk and unity.

Learning

1. Participatory approach can overcome the lack of access to capital prevalent in rural pockets of the country.
2. The leaders and government can play a crucial role in the planning and implementation of rural development strategies.
3. The formation of co-operatives is a good way of organizing marginalized workers as they find economic and moral support through the group.

Questions

1. Explain the role of different leaders in transforming the group of farmers into successful businessmen.
2. What are the advantages of the formation of cooperatives?
3. What was the approach employed by the milk producers in scripting a bright future? Discuss other approaches.
4. Should the government step in to help and encourage marginalized workforce? Explain.

Course Positioning

The caselet is suitable for a course in Rural Development and Management. As the caselet elucidates how the marginalized milk producers successfully organized themselves as profitable cooperative, it will be helpful in introducing topics like strategies of rural development, participatory approach, and role of leader and government in rural management.

3 <http://southasia.ucla.edu/culture/cinema/directors/shyam-benegal/>, Shyam Benegal, 2018

4 <https://www.newskarnataka.com/from-the-web/in-pics-fifty-years-on-amuls-utterly-butterly-girl-is-still-a-delight>, Hindustan Times, Oct 2016

Prodigal Sun of Makhala Village

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

Makhala Village was situated in the isolated foothills of Amravati district in the southwestern Satpura mountain ranges. The far-flung village in Maharashtra at an altitude of 959 m above mean sea level, boasted of 352 households with a tiny population around 1045. Though the network of roads provided access to Makhala around the year, its surroundings consisted of forests and steep slopes. Semadoh, the nearest village was even 12 kilometers far. Owing to the steep terrain, access to water was a huge problem for its residents as village had only two wells out of which only one was operational throughout the year.

Inevitably, the women had to walk at least 1.5 kilometers every day to fetch water for domestic use. Navigating the hilly terrain with heavy pots atop their heads was another challenge which forced them to spend time away from their children and home. With every passing year, the reliance on water tankers was increasing. “The deployment of tanker for the village during summer was a routine, and the access to water was a challenge for the villagers, especially women,” said the village Sarpanch (President), Mangarai Motilal Kazdekar with concern⁵.

Response

In 2000, the Rural Water Supply Division (RWSD), in collaboration with the Zilla Parishad (district council), and a government agency launched an innovative scheme. They implemented a solar-power-based mini water supply scheme to provide access to the drinking water in the village. Due to high price of the solar panel and its installation location being away from the habitation, the solar panels were stolen within a year of implementation. Recurring power failure exacerbated the water situation faced by the villagers. In the absence of an alternative, the village lost hope about finding another source of power and water supply.

Action Taken

Undeterred by the past failure, RWSD took the initiative to implement solar panels again in 2011 to improve the water availability in Makhala.

Hopes of villagers were renewed when the scheme was technically sanctioned by the Shweta Banerjee, Executive Engineer at RWSD. On February 4, 2011, the village received INR 49, 33, 000 from the RWSD who commenced the installation work in March, 2011. “After overcoming the challenges in the implementation like procurement of solar pumps of 2.4KW (Kilowatt) and 80m head, fixation of power supply cable, etc.; the scheme finally got commissioned on January 1, 2012,” narrated Kishor Raghuwanshi, Sub-divisional Engineer at Maharashtra Jeevan Pradhikaran (MJP), a Government agency.

The solar scheme was literally a blessing from above that brought an end to the arduous uphill journey undertaken by the women to bring water home. With the help of solar energy powering the water supply, the gram panchayat provided water connections to the families. Now, more than 90 percent of the households receive piped water supply for thirty minutes every day. Daily access to water, albeit for half an hour has wiped away worries about water for drinking and other domestic use.

Access to water had a cascading effect in increasing the adoption of toilet usage. Today, over 90 percent families have shunned open defecation in exchange for toilets which is also aligned to ‘Clean India’ mission aimed at elimination of open defecation. Benefits were multi-fold as no water tankers were deployed after 2011 resulting in savings. With availability of water, villagers started kitchen gardening. As a result, the number of SAM (Severely Malnourished) children dropped from 4 to 1 in the first 10 months of commissioning of the

⁵ <https://www.indiawaterportal.org/articles/solar-power-solves-water-supply-issue>, Makarand Purohit, 2018

scheme. Similarly, there was a decline in the number of MAM (Moderately Malnourished) children from 15 to 9⁶.

Witnessing the benefits of the scheme, the villagers took over the responsibility of running and sustaining the scheme by themselves. Today, all the houses in the village are lit by solar power who once thought of electricity as a distant dream. “It is only due to the sincere efforts of the RWSD team that our access to drinking water has been ensured. The village women are now very happy because one of their major problems is solved,” says a villager Vijay Bhusari.

With the help of the prodigal SUN, RWSD and Gram Panchayat has improved the lives of the scores of women and their children in Malakha.

Learning

1. The failure to achieve development goals in first attempt should not deter the government or the program champions.
2. For rural development, out-of-the box thinking should be employed with exploration of multiple strategies. As the saying goes, ‘Try, try till you succeed!’
3. The success of development programs has a cascading positive impact on multiple facets of individual life and society at large.

Questions

1. Despite initial setback, how did Makhala village succeed in solving its water woes?
2. What is the role of strategy in devising alternative solutions?
3. List the benefits and challenges you foresee in using solar power in isolated hilly regions of India to provide water and electricity?

Course Positioning

The caselet is ideal for the course in Rural Planning and Development as it describes the deployment of alternative strategy to solve a prevalent rural problem. It would be helpful in introducing topics like rural development, resource utilization and strategy exploration. The case imparts a useful lesson that the development programs shouldn't be abandoned at the sight of early failures.

6 https://www.indiawaterportal.org/sites/indiawaterportal.org/files/makhala_solar.pdf , Shweta S Banaerjee

Farmers Can Never Improve Their Standard of Living

Prof. W. C. Singh, Manipur Institute of Management Studies, Manipur University

Dr. Nilam Panchal, Associate Prof., BK School of Professional & Mgmt. Studies, Gujarat University

Challenge

Bringing a change in the remote and interior villages is not a simple task when there is no will to the ruling Government and civil administration. Besides, such a remote and far off interior villages have meager population and so the voice of the village cannot reach the Government and Civil administration.

How to ventilate the woes of the inhabitants who need support from the civil administration and government and bring an improvement to the lives of the people of such remote places remains as a great challenge?

Response

Khamasom is a generic reference to four villages located north of Ukhrul in Manipur, India. The four villages are Khamasom Khayangkho, Khamasom Walely, Khamasom Phungdhar and Khamasom Phungrei. The settlement is approximately 25 kilometers from Ukhrul and partially connected by National Highway 150. Reaching this place need to scale up the dangerous mountainous road where even the buffaloes might find it difficult for an easy walk. As per 2011 census, Khamasom Khayangkho village had 388 households with the total of 1996 people of which 1070 are male and 926 are female. Of the total population, 214 were in the age group of 0–6 years. The average sex ratio of Khamasom Khayangkho village is 965 female to 1000 male which is lower than the state average of 985.

The village is home to people of Tangkhul Naga tribe. Majority of the inhabitants are Christians. Agriculture is the primary occupation of the inhabitants. The village is well known in the district for its scenic beauty. Khamasom has a vast forest stretching up to the international boundary with Myanmar and the stretch is rich in flora and fauna. Recently, the village was in the news for sighting of a flower that resembles a deadly snake which the locals called Khamasom van; meaning Khamasom flower for being native only to the village.

Khamasom village is known for its richness in forest vegetation. The mostly found trees are Pine, Oak, Aldar, Wild Cinnamon and many others. Khamasom is arguably the only village in north eastern India that has a thick virgin forest in the Indo-Burma border stretch. One unique feature of the natural vegetation is that Khamasom has two locations - Nginu (means 'small meadow') and Ngirue (means 'big meadow' in Khamasom village local language) - within the thick jungles where the rarest lily flowers thickly bloom in the month of May and June every year. The place is still quite virgin and no human destruction observed in the areas so far as visitors cannot easily reach the locations. A visitor has to walk for whole day and another whole day to walk back to Khamasom Khayangkho habitation.

On a cold Christmas time, travelling through the treacherous and cracking road with lots of steep ups and downs by the 4 by 4 Maruti Gypsy was a great struggle. Finally, we could reach in the evening after driving from 8 am onwards from Imphal, the capital town of Manipur. We landed in a school campus at Walely, the Principal of the School arranged our night stay in the school building itself.

Sitting by fire for protecting self from the chilly weather in the late evening, they were interacting with a Principal of the only School in the village and few other people about the lives and the situations in such a remote place. Lives in the villages were not easy and the same remains till date without any significant improvement even after 70 years of independence. Listening to their woes on that late evening gave us the clear picture of real challenges of lives in the remote place.

Passing through the steep mountainous slopes, fetching water, carrying of loads, and storing of the vegetables,

food grains after harvesting, medical facilities, communication, connectivity, and what not are some of the major problems. Selling the products in the market has been another great challenge since the beginning. The organized local market is around 30 km but reaching this much distance from the village has been the most critical challenge as there is no organized local transport system. The villagers organize the transport on the basis of requirements of majority and number of people who want to go to market. Besides, there is general scarcity of vehicles in the village. On one hand, villagers have no interest in growing and producing agricultural and forest products as they cannot reach their produces to the market at reasonable price and quantity at the right time. But on the other hand, there is no other alternative to agriculture. The cost incurred for reaching their produces in the market eats away all the benefits and joy of growing the crops.

The total population of the four villages is hardly few thousands, but educated people shift to town areas where transport and other infrastructural facilities are better. Educated youths are not generally coming back after their degrees as they look for jobs and stay finally in the places near to their work on rented house. Migration of people towards towns and cities are very common, otherwise. Even after getting employment of the educated people, they are not in a position to contribute well to their parents and rest of family members as they are settling away from the villages. The meager salary cannot afford happy live to the parents left in the far village and his/her own needs.

The district administration has not reached the villages frequently. Even a primary health centre is not set up in the village. The Government of India has announced many schemes for rural up-liftmen from time to time but where it has dried up the funds for setting up the minimal and basic infrastructural requirements of her country roads, villages, and her people. The appeal of the village head and other church leaders to the civil administration and government has been of no use since the beginning.

Learning

1. The leaders and government can play a crucial role in the planning and implementation of rural development strategies.
2. Frequent interaction, sharing and listening to the opinions of the remote villagers is a good way of integrating the marginalized section of people in the economic and social mainstream.

Question

What will be the right intervention strategy for saving the lives of the rural people in Khamasom village?

Course Positioning

The caselet will be suitable for the course on Rural Development and Rural Management. It will give the learners a thought on how the problems and challenges of far flung remote villages of can be understood and explore the right strategies for overcoming the problems.

Hiware Bazar: A Success Story

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

The Challenge

Hiware Bazar geographically belonged to the drought prone region of Maharashtra. The village with a motley population of 1300 in the district of Ahmednagar was no different from its neighbors in the state who fell prey to the dry spells every few years. Poor water management coupled with shortage of rainfall resulted in receding water tables and hardships for the agriculture community in particular and the village population in general.

The semi-arid land dwellers struggled from 1970s to 1990s with depleting natural assets like reduced forest cover, diminishing water sources and increased aridity in the fields. In 1990, out of around 1000 hectares of geographical area, a meagre 12% was cultivable in the village⁷. With erratic rainfall, acute poverty and devastating unemployment, permanent migration was at an all-time high and so was gambling and alcoholism. A survey in 1995 revealed that below the poverty line (BPL) families stood at a whopping 165 out of 180 families. The doles from the government provided temporary relief and dried up at a fast pace with seemingly no permanent solution in sight.

Response

The tides were turned in 1989 with the victory of Popatrao Pawar in the Gram Panchayat elections (Village Council) elections of the Hiware Bazar. Pawar was inspired and motivated to replicate the success of RaleganSiddi in watershed management. The economic and ecological success of RaleganSiddi, merely 40 kilometers away, drew SarpanchPawar to Siddi after assuming the leadership of Hiware. Post his visit, he applied for AdarshGaonYojana (AGY), known as Ideal Village Scheme launched by the Maharashtra State Government. AGY adopted a five pronged approach – prohibition on cutting trees, restrictions on free grazing, ban on liquor, family planning and contribution of village labour for development work⁸. At the heart of the 5-year AGY plan lied water conservation. This integrated model of development was further supported by the institution of Watershed Development Trust and YashwantKrishi Gram.

The Employment Guarantee Scheme (EGS) gave a timely big boost to the village's development goals. After the completion of first five-year plan, another five year plan spanning 1995 to 2000 was drawn by SarpanchPawar in consultation with village folks targeted at ecological regeneration. Aimed at regeneration of degraded forests and catchment area, the state allotted INR 42, 00,000 for the treatment of around 1000 hectares of land under the EGS. The democratic decision making and participatory implementation propelled the engagement of villagers and execution of the plan under the visionary leadership of Pawar.

Action Taken

In a systemic way, the entire village was divided into three micro-watershed. The watershed work comprised of contour trenching, contour bunding, nala (drain) bunding, construction of two percolation tanks and five storage tanks in order to restore the water levels. To conserve rainwater and recharge groundwater, the villagers built over 40000 contours around the hills. In addition to digging of wells, drip irrigation and open-well irrigation were encouraged to reduce the strain on underground water. To check the depletion of water table, plantation of water-intensive crops like sugarcane and banana as well as usage of bore wells for irrigation weren't permitted.

7 http://www.teebweb.org/wp-content/uploads/CaseStudies/Hiware%20Bazaar_A%20village%20of%20Millionaires,%20Maharashtra,%20India.pdf

8 Sangameshwaram, P., Equity in Watershed Development: A Case Study in West Maharashtra, Economic and Political Weekly, Vol 41, No. 21

The well-planned implementation of AGY, EWS and water management strategy transformed the once arid Hiware village into an economically and ecologically resplendent village. Combating the cyclical rainwater shortage, the cover of irrigated land rose sharply from 120 hectares in 1999 to 260 hectares in 2006. Similarly, grass production grew manifold from 100 tons in 2000 to 6000 tons in 2004. With rise in number of wells from 97 to 217, and availability of grass; bovine population increased from 20 in 1998 to 340 in 2003. In a span of ten years, the milk production reached 4000 liters per day compared to 150 liters per day in 1990s.

A yearly water audit was initiated in the Hiware village in 2002. Since then, potable water and other daily uses are given the top priority. In the remaining water, 70 percent is allotted for agriculture and the remaining 30 percent is saved for future use forming a water bank of sorts. The annual audit assesses the amount of water available, estimates the usage, and subsequently prescribes the crops for plantation.

Overall, the environment and residents have benefitted immensely from the joint initiatives by the government and villagers. The BPL (below poverty line) families declined from 168 to 53 in a mere three year period from 1995 to 1998. The gap continued to taper further to only 3 BPL families in 2011. The prosperity can be gauged from the increase in annual per capita income from 832 in 1991 to 30,000 in 2011⁹.

Today, the once languishing Hiware Bazar has triumphed over the vagaries of low rainfall and drought, emerging as an inspiration for other villages.

Learning

- A strong partnership between the village and government is instrumental in successful planning and implementation of development programs.
- The achievement of development goals is driven by convergence of objectives and vision of leadership in addition to financial/infrastructural support from the government.
- Community engagement and education are critical for creating awareness and ownership to achieve development goals and sustain such initiatives.

Questions

1. How can villages benefit from convergence of objectives of Government schemes? (Hint: AGY & EGS in this case)
2. Should development programs focus on short-term improvement goals or long-term sustainable goals? Please explain your point of view.
3. What propelled Hiware village out of the relentless grip of poverty and ecological degradation?
4. What challenges may arise in replicating the Hiware model in other villages?

Course Positioning

The caselet is ideal for the course in Rural Planning and Development as it narrates the turnaround story of a village owing to a well-planned development strategy. It would be helpful in introducing topics like strategic interventions, rural planning, measurable development goals, strategy and implementation.

⁹ <https://hindi.indiawaterportal.org/Hiware-Bazar-A-water-led-transformation-of-a-village> , IDFC, Policy Group, June 2012

Dilemma of Credit Policy Decision For Nilmoon Enterprise

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Prof. W. C. Singh, Manipur Institute of Management Studies, Manipur University

Challenge

Requirement of fund by farmers is very important area as India is a country focusing upon farmers and villages. How to provide credit to farmers for starting and running day to day activities and how to manage receivables is again a very important task.

Response

Nilmoon Enterprise has two partners and has started an operation for agro-based products. The partners contributed an initial capital of Rs. 70 lakh and that was in addition to the capital contributed by the friends and relatives. The two partners are solely responsible for running the business. They are Masters in commerce and Business Administration. They are in production of excellent agro-based pesticides and fertilizers which can be used by farmers in farming the products.

The company has made use of equity and debt capital to finance its growth during last few years. Its debt equity ratio is about 1:3. The lenders are not interested in extending loans to the company due to the regular payment problems. Neither Moon and Nill nor the other shareholders of the company have personal funds to invest in the business. Since they are highly involved in the business activities, there is a suggestion from bankers and accountants which indicated that their day to day management of capital is not upto the mark. Importantly their credit management was very poor. However, selling the company's products on credit has increased the sales of the company to great extent. Thus selling goods on cash to farmers is out of question. Also the competitors have a policy of selling goods on credit. Thus in this market if in case , company think of selling goods on cash , that would be challenging for the sales target and if company relax the credit policy than it may lead to bad debt losses. Thus company needs to be wise in strategizing its credit policy and related decisions.

Action Taken

The company has about 1000 farmers as customers, spread over the villages and main towns of Gujarat. The company has a policy of extending credit of 30 days but most of the customers this time delayed the payments of loan. The average collection period of the company last year based on the yearend figures was about 120 days. The total collection expenses which includes salaries, travel, administration etc. amount to about Rs. 3 lakh per year. Ninety percent of the firm's sales are on credit basis. Out of this, 10 per cent is sold to customers whose financial position is not very sound. In fact the entire bad debt losses which amounted to about 3 percent of sales to these customers and three fourth of collection expenses are attributable to these accounts. The company's sales are highly seasonal in character; about two thirds of the sales take place in monsoon season.

The company is expecting to increase 15 percent of sales over last year's sales. The company's cost of goods sold is 70 percent. After consulting the marketing and accounting staff and analyzing the status of competition, the company has decided to change its credit policy. Given the acute competition and availability of cheaper model, the company did not want to change the credit period for its prompt customers. However, it has decided to offer cash discount to motivate customers to pay early. The new credit terms would be 2/20 net 60. A response by the executives was that two-thirds of them might not like to avail cash discounts. This change

in policy would not change the expected sales, but the average collection period of prompt customers is likely to reduce to 80 days.

The company has also decided to relax its credit standards to expand its sales. This is expected to increase sales by 10 percent. The marginal customers, which would also include new customers are not expected to take advantage of cash discounts and are likely to continue to take on an average 150 days to pay. In case of these customers, bad debt losses are expected to increase to 2.5 percent. The company would enforce collections with more vigor. It is expected that collection expenses would increase by Rs. 50,000 per annum. The company generally requires a rate of return of 15 percent from its investments.

The company has to also think at this juncture about the steps company would like to take if farmers fail to return the money within specified credit limit. Thus company needs to decide the collection policy also. The collection policy itself will improve the working capital cycle and if policy is up to the mark it will reduce the bad debt losses. Thus decision about credit standards, credit policy, collection policy and offering cash discount or not occupies great importance in the credit granting decision and the dilemma of the company is how to decide these policies so that the working capital management of the company is smoother.

Learning

1. Proper Receivables/ Credit Management can play a crucial role in the planning and implementation of the business strategies.
2. Change in credit policy is viable only when such change marginally improve the sales and profitability of the company.
3. Whether to outsource credit management function by involving factor as a service provider or to appoint credit manager who can handle the task is also crucial decision in this process.

Questions

1. Why company has high investment in accounts receivables? What are the peculiar features of its credit policy changes?
2. If you are credit manager of the institution, how would you recommend the change in credit policy of the company?

Course Positioning

The caselet will be suitable for the course on Financial Management. It will give the learners a thought on how the problems and challenges occurs for providing credit in rural business and it will also give opportunity to readers to explore the right strategies for better receivables management.

Changing Attitudes in Rural India

A Grassroots Worker's Struggle for Clean Water and Toilets in Rural India¹⁰

Dr K N Rekha, Academic Consultant, MGNCRE

Challenge

Shelgaon is a small village in Shelgaon Taluka in Buldhana District of Maharashtra State, India. It comes under Shelgaon Panchayath. It belongs to Vidarbha region and Amravati Division. It is located 66 KM towards East from District head quarters Buldhana and 519 KM from State capital Mumbai. There was an increasing incidence of water borne diseases in Shelgaon. It was found that the overhead water tank in the village was cleaned 12 years ago. In spite of repeated communication to government to clean the tank, it could not be cleaned.

Response

Pramila Maruti Sulke, is a government appointed Gram sevak (village worker) in the state of Maharashtra, India. Gram sevaks play a vital role in reducing poverty in rural India although they are rarely acknowledged. Gram sevaks are considered to be the lowest rung of the development sector bureaucracy in India. She has been gram sevak for six years. For initial few years, she treated it like "just another job". She did the tasks that were easy to achieve and let the others down in bureaucratic procedure.

In 2007, Pramila attended a training course supported by UK aid from DFID (Development for International Development) for Gram Sevaks. The training program changed her attitude towards work. During the program, she recognized the vital role that a Gram Sevak plays in implementing and monitoring government schemes and extending services to the rural poor. She also learnt certain skills that helped her in taking initiatives in the development of Shelgaon.

Actions Taken

After her training, Pramila was all excited to put her skills in to practice. Her first assignment was to motivate and encourage the community to take responsibility for themselves and their problems. The first problem she identified was that the overhead tank in the village was not cleaned for the past 12 years due to which there was an increasing incidence of water-borne diseases. Nearly 1000 villagers were relied on the tank for safe drinking water. The first propelling task in front of her was to get the overhead tank cleaned. In spite of repeated reminders to the state government officials to clean the tank, it had not borne fruit. Pramila decided to put her learnings in the program to put to practice in the village to get the support from villagers.

The very next day, at a village council meeting, Pramila asked for volunteers to clean the tank. Not even single individual in the village was volunteered for the task. Pramila did not give up. The following morning she picked up a broom and a bucket and all set for cleaning the tank. When she tucked her saree, climbed up the steps, a small crowd of villagers gathered at the foot of the tank, and looked at Pramila in amazement. Slowly, villagers also started joining Pramila in cleaning the water tank. She led them by being an example and the others followed her. The villagers were delighted by watching the clear stream of water flowing from a public tap. The Village Sarpanch (elected president of the village council) applauded her courage and told her that seeing her heroic effort, a group of men and women formed a group to clean the tank every 6 months.

¹⁰ <https://www.gov.uk/government/case-studies/changing-attitudes-in-rural-india>, Published 8 September 2010, Accessed on Aug 14, 2018 at 13:04.

Villagers saw the decrease in water-borne diseases in a month.

Being won the minds of villagers, she set herself for an even more ambitious target of improving the livelihood conditions in the village. Her target was to get clean village award (Nirmal Gram Puraskar) for Shelgaon, a prestigious award by the Government of India. The award was given to the villages that achieve total sanitation (eliminating open defecation, providing 100% access to toilets for all villagers, providing toilets in all schools and nutrition centres and setting up drainage systems for all public water sources and a mechanism for garbage disposal).

Pramila saw a big challenge in front of her to tackle. The village still defecated in the open, and there wasn't a place for, or a culture of disposing of their garbage properly. There were two challenges: one, mindset and behavior change of the villagers and the second, the bureaucracy to deal with to get government funds released for toilet construction and garbage disposal units.

The first task that she undertook was getting the volunteers for the task to be completed. The group was named "Good Morning Squad". The objective of the group was to create awareness among the villagers on the need for toilets and hygienic practices. She facilitated the villagers to apply for government funds. She hand held the villagers for each application until the end. Leading by example, she could convince the villagers to clean up the village and dig pits to dispose of their garbage.

Within a year of her continuous involvement in bringing up change in the livelihood of villagers, the village was declared a recipient of Nirmal Gram Award. The village achieved 100 % toilet facilities in each and every home, and it has also become garbage free zone. After announcement of the award, the villagers had a week-long celebration. Pramila got transferred to another village shortly after that. She started her journey of exploration and developmental plans in new village.

Learning

1. Leading by example is the best strategy to gain the acceptance of the community
2. Empowering / creating awareness among villagers is very important to seek their support in implementing any developmental initiative
3. Training programs to Gram Sevaks will help them in updating their skills and motivate them to pursue further in developmental activities

Questions

1. What are the ways to entrust support from the villagers?
2. How do we empower or create awareness among the villagers?

Course Positioning

The caselet is suitable for a course in Organizational Behavior and Group Behavior. As the caselet throws light on the how leading by example is the best strategy to gain acceptance of the community. It also helps in understanding how training programs create awareness and empower the villagers for their development.

Where There's Will, There's a Way

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

The Nizamabad district in erstwhile Andhra Pradesh (AP) and current Telangana is predominantly agriculture based economy as Godavari River enters into Telangana at Kandhakurthi in Nizamabad district. The women folk in the rural areas generally earned their living by working as an agricultural labour or by rolling beedi (unfiltered cigarette made with rolling tobacco inside dried leaves). With the inflation touching every aspect of life, these earnings adding close to five hundred rupees a month were not even sufficient for their sustenance in the 1990s in Yedpally village. Hence, the occupation of rolling beedi and helping out on farms were rendered unsustainable in today's day and age. The lack of any other skill set marred the hopes of these villagers.

Response

The beginnings were humble but as they say - a single step for man but a giant leap for mankind – only in this case, it was the women and the womankind. The ten poor women from Yedpally village courageously supported by District Rural Development Agency (DRDA) formed themselves into a self-help group (SHG) named Rudrama Devi Mahila Sangam with a seed capital of thirty rupees per member per month. DRDA has traditionally been the principal organ at the district level to oversee the implementation of anti-poverty programmes of the Ministry of Rural Development.

Action Taken

Under the aegis of DRDA, the transformation began once the group was sanctioned a leaf-plate making unit with a unit cost of Rupees eighty thousand with a fifty percent subsidy from DRDA. However, the most challenging task was to acquire the skills needed for manufacturing leaf-plates as none of them had ever made a plate in the past. The DRDA released a revolving fund of Rupees fifteen thousand to the group and imparted training to the members in leaf-plate making to get them started on the job. Srimati Ramanamma became an expert in leaf plate making and in turn, trained other local women enabling them to become part of the new trade.

The DRDA took all the members to Hyderabad to acquaint them with the raw materials market, packaging techniques and the marketing skills. The exposure in addition to the training programs honed their skills at par with other people involved in the leaf-plate industry. Srimati Ramanamma emerged as the group leader who would frequently visit the nearby towns like Bondhan, Nizamabad and other big mandal headquarters in an attempt to procure orders for their fledgling leaf-plate business. The exposure to the market and the customers facilitated the expansion of product line. The product offerings diversified to different types of leaf plates like tiffin plates, silver/gold wrapped leaf plate in addition to the ordinary leaf plate.

The coy rural women who had never stepped outside the four walls of their houses and the farmlands were conversing with the city officials and buyers like professional business women. They began participating in the exhibitions and fairs held at mandal headquarters and nearby districts. They showcased their talent at the State level DWCRA (Development of Child and Women in Rural Areas) exhibition and managed to sell most of their products. The officials sanctioned a shop in the DWCRA market to the group as an outlet for selling their plates.

These illiterate women taught themselves to read and write. They needed to understand the basic concepts of numbers, subtraction, addition and multiplication to sell their products and buy the raw materials. Their labors bore fruits not only in terms of increased income but the appreciation and applause that came their way. During the industrial exhibition organized in Nizamabad, the group's activities were lauded by

none other than the Honorable Governor of Andhra Pradesh (at that time), Dr. C RangaRajan. The governor admired the grit and the will of these women in shaping their own future by overcoming all the obstacles. The DRDA under the ambit of DWCRA undoubtedly played a stellar role in improving the lives of these women.

The other group members namely Laxmi and V. Bhagyamma managed the accounts and finances while Ramanamma led other activities of the group¹¹. With economic prosperity, the monthly income of these women quadrupled from five hundred rupees to over two thousand rupees per month. The positive impact of financial independence was visible in multiple ways. The children who had never set foot in a school were learning in the classrooms along with other kids. With increased awareness and the support of the government and the local administration, the eligible women in the group underwent family planning operations.

The women started participating in the social welfare programmes and initiatives like Janma bhoomi and Clean and Green Akshara Sankranthi program organized in their areas. They developed a sense of ownership and partnership with the administration. They felt encouraged by the officials and participated actively in all the public welfare programmes.

The journey that began with a motley group of ten optimistic women changed the landscape and the destiny of scores of women in the district.

Learning

1. In bringing social reform, it is imperative for the government to engage with people at the lowest strata by sharing information about schemes/programmes and encouraging participation.
2. Active involvement of people along with the support of officials boosts the success of programmes.
3. To empower economically backward sections of society, training in addition to the financial assistance goes a long way in promoting the capability and wellbeing of poor citizens.

Questions

1. What is the role played by the government in the social welfare of the rural population?
2. In today's dynamic world, how do you equip people to deal with change?
3. Why is it important to focus on the skill set of the people?

Course Positioning

The caselet is suitable for a course in Organizational Behavior and Group Behavior. As the caselet throws light on the transformational journey of women in a village, it will be helpful in introducing topics like empowerment, group behavior, and managing change.

11 Empowerment of Women in Andhra Pradesh: Measures and Programmes, by E.D. Shetty

Fostering A Culture Of Trust

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

The liberalization of Indian economy in 1991 opened doors for importing coal from other countries. Whilst it brought joy to the consumers, it spelt trouble for Singareni Collieries Company Limited (SCCL) headquartered in Kothagudam, Telangana. The administered coal prices dictated by government became unattractive for SCCL's customers. Moreover, the labour-intensive underground mining was rendered unproductive by high absenteeism at Singareni. To add to its woes, there were about two strikes every working day in the collieries owing to multiplicity of unions at SCCL. Over 100 unions squabbled for supremacy making unreasonable demands from management which often ended up in strikes. Unfortunately, any disciplinary action to restore peace and order inevitably led to industrial unrest.

The wildcat strikes, militant trade unions, high absenteeism, and onslaught from international competitors catalyzed SCCL's decline and boosted the accumulated losses to INR 12.19 billion in 1996. As a result, this joint public sector undertaking owned by the Telangana Government (51 percent) and the Union Government (49 percent), boasting of 48 mines 19 opencast and 29 underground mines¹² was declared 'sick' (bankrupt) in 1996.

Response

The transformation journey began in January 1997, when APVN Sarma took over the reins of the company as the Chairman and Managing Director (CMD). During interactions at the coal mines, Sarma was shocked to discover that workers were clueless about the bankruptcy. Rampant strikes and low productivity was a norm among the workers. In short, the hierarchical culture had alienated the workers from the management. There was a distinct disconnect between the management and the blue-collared workers in this hierarchical and highly unionized organization wherein workers trusted the union leaders more than the top management.

Amidst the polarized environment and trust deficit, it was not surprising that the management never communicated directly with the workers in the past. Sarma decided to get rid of the union leaders who acted as middle-men distorting information to serve their vested interests. He sent two letters in quick succession to all employees in Telugu (local language) at their residential address to inform them about the company's poor financial health. The intent of sending letters to their homes was to educate even the family members about SCCL's bleak future if the performance didn't improve.

The unprecedented act of management reaching out to the workers led to protests from unions. A union president disgruntled that if the management claimed to have no money, how it could spend INR 500,000 for courier services to deliver letters. Despite these protests, Sarma marched ahead. He had realized that inculcating a culture of trust and open communication was the key to building partnership and enlisting commitment from workers. He met with the operating directors every fortnight and consulted with employees at all levels to devise strategies to improve performance.

Action Taken

The top management knew that they had to be proactive to overcome the "us versus them" mindset propagated by the unions. SCCL started the process with a communication policy to plug the information gaps, with a vision to "promote the spirit of Singarenism among Singarenians." The policy — a unique experiment in the public sector — aimed at touching over 100,000 employees spread over 67 mines¹³.

¹²

¹³ Mouli (2005). SCCL Internal Report titled "Singareni Collieries Company Limited – A Turnaround"

Sarma regularly wrote to the workers' homes, to keep their families informed about the organization. These letters addressed to the blue-collared workers written in local language explained the financial health of the company, how a worker could help, and adverse impact of strikes on productivity. The erstwhile clueless family members gradually started developing a sense of ownership and in turn, motivated their bread earner.

In March 1997, SCCL formed multi-departmental teams (MDTs) with the objective to update employees about the financial statistics, and elicit suggestions from workers for the management. The MDTs prepared and gave monthly presentations about company's performance to workers in mines, their families in colonies, and executives in offices. In the meantime, open house meetings with employees spanning all levels had become commonplace at SCCL. Sarma would host these meetings to ask workmen: "If you were in my position, what would you do? Which areas would you improve?" Based on the feedback collated by MDTs and ideas shared by employees at open house meetings, the management brought about a lot of improvements. Also, employees could see their voice being heard and their role in shaping the future of organization.

The management believed that actions spoke louder than words. The company issued press releases periodically regarding employee achievements at SCCL. On local television channels, they hosted talk shows and news features covering SCCL and its township activities. Every communication channel highlighted the importance of workers. Sarma followed an open-door policy where employees could freely walk into his office to share their problems. The general managers for every area visited the worker colonies to listen to their grievances. After 15 days, another officer would go to check if the problem had been addressed. The fulfilment of promises instilled trust in the hearts of workers.

SCCL launched a literacy drive, focused on recreation, ramped up housing and medical facilities, and rolled out a scholarship program for workers' children. The management also acquired a guest house for rural employees near the city hospital in Hyderabad for its employees and their family members to ease access to quality health care. Later, the miners who attended the literary sessions were invited to read the newspaper on stage during Independence Day celebrations. The applause from the audience infused a sense of pride and accomplishment in the workers with low literacy level.

SCCL formed a Singareni Seva Samiti (welfare association) which facilitated vocational training for workers' wives and thereby supplementing the family income. It switched to salary disbursement through banks instead of cash payment at the mines. SCCL also set up area terminal benefit (ATB) cells which served as one-stop solution for any settlement. The reduction in settlement period from months to few days provided respite to economically backward workers.

The multiplicity of trade unions that had plagued SCCL with discipline issues like frequent strikes, non-adherence to shift timings, absenteeism, and delayed shift changeover were growing weaker with a responsive management and information symmetry. In 1998, SCCL decided to regulate unions by holding trade union elections to restore industrial peace. The unions vehemently opposed the elections, threatening the management with dire consequences. But, the undeterred management organized the trade union election under the protection of police force.

In the history of Indian coal industry, first trade union elections were held at SCCL in September 1998. It was declared that except the recognized union, the management would not deal with any other association. Previously, any union would approach mine managers with unreasonable demands and resorted to strikes if they were not met. Post elections, SCCL announced that during strike, workers would lose the right to ask management for anything, including salary.

After clipping the wings of the unions, SCCL announced the disciplinary policy to monitor employee's

performance and behaviour. In 1999, it dismissed over 1500 employees for poor attendance sending out the message loud and clear. Interestingly, the workers didn't resort to strike as they had reposed trust in the management's actions and intent. From the mind numbing statistics of over 300 strikes per year, SCCL achieved a strike free calendar month in August 2000. The workers now felt "one with the management."

Under Sarma's able leadership, SCCL posted profits for four consecutive years. The accumulated loss declined significantly by 53.6 per cent in a span of four years while the net profit rose to INR 894 million in 2001.

Learning

1. In establishing a culture of trust, it is imperative for the leadership to engage the employees by empowering them with information and encouraging bilateral communication.
2. Active involvement of leadership lends credence to any initiative. Direct communication with low level of employees signifies that the leadership values their opinion.
3. To change the culture, the leader should take care of resistance at three levels i.e. cognitive resistance by sharing information, emotional resistance by demonstrating care and concern, and personal resistance by establishing trust in the leader.

Questions

1. Is trust reciprocal in nature i.e. if the leader reposes trust in employees, will s/he gain trust in return?
2. Why is it important to establish direct lines of communication between management and employees especially in unionized setting like SCCL?
3. At SCCL, how did the leader mobilize support from all level of employees in changing the organizational culture?

Course Positioning

The caselet is suitable for a course in Organizational Behavior. As the caselet describes how a unionized organization dealt with subversive unions and fostered a culture of trust, it will be helpful in introducing topics like group behavior, organization culture, and power and politics.

Regaining its Lost Glory -State Bank of India (SBI)

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

State Bank of India (SBI), with roots tracing back to 1806, was an opinion and market leader in the economic sphere especially in the rural heartlands. In the 2000s, with the advent of private and foreign banks even in the rural sector of India, the country's oldest bank with over 200,000 employees and 16,000 branches started losing its supremacy and customers.

The SBI branch in the Bihar University in Muzaffarpur felt its unquestioned supremacy threatened. It was due to lack of customer orientation, outdated technology and inefficient business processes. These problems were compounded with the employee pool that had become an ageing group and lacked customer focus. In the early 2000s, the private sector banks endowed with younger workforce, laced with superior technological capabilities provided higher quality of customer service which surpassed the public sector banks. Suddenly, SBI figured low on the list of the rising segment of young salaried or self-employed folks in the town. The frontline staff's motivation suffered as the number of customers dwindled every passing month. SBI carried the legacy of being state owned along with outdated technology and low customer responsiveness.

Overall SBI, once a force to reckon with, was languishing in inertia especially in the rural sector. The branch manager, Mr. Diwakar Singh at the small bank inside the Bihar university campus was perplexed with the declining number of customers.

Response

O.P. Bhatt, a lifetime SBI-insider, embarked on a countrywide transformation journey after his appointment as the Chairman in 2006. He was alarmed by the shrinking market share. The people weren't performing poorly as individuals; they just weren't energized and aligned with a common goal. He felt that the entrenched mindset of employees, where customers were supposed to approach the bank as opposed to the bank being proactive in attracting customers, also inhibited the growth. Bhatt delivered his famous 'state of the nation' speech at the conclave to create awareness about change. The conclave concluded with a 14-point agenda that fell into three broad groups – i) issues related to business, ii) how to facilitate these businesses; and iii) focus on people to create alignment and enthusiasm and was disseminated to all the branches in urban as well as rural India.

The branch manager, Mr. Singh at the university campus had found his elixir to revive and excite its handful of workforce.

Action Taken

When the edited 'state of the nation' address was made into a presentation that the deputy managing directors presented to 10,000 branch managers countrywide, Singh saw a ray of hope with change being driven from top. In addition, this was the first time the CGMs (Chief General Managers) had met with all the branch managers under them. For every branch manager including him, it signaled the importance of individuals in the transformation process.

The branch manager of University campus in Muzaffarpur realized that altering the mindset of employees who had worked for decades in a non-competitive, almost monopolistic, closed economy was an imperative. His officers were comfortable sitting from 9-5 in the office and catering to the needs of the pre-existing customers. They never bothered to venture out or made any attempts to connect with the customers. When Singh shared the presentation with his branch employees, employees were astonished and touched by the management openly disclosing what happened at the leadership conclave. This kind of openness was unheard of in the

long illustrious history of SBI¹⁴.

A change program named 'Parivartan' (meaning 'transformation') was launched countrywide by Bhatt in 2007 touching each and every SBI employee. The Chairman set a target of 100 days to reach out to 200,000 employees of the bank, right from clerks (junior level) to Scale-IV officers (senior level). The program, aimed to bring about mindset change and customer responsiveness through massive internal communication.

This program assisted the branch manager in energizing his team members and emphasizing the need for change. He appointed 'Grahak Mitra' (customer friend) whose job was to reach out to customers and understand their pain points. Subsequently, key employees were entrusted with the task of approaching prospective customers by seeking reference from existing customers. It was unlikely for these public-sector employees to pay a visit to the Professors and other customers on the university campus. This move showcased their proactive nature and reposed the trust of young faculty member who had initially opted for private banks like HDFC and ICICI as their salary accounts.

By July 2007, over 3,800 two-day Parivartan workshops were held at more than 100 locations throughout the country in 100 days to cover all employees. And to everyone's surprise and joy, the seemingly impossible target was met and the employees were united by a collective enthusiasm to win customers.

As the small university branch managed to gain a few new customers by shedding off its accumulated lethargy; at the country level, Chairman had embarked on the path to co-create a new vision of SBI. The vision of SBI was a complex, verbose statement, indistinct from several other organizations. Interestingly, it made no reference to 'customers'. Unlike the common practice of confining the task to the top management, SBI undertook the herculean task of engaging 200,000 employees in redefining its vision.

A series of five posters were created and sent to 16,000 offices, for five consecutive weeks. The posters consisted of statements like: "Today we are India's largest bank. How do we become India's best?"; "State Bank of India has got 140 million customers. How do you make each customer feel that s/he is the most important?" The rural branches that often felt sidelined in decisions related to bank at large, felt intrigued by the posters. It had triggered informal conversations amongst employees led by the designated change agent. Gradually, the demographically and geographically diverse workforce was thinking about the bank and its customers.

In the sixth week of Parivartan, every employee received a letter from the Chairman with a questionnaire. The questionnaire had 10 multiple choice questions, each with three choices to select from. They were given 10 days to fill the questionnaire and send it back. The questions included: "What is SBI's biggest challenge?" "What can give SBI the winning edge?", "What should SBI be famous for?", and so on. As for the vision statement, three choices were offered:

- I My SBI – Improving Life for All;
- II My SBI – The Bank of First Choice; And
- III A statement that focused more narrowly on the customers.

This last option won decisively with over 54% of the votes. The whole process garnered phenomenal response from 141,000 employees. The emergence of 'customer satisfaction' as the key idea was aligned with the winning option. As a result, the new vision "My SBI, My customer first, My SBI: First in customer satisfaction" was articulated where 90 percent of the employees were able to see their contribution¹⁵.

The new vision statement, achieved through employee support including the oft-ignored rural branches

14 Malone, R. (2009). Remaking a government-owned giant: An interview with the chairman of the State Bank of India . Retrieved September 27, 2011, from McKinsey Quarterly

15 Chakrabarti, R. (2010). Grits, Guts and Gumption- Driving Change in a State Owned Giant, New Delhi: Penguin Publishers.

helped the branch manager in driving change. In 2008, the bank employees hand delivered the SBI diary and the SBI calendar to each and every customer in the university. Firmly ensconced as India's flagship bank, SBI's rural employees weren't threatened by competition anymore.

Learning

1. A customer responsive culture is essential to thrive in today's competitive landscape even in the rural markets.
2. Communication, employee engagement, and a strong leadership are three two key pillars of driving a successful organizational change.
3. The success of SBI's cultural transformation is not only an inspiration for ageing businesses but a recipe to excel in the face of change and competition.

Questions

1. What are the ways in which organization can engage the employees as advocates of change?
2. Why and how should organizations adopt a customer responsive culture?
3. What is the role of leadership in implementing a successful organizational change?

Course Positioning

The caselet is suitable for a course in Organization Behavior, Leadership, and Organization culture. As the caselet deals with the issues and dilemmas faced by an organization in the face of competition, it will be helpful in introducing topics like creating a Customer responsive culture, role of a leader, executing organizational change and importance of employee engagement.

The Tale of a Model Village

Dr. Gowri Pisolkar, Associate Professor, Aurora's PG College, Hyderabad

Challenge

The rural population in India lives in primitive setting. Access to electricity, necessary education and health services are by and large a distant dream. Modern technology has not touched these people, even after many years of independence. Rural poverty which is leading to large scale migration to cities is a leading to a serious urban problem. Ralegan Siddhi was plagued with many problems like poverty, drought, and liquor. Its story was no different from the story of many such villages across India.

Around 1975, the picture changed. With the passage of time the village which was plagued with poverty and many other ills became a model village for entire India.

Response

The improved view of Ralegan Siddhi is because of the motivation and dedication of one man called Anna Hazare. When he came back to the village in 1975, he saw the village in utter distraught. He wanted to change the way the village was. The first and the foremost important task were to provide enough food to eat.

Anna understood, knowledge cannot be gained on an empty stomach, the villagers have to be fed properly, and they have to be provided with jobs for a living.

Idea of scientific farming practices leading to sustainable agriculture was what he thought would be the solution. The participation of the entire community especially the youth could revive the village. A youth society and a village assembly to spread ideas were started by Anna. These helped Anna, speak out against one of the larger problems plaguing the village – alcohol, and eventually eliminating it.

Actions taken

How did the village turn a new chapter? It all started by the motivation of the leader “Anna Hazare”. He not only supervised but led by example. He encouraged the village community to contribute its labour to rebuild the village temple and from then on the story of a model village took shape.

Water management was the first problem that was to be resolved. Huge Water tanks which could store rain water and also fill the wells with water were built. Percolation tank which was constructed was the beginning to resolve the problem. In 1975, the tank which could not hold water, Hazare gathered people to voluntarily repair the embankment. For the first time in the living memory of the people, the seven wells below it swelled with water. The second problem of soil erosion was curbed by stopping the cows to graze openly and felling of trees was discouraged and if a tree was cut, five trees had to be planted in its place.

Once the village had enough to sustain, education was emphasised by building the village school on a voluntary basis. A considerable transformation was managed through the work and collaboration of all the villagers and the devotion of a charismatic man.

Today the village is self sufficient in food grains and other necessary agricultural produce. The villagers tender Community service after finishing their daily routine. A sense of community and involvement among all the people is prevalent. Ralegan has shown the world how the whole system can stand on its own legs from scrap. It demonstrates the power of unity and the need to take charge of our own development for a sustainable environment practices. Today, there is no longer any poverty as the village sustains water year round. It also boasts of a grain bank, a milk bank, and a school.

Learning

1. Water management can lead to sustainable farming.
2. Leadership by leading: Say it, do it, coach it, live it.
3. Innovation at the grass-root level can be turned around for larger good.
4. Adversity can be turned into opportunity.

Questions

1. Differentiate between individual style of leadership and collective leadership?
2. What are the qualities of a good leader?
3. Community service should be an integral part of education? Elaborate.
4. The case of Ralegan Siddhi has demonstrated that feelings of ownership, empowerment and accountability are properly established, the necessary group dynamics come to the fore in creating wonders. Discuss
5. Discuss the applicability of Maslow's Theory of needs in the case of Ralegan Siddhi.

Course Positioning

The caselet is suitable for a course in HR / OB, and Rural Development . The caselet highlights certain concepts like participatory approach, group dynamics and role of leader, water management, sustainable farming and requirement of innovation at the grass root level.

Unity is Strength

Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

The state of Andhra Pradesh had progressed economically and socially at an unprecedented rate in the last couple of decades firmly gaining the status of a stalwart state. Despite this skyward growth, basic necessities of healthcare, education, and safety were still a pipe dream for women and children especially in the tribal areas. The Erukula tribe, an indigenous ancient tribe residing in Korlagunta, near Tirupathi was no exception. Moreover, the societal construct had unfortunately pegged the women and children at the lowest strata of the pyramid as recipients of benefits and growth. The 50 families whose traditional occupation was weaving bamboo baskets and mats were struggling to make their ends meet. The lives of the tribals were influenced by their habitat, level of traditional and ancient knowledge, and the skills they possessed in using the resources that were available¹⁶. Despite the knowledge and art of basket weaving, the illiterate women were at the mercy of middlemen who would charge a heavy commission for access to market. Hence, the tribal women needed to upskill and take charge to survive in today's dynamic competitive marketplace.

Response

In an earnest endeavor to improve the livelihood of folks residing in the remote corners of the country, the Indian government launched and extended the cover of the Development of Women and Child in Rural Areas (DWCRA) to all the districts in 1994-95. To help the women living below poverty line, the Self-Help Groups (SHGs) in Andhra Pradesh found support under the DWCRA scheme to empower the women living in abject poverty.

However, the success of scheme relied heavily on the participation of targeted social group to meet the objectives. Under the program, five DWCRA groups were successfully formed in the late 1990s involving the women belonging to the Erukula tribe. They were named i) Sri Balaji DWCRA Group, ii) Sri Sai Durga, iii) Sri Durga Bhavani Mahila Abhyudaya Sangam iv) Alamelumanga Group and v) Venkateshwara Group. Each group consisting of 10 members was enthused with a relentless commitment for self-sustainable development.

Actions Taken

The first step after the formation of the groups was to get rid of the middlemen. The appointed women leaders of the group were entrusted with the task of paving the way to the market to find customers. The group leaders, Smt Venkatamma and Adilakshmi took up the responsibility of meeting the officials of the Devasthanams and Municipality in Tirupathi. Empowered by the DWCRA programme, they found their first big client in the Tirumala Tirupathi Devasthanams. Things immediately started looking up once the group started supplying baskets to the Devasthanams as it ensured a constant source of income. They were not only producing goods but were also marketing their products independently without losing out the hefty fee extracted by middlemen.

As opposed to individuals involved in weaving, the group found it easier to even procure raw material from neighboring villages at better rate. The collective strength had increased their negotiation power in procuring bamboo from area near Renigunta, Chandragiri, and Ithepalle. The leaders looked after all the financial matters like filling tenders, collecting the amount from the buyers, and distributing the income among members depending upon the number of baskets supplied. In exchange for their work, the leaders took a commission of meagre 10 paise for every basket supplied. Every member earned close to two thousand rupees in a month which ensured proper food and shelter for them and their children.

16 Political Economy of Tribal Development: A Case Study of Andhra Pradesh, M. Gopinath Reddy K. Anil Kumar, Working Paper No. 85, Feb 2010, Centre for Economic and Social Studies

Soon, as the word spread, these five DW CRA groups also started supplying baskets to the Tirupati Municipality. The earning combined with the urban exposure transformed the lives of these women and their children. Since basket making was a traditional family craft, every family member contributed to the activity. However, the illiterate women of the tribe gradually realized the importance of education and enrolled their kids in the nearby government schools. Due to the urban contact, even girls who were usually confined to the household chores were attending the school along with the boys.

The leaders hosted group meetings once or twice a month to distribute the revenue generated by sale of baskets and foster a sense of cooperation among the group members. Another important agenda was the discussion on issues and problems related to women like health, family planning, hygiene, domestic violence, alcoholism in family etc. Earlier, there was no recourse for the women abused by their husbands or other family members. Post the formation of DW CRA groups, if any woman was abused by the husband or family members, the group would intervene. First, a warning was issued to the erring party and in the absence of any positive response; the matter was reported to the police. The group leaders became members of Maithri (friendship) group which was supported by the police department to promote social justice¹⁷.

In a nut shell, by working as a group, the Erukula women gained self-confidence, courage to raise voice against violence, and an indomitable will to educate their children to become self-reliant just like their mothers.

Learning

1. Participation of women is crucial for holistic development of society in the rural and tribal areas.
2. The success of Erukula tribal women can be replicated in other tribes to empower them socially and financially.

Questions

1. What are the methods to empower the weaker sections of the society?
2. Is it important to appoint leader in every group to perform productively?
3. What are the various ways to organize groups to ensure success of the program?

Course Positioning

The caselet is suitable for a course in Organizational Behavior. As the caselet describes how the women groups fostered a culture of cooperation and safety while achieving financial independence, it will be helpful in introducing topics like empowerment and group behavior.

Journey from ‘Dowry’ to ‘No Dowry’

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

Dowry has been proclaimed illegal and a punishable offence by the Indian courts several years ago but the gap between the letter and the spirit of the law is yet to be bridged. Like several other parts of the country, dowry was an integral part of the religious and cultural customs plaguing the marriages in the quaint Nilambur Panchayat in Kerala. The cent-percent literacy of the state failed to shield the state from the catastrophic effects of dowry. Dowry wrought havoc on the smaller households of the village wherein parents resorted to selling their households in order to meet the financial demands placed by the groom’s family as a prerequisite for marrying their daughter.

The minimum dowry of around one lakh rupees in cash and twenty sovereigns of gold amounted to three lakh rupees that were more than lifetime savings for low-income families. These families were forced to raise the money by mortgaging their houses to the banks or by approaching private money lenders. These loan sharks thrived on innocent borrowers by charging an exorbitant amount of interest making it impossible for the borrower to break out of the loan cycle. The statistics in Nilambur showed that around fifteen marriages took place every week amongst low income families. At an average rate of 15 weddings per week, around 45 lakhs of debt flowed into the society in seven days. Extrapolating the figure to twelve months, it totaled to a humongous sum of rupees 45 crores in a year.

The newly appointed Panchayat, Mr. Arcadian Shoukath vowed to fight this social evil as soon as he took charge of the village.

Response

Arcadian, a progressive leader and a filmmaker by profession sought the help of an Organization Development (OD) Consultant, Mr. Santhosh Babu¹⁸. After studying the current situation and the social structure of the Panchayat, the OD Consultant chose to implement a Large Group Intervention (LGI) as the change necessitated the involvement of all the stakeholders. A top-down approach wouldn’t have yielded desired results as the need of the hour was collective transformation of the whole system.

Initially, Santhosh Babu spoke to the leaders in the Panchayat to enlist their support by explaining the rationale and the methodology to them in November 2008. Once the top leaders were convinced, a Large Group Intervention (LGI) spanning over two days was organized in January 2009 involving the multiple stakeholders of the community. The participants ranged from senior citizens, to housewives to teachers to political and religious leaders. Even students were invited to these sessions build awareness among the youngsters. The leaders were treated like every other participant who shared their dreams, stories, and future plans with each other in a temporary construction erected at the top of a hillock in the village.

Action Taken

The key tool used at the intervention was Appreciative Inquiry (AI) which channelized the energy and focus of the participants on their achievements instead of problems. Once a shared sense of pride bonded the entire community, it was easier to discuss the elephant in the room. The appreciative inquiry had engendered motivation at the grass-root level and people engaged together in devising the strategy to better the lives of the people. The focus on the positive dimensions triggered the conversations on the past successes/ achievements along with the best ways to grow and prosper as a village.

18 Reflections on Whole System Change by Santhosh Babu in *Organization Development: Accelerating Learning and Transformation*, S. Ramnarayan and TV Rao (Eds.), Sage Publishing

Through the four stages of AI i.e. Discover, Dream, Design, and Deliver; the Consultant with the help of Panchayat had ushered the residents of Nilambur on a soul-searching journey of discovering their strengths and dreaming about an inspiring future. This collective, collaborative search for a suitable strategy to curb the practice of dowry resulted in a positive change that faced lower resistance and wider acceptance among the people.

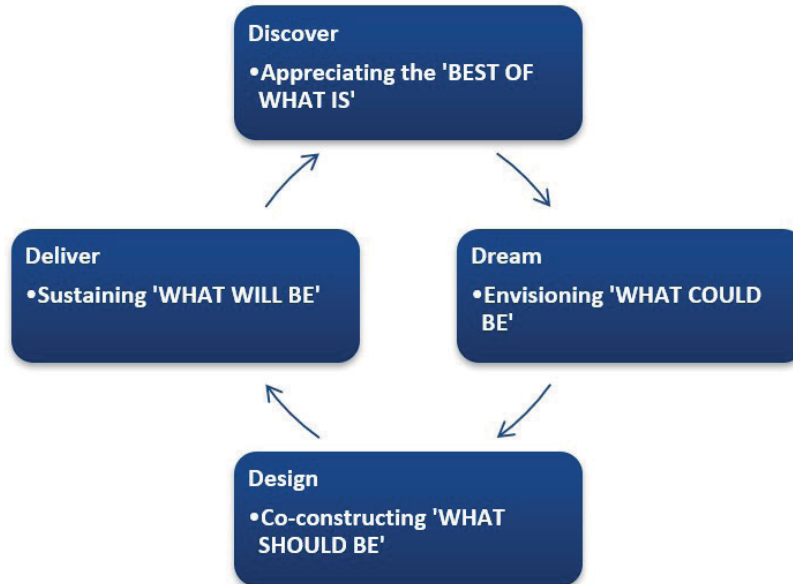


Figure: The 4 stages of Appreciative Inquiry (AI)

The presence of various age-groups of society at the intervention also created a sense of ownership as everyone felt involved in the process. It wasn't a dictum that was enforced by the Panchayat leaders on the villagers. After the interventions were concluded, the number of dowry marriages declined drastically.

Today, the Panchayat boasts of a website named www.dowryfreemarriage.com which is an inspiration for adjoining and distant areas. This platform aims at connecting people who believe in gender justice and marriages free from dowry.

Learning

1. Organization Development (OD) is useful in implementing planned change for organization in particular and society in general.
2. Appreciative Inquiry (AI) is a powerful tool for turning the problem-solving approach into a collaborative exercise instead of blame-game.
3. The leader and the participants are equal stakeholders in large group interventions.

Questions

1. What are the key steps in Appreciative Inquiry (AI)?
2. How does AI assist in mobilizing change especially in large groups?
3. Why should a leader relinquish his role in a large group intervention?

Course Positioning

The caselet is suitable for a course in Organization Development (OD) and Leadership. As the caselet deals with the social issue plaguing a small Panchayat, it will be helpful in introducing topics like group process intervention and the impact of OD.

Transformation of Barren Land to Pond¹⁹

Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

In a land faced with the double whammy of little or no opportunity of employment exacerbated by the vagaries of monsoon wreaking havoc on agriculture; abject poverty could be seen everywhere at Mahadevpur in Anara Gram Panchayat. At the dismal end of the spectrum was the socio-economic position of the women who suffered every humiliation and pain without being able to raise their voices because they were dependent on their husbands who were the bread earners of their families. The social vices of child marriage, dowry, and domestic violence were prevalent among the population that mostly consisted of Scheduled Castes(SCs) and Schedules Tribes (STs).

To make matters worse, the agricultural community of this area was crippled by the lack of proper irrigation facility. In the absence of robust irrigation facility, cultivators were restricted to single crop cultivation. As a result of low productivity and few employment opportunities, the income and subsequently the standards of living of residents were very low. It also resulted in large scale migration of labor to nearby industrial and colliery belts.

Response

MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) commonly referred as NREGA is one of the largest employment programmes in the world that provides a source of livelihood and asset creation to nearly 7.5 crore individuals annually in India. It is also one of the world's largest rural infrastructure programmes with nearly 1.5 crore assets being constructed annually. At the crux of the programme lies the promise of payment of minimum wages to the unemployed rural folks struggling to make ends meet.

Actions Taken

Although mentioned as a pond in the land record, the so-called Choubey Sayar was a barren land before the NREGA scheme started in Mahadevpura. In order to increase employment that would subsequently give a boost to production and income of villagers, the scheme to develop a pond was initiated at ChoubeySayar in Mahadevpur under NREGA by Anara Gram Panchayat. The condition of the soil was mixed in nature. In the process of re-excavation of this Sayar, a total no. of 3326 man-days were generated through which around 180 families of two adjacent mouzas/village viz. Mahadevpur and upper Baishyakulireceived direct employment and salaries.

The project also benefited over 35 families indirectly as they could use the water of the bundh (pond) for irrigation of their farmlands. After the successful re-excavation was done, Choubey Sayer provided water for various purposes, primarily for irrigation of about 6 acres of surrounding fields and agricultural land. Serving as the much-needed irrigation facility, it has not only facilitated higher production level and multiple crop cultivation but also transformed a few barren lands into cultivable ones where pulse had been grown earlier. These achievements have considerably reduced the so-called migration of labour towards the east. Agriculture activity has provided employment thereby raising the standard of living of the people residing here.

However, the most rewarding feature of this project was the huge number of women who were employed during the excavation. As per the muster rolls, around 50 % of the total labor forces consisted of women. An active involvement in the project has inculcated a sense of achievement while boosting the self-confidence of women who traditionally stayed at home and tended to household chores while the men worked odd jobs. It improved the socio-economic condition of the female workers as the project provided access to income with

19 nrega.nic.in/Reportfromfield/SCST_women_invo.pdf

which they could contribute to the nourishment and welfare of their families. These empowered women are no longer silent spectators but active participants in the decision making of their family affairs.

With the help of Panchayat and Block, two all women SHGs (Self Help Groups) have been formed with the aim of improving production and income along with spreading awareness about social causes, health and hygiene issues and ill-practices in the name of tradition. With increased awareness, the women in Mahadevpura are now keener to send their children to schools rather than silently watching their children being forced to work as child labor by their husbands. Post NREGA, the women learnt to become organized as they realized the strength of unity in solving their personal and community's problems.

In a nut shell, the project ushered in a period of prosperity as the water paved way for the life-giving pond on a barren piece of land.

Learning

1. Organization Development (OD) can be instrumental in implementing planned social changes for unprivileged sections of society.
2. For the planned intervention to yield desired results, it is important to engage all the sections of the society as active participants.
3. The leaders and the participants are equal stakeholders in large group interventions.

Questions

1. What is the role of the government and authorities in transforming the lives of the weaker sections of the society?
2. How did the excavation project assist in mobilizing large number of women?
3. Why should women be empowered for far-reaching impact on country's growth?

Course Positioning

The caselet is suitable for a course in Organization Development (OD) and Leadership. As the caselet deals with the economic and social issues faced by the village, it will be helpful in introducing topics like the impact of planned intervention through OD and HRM in rural areas.

Planned Changes Yield Planned Consequences

Ms. Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

Over 100 years old, the Singareni Collieries Company Limited (SCCL) was crumbling under the heavy weight of debt and an enormous workforce of over lakh employees with many of them characterized by high absenteeism, poor discipline and low productivity. Failing to curb its downward slide, the behemoth was eventually declared 'sick' (bankrupt) in 1996 by the Board of Industrial and Financial Reconstruction (BIFR).

After APVN Sarma was appointed the Chairman and Managing Director, he was shocked at the communication gap and trust deficit between the management and the workers. The apathy shown by the workers towards the deteriorating health of the organization partly due to their ignorance exacerbated the situation. Terms like productivity and bankruptcy were alien to the workers with low levels of education. The anti-management tirade propagated by multitudes of unions made matters worse. At the helm of this sinking ship, Sarma wondered about the ways to revive and nurse the sleeping giant to good health.

Response

APVN Sarma, an experienced bureaucrat knew that only planned changes yielded planned consequences. Therefore, he needed to understand the organization in its entirety – the power dynamics, the organizational culture and the mindset of the workers before devising any change plan. Like any organization, SCCL was also a whole system wherein change in one part would inadvertently impact others. He set out on this arduous journey by interacting with management as well as the blue-collared workers who worked in the coal mines to understand the ground realities.

Action Taken

Sarma aided with his chosen management team, chalked out a multi-point change plan.

Coalition for Leading Change

Sarma inducted Technical Directors, Finance Head, and Chief Engineers into his Change Management team to champion the cause. He also appointed a Personnel Head who would have an understanding of the people and people policies especially to manage the huge workforce. He formed Multi-department Teams (MDTs) to promote collaboration and lateral communication among different and disparate functions.

Bridging Communication Gap

Communication was touted as the most important tool to build awareness and support for change as it helped overcome the cognitive resistance regarding the rationale for change. Sarma and his change team met with workers and explained the concepts of financial health, productivity, and bankruptcy which could lead to closure of mines rendering the workforce unemployed and homeless. The letters written in Telugu (local language) by Sarma to employees' residential address created a sense of urgency for change and enlisted the support of family members.

Seeing is Believing

The customers complained to SCCL about the poor quality of coal owing to the presence of large amounts of iron-filings. Instead of reprimanding the miners, Sarma sent couple of workers to the client site at Raichur. During the visit, the workers learnt from the customers how these filings resulted in faster wear and tear of the conveyor belt. They came back and shared the message with fellow workers and the quality improved without direct intervention of management.

Brainstorming with Workers

Sarma held sessions with workers with an open agenda on ways to improve things at SCCL. He would seek their ideas and suggestions to improve the workplace. For instance, random checks had revealed that the number of miners entering the mines and the cap-lamps issued did not match. When Sarma posed the question, a worker recommended that 8 am should be the deadline for issuing cap lamps. The simple suggestion of deadline coined by a fellow worker ensured that miners reported for their shift on time.

Demonstrating Care with Action

The management needed to overcome the propaganda by unions which portrayed a callous management lacking the welfare of workers in its heart. The management built recreation arenas near the worker housing for their children. They also provided better medical facilities and organized campaigns about HIV/AIDS, nutrition, etc. Sarma even sanctioned the treatment of a worker suffering from AIDS on company's expense. A scholarship programme was launched to support the education of academically bright children of workers. He also formed a Singareni Seva Samiti (Welfare association) for the wives of workers to receive vocational trainings to improve the family income.

Curbing Industrial Unrest

The subversive trade unions hampered the performance of SCCL as they promoted strikes, non-adherence to shift timings, absenteeism, and delayed shift changeover. To curb the industrial unrest, SCCL held trade union elections in 1998 amidst vehement opposition from union leaders. Post elections, the management would discuss and deal only with the elected and registered unions. This resulted in dramatic decline in the number of strikes from almost one every day to a strike-free month in August 2000. The workers didn't resent disciplinary action as they knew that the future of their families depended on the productivity of the collieries.

Rewarding and Motivating the Employees

Sarma recognized the importance of motivating and rewarding these partners of change. In 1997, SCCL officially launched an Employee recognition program to award the best mining and non-mining worker in each area. The achievements of the workers were highlighted through different channels of communication. He implemented the program to teach Telugu (reading and writing) to workers as literacy was low among the workers. On Independence day, the literate workers were asked to read the newspaper on the podium with the loud applause from their peers and superiors as the reward.

Rationalizing the Workforce

After gaining the trust of the employees, it was the time to trim the workforce. SCCL introduced the Voluntary Retirement Scheme (VRS) for the ageing workers. In lieu of compensatory employment, it offered the alternative of pension of 3500 Rupees per month to the spouse/dependent of the deceased worker. Both the initiatives, brought down the manpower resulting in higher productivity as often the dependent workers and aged workers exhibited low productivity.

The plaque outside Sarma's office bore the words of Ralph Emerson:

'Trust men and they will be true to you

Treat them greatly and they will show themselves great.'

These words that were his guiding principle since the day he stepped into that office had finally pulled SCCL from the gallows of death when it posted profits for the first time under the leadership of Sarma. In a short span of four years, the net profit rose to over eight hundred million along with the motivation and dedication

of the employees.

Learning

1. In planning any change, the organization should be treated as a whole system with multiple actors and stakeholders.
2. The communication strategy (words and actions) should be aligned to the audience. For example, modern communication tools (social media, blogs, emails etc.) are ineffective methods of connecting with illiterate workers or ones with low literacy levels.
3. The change plan should be deconstructed into multiple steps to ensure the success of the program.

Questions

1. What were the different steps of change employed by Sarma at SCCL? Hint: Refer Kotter's Eight steps of Change.
2. How did management proactively engage all the actors in the change plan?
3. At SCCL, how did the management display communication trust (sharing information), contractual trust (trust of character), and competence trust (faith in each other's ability)?

Course positioning

The caselet is suitable for a course in Organization Development. As the caselet describes how a bankrupt organization shed its accumulated lethargy and transformed to survive, it is ideal for introducing topics on nature of planned change and organization as a system.

A Step in to the Toilet²⁰

Neha Gupta, Learning and Development Consultant, Hyderabad

Challenge

The government and leaders were successful in creating a flourishing economy but fell short at places in uplifting the rural population in terms of sanitation and hygiene. Till 2014, half of our countrymen suffered from open defecation wherein millions had to sacrifice their dignity every morning to attend to the call of the nature. The problem was acute in villages where fields served the purpose and toilet was often traded in for scooter, bikes, or television. The sanitation and hygiene cost penalized not only the dignity of the women but the health of infants who fell prey to diarrhea and other diseases impacting their physical and cognitive growth and development. The poor health of children who are our future workforce could deter the growth rate of the country. If the infrastructure and the status of the country had to be firmed up among leading economies, there was an unprecedented need to change the behavior of 60 crore people and rid the nation of open defecation.

Response

The grit and gumption of one man broke the silence in households, government schemes and political speeches on topics like toilet, excreta, pot, latrine, open defecation that were considered bad words and unpalatable for conversations. Since our independence, million were set aside by the government but none ever tackled the problem that plagued half of our population every day irrespective of their caste, creed, age, or religion. In 2014, Mr. Narendra Modi, the esteemed Prime Minister of India announced the Swachh Bharat program with a seemingly impossible aim of weeding out this problem throughout the length and breadth of the country.

The massive resource-intensive transformation of the nation required strong leadership along with incessant communication to bring everyone onboard. In consultation with the Finance Minister Arun Jaitley, the ambitious mission was granted a handsome budget of over \$20 billion to facilitate access to sanitation to each and every Indian.

An extensive communication campaign was launched right from the top of the government to the government officers at the lowest levels who were entrusted with the task of creating awareness about hygiene and sanitation. The prime minister spoke on the issue at length at all his public speeches, in his radio program 'Mann in Baat' that was relayed and replayed and also shared his views on various programmes in TV to ensure that his message is delivered to everyone. The role of the government officials including the district collectors was to inform people about the schemes that have been rolled out to help them construct toilets in their homes and villages. The village panchayat played an active role in sharing the information with fellow villagers. The walls and pillars on highways were painted with graphic messages that conveyed, 'Animals shit in open. Humans go to toilet.' The images also displayed how the open defecation results in excreta flowing into our water bodies and thereby directly infecting our drinking water. At times, the messages felt crude but the sophisticated crafting wouldn't have driven home the point.

The private matter in those days had become the most publicly debated issue. The successful construction of toilets in one village would inspire the neighboring village. This government initiative led by Modi snowballed into a national success story. Through newspapers and advertisements on television, toilets caught the fancy of entire nation. Even Bollywood was not insular to the impact of the initiative. A noted filmmaker Shree Narayan Singh beautifully narrated the story of entrenched mindsets in a village setting with Akshay Kumar, Bhumi Padnekar, Anupam Kher, Sudhir Pandey and Devyendu Sharma in the star cast. The portrayal of the

20 Extract from 'How Swachh Bharat changed India and became a global inspiration, Sep 19, 2018, Economic Times'

travails of a young bride who complained about lack of proper toilet to the protagonist, her husband in Toilet: EkPrem Katha not only delivered the message to the masses but scored at the box-office by earning over 300 crores in revenue. Similarly, the vision of PM Modi scored among the rural masses with the remarkable improvement in rural India's sanitation coverage.

The rural India's sanitation cover registered a stupendous growth from 39% in 2014 to around 93% in 2018. Sanitation and toilets are no longer a taboo to be brushed under the carpet instead of talking openly about it. Altering the mindset was the biggest challenge in this journey but once achieved, it was also the biggest enabler in bringing others into the fold of this initiative. Toilets have been named as 'Izzatghar' (respect house) in few parts of the country as they restored the dignity of the people. As part of the campaign, till date 8.5 crore rural households including schedule castes, schedule tribes, women-headed households, and small and landless farmers have been offered a financial incentive of Rupees 12,000 each to build their own toilet. Due to the availability of toilets, over 50 crore people have shunned the practice of open defecation in the past four years.

The transformation of the vast rural landscape has yielded economic and social benefits which validate the beliefs and the rationale for investing so heavily in rural sanitation. The merits can be gauged with the World Health Organization's assessment predicting saving of over three lakh lives if India becomes ODF (open defecation free) by 2019. As per UNICEF's estimation in 2017, the ROI (return on investment) for sanitation is 400%. PM Modi won not only the hearts of the rural population but admiration of several global leaders. It can undoubtedly be touted as one of the largest and most successful experiments in public policy yielding health and economic returns by boosting productivity and safety of women and children. India is all set to share the recipe for success with 50 sanitation ministers from all over the globe at 2018 Mahatma Gandhi Sanitation Convention (MGISC).

Learning

1. Building awareness through communication is important for enlisting the support of the people affected by change.
2. The mandate from the top should be effectively delivered to the people at the grass root level.
3. Large-scale transformation requires firm leadership and the necessary resources along with extensive communication.

Questions

1. How did PM Modi embark on the large scale change of improving the Indian rural sanitation?
2. What were the various methods of delivering the message to the population?

Course Positioning

The caselet is suitable for a course in Organization Development (OD) and Leadership. As the caselet deals with the social issue compounded with the entrenched regressive mindset, it will be helpful in introducing topics like Implementation conditions for failure and success in O.D efforts, and Nature of planned change.

A Smart Dream for Punsari Model

Dr Sumathi G N, Associate Professor, VIT Business School, VIT University, Vellore

Challenge

Punsari is a village in Gujarat with a population of 5500, with no proper electric supply, road facility and water supply and poor education²¹. It lies 80 kms away from Ahmedabad and was facing the severity of migration until the victory of Mr. Himanshu Patel in 2006 Panchayat polls at his age of 23. After then, the young sarpanch, Patel made strategic moves to stop migration and to bring improvement in the village. As a graduate from North Gujarat University, his heart was so much burning to see the development of his village.

Response

Patel found that the existing funds in the panchayat were in deficit. Later he figured out, that plenty money come to panchayat and the problem was in the utilisation of funds. He knew that without gaining the trust and confidence of the villagers he can't bring any improvement. So he focused on meeting the basic necessities of the village in the first three years. But he was firm to use funds from government schemes rather than taking help of NGO or CSR funds or donations. He worked with district administration and accumulated the funds that come under various heads such as the District Planning Commission, Backward Regional Grant Fund, 12th Finance Commission and Self Help Group Yojnas. He led the 11 member committee that included five women members and took care of village affairs. Within two years period, the village had uninterrupted water supply, electric supply, pucca roads and a toilet at every house of the village. It also had a proper drainage system. After meeting the basic necessities of the village, he targeted to meet the requirements that are undemanded and were not the need of the hour.

Actions Taken

About 140 installed loudspeakers were connected to gram panchayat office not only for announcing government schemes but also for announcing any news on birthday wishes and condolences. Patel connected his mobile phone to loudspeakers so that he always remained connected to his villagers even when away from the village. Knowing the importance of education in uplifting the rural economy, he placed a chunk of money for school education. The two primary schools in Punsari have computers, projectors and air-conditioned classrooms with the student strength of 600. He then worked on multiple projects such as building unit for producing electricity out of plastic waste and e-rickshaws for garbage collection. The waste collected through garbage van was transferred to the renewable energy plant and the plant provided sustainable power supply to the entire village. Mr. Patel encouraged two school boys to work on a RO plant and from 2010 the Punsari villagers get RO water for Rs.4 per litre. The entire village is wifi enabled and the villagers receive 30Mbps data by paying Rs.50 per month at the Panchayat office. Almost 300 villagers are internet users. The CCTV cameras are installed at critical points and the footages are viewed through a mobile phone app. Beyond all these development, health of the villagers was catered through the services of a primary health centre. The maternal mortality rate and infant mortality rate was found to be high in the village. All villagers including the pregnant women walk 2 kms every day to supply milk to the milk banks. So a village transport system was initiated wherein the villagers used the mini bus facility by paying Rs. 2. Moreover the 100% vaccination in the village in 2008 and the increase in the number of institutional deliveries lead to reduction of MMR and IMR. In schools, the children enjoyed free meals in the afternoon and now the entire village don't have a single malnourished child.

Now Patel had no problem with the funds, as the state government had already sanctioned Rs.52 lakhs. The committee led by him, meet at the conference hall in the headquarters office that gives a feel of a modern

21 Successful villages, Ministry of Human Resource Development, <http://www.ncri.in/Village%20Visits.pdf>

office. In eight years, he made a great transformation in Punsari that a team from the Central ministries of urban and rural development have visited to study “Punsari model”. All these had been possible only when Patel made a proper understanding of the schemes available of the state government and leveraging them aptly to bring visible changes in the village. He used an integrated approach of team building strategy in utilising the various funding schemes. The project of making Punsari, a model village that began in 2006 took only eight years to make a global reach with 16 crores. About 10-12 families have returned from different cities like Mumbai²². The project had uplifted 328 families in the below poverty line to above poverty line, which Mr. Patel recollected as the happiest memory and success of his Sarpanch role and the Punsari model was adopted by 500 Gujarat panchayats²³.

Learning

1. The team building approach with the right leader using authority will bring qualitative changes in the rural areas.
2. The leaders and government can play a crucial role in the planning and implementation of organizational development interventions for effective rural development and management.
3. The team building is a right approach for developing into smart village as the village required integrated funds from different schemes of the government.

Questions

1. What are the characteristics of a smart village?
2. Explain different organizational development interventions to develop smart villages.
3. Why do you think Mr. Patel has used the team building approach?
4. Elucidate the leadership role played by Mr. Patel and discuss the use of authority in taking the developmental activity forward.

Course Positioning

The caselet is suitable for a course in Individual and Organizational Behaviour. As the caselet elucidates how the entire village was transformed into a smart village, it will be helpful in introducing topics like organizational development interventions and team building approach especially the use of leadership and authority in rural management.

22 Ahmed (2014) Inside Punsari: a model Indian village. <https://www.bbc.com/news/world-asia-india-29914208>

23 <https://www.thebetterindia.com/112312/punsari-best-village-sarpanch-himanshu-patel/>

A Digital Change for SHG Women in Hand-in-OG HIH

By Dr Sumathi G N, Associate Professor, VIT Business School, VIT University, Vellore

Challenge

Hand-in-Hand is a registered charitable trust in Tamilnadu²⁴ focusing to alleviate poverty through integrated community development approach. It involves in women empowerment through job creation, child labour elimination, health, environment and skill building. In the process of empowering women, the Self- Help Group (SHG) project helped in the creation of 1.62 million microenterprises and 2.35 million jobs. Along the way when the SHG members had the difficulty to take their products to a wider audience and to understand customer requirements. This inability directly affected their business sustainability.

Response

The HIH as the response to the fast changing needs of the customer needs identified innovation and technology as ways for achieving business sustainability. So HIH formed strategic partnership with Vodafone foundation and Indus Towers. The project was initiated with these partners that led to the emergence of Rural Women's Initiatives for Self-sustained Enterprises (RISE) that it was aimed to bring markets to the SHG women entrepreneurs. The projects in HIH were digitised with the help of Information Technology (IT) team. The IT team created unique apps and portals to support the operations. The manual receipts are replaced with computerised receipts across several branches through the receipt generation software. Even the members' data can be stored and monitored for loan repayment. So the use of IT was seen as a solution for business sustainability of the SHG projects.

Actions taken

Some of the challenges that the SHG women face are the uneconomical prices, inadequate availability of raw materials, unscientific planning and production, inadequate credit and lack of capital²⁵. In order to counter the challenges, the digital platform that was created enabled them to position their products. Therefore the information on product availability for sale in different locations was easily accessible by the other sellers and the buyers could make their transactions. In addition the search for funding agencies and the tie-ups with private bodies was less burdened as the digital platform was of great support as the business information was readily available. The IT team developed an online e-commerce portal which was supported by Ericsson India Private Ltd. The online portal was developed to enable the women entrepreneurs to market their products online. The apps created by Vodafone and Indus Towers are tuned to the needs of women entrepreneurs for posting their products online. On one side the adoption of IT was making the routine operations easy and widened the reach of the products but the adaptability to the new system was a great challenge to SHG women.

With all such positive aspects about the use of information technology for business, its use among SHG women was a real night mare. These women had the real problem of using the mobile phones for marketing their products. The SHG women found themselves lost in the digitization process. Only very few of them could appreciate the change while most of them are doubtful. There was a clear resistance to new change of making digital for doing business. There was fear among women that lose control over the business and they felt unsecured. At this juncture for the change to be successful, it is important to educate the women on the importance and the significance of change. Therefore training SHG women was considered as the important change intervention.

²⁴ <http://www.hihindia.org/gpresence-state/tamil-nadu-9>

²⁵ Annual report Hand-in-Hand, <http://www.hihindia.org/wp-content/uploads/Annual-Report-2016-17-Oct-25-Web-version1.pdf>

Training programs were planned in a phased manner. First of all, the pressing need to move towards using information technology for doing business transactions are explained. This created a base for understanding the necessity to change. At the next level, the use of IT for developing and sustaining their business was emphasized. This is where the actual learning process happened among SHG women where continuous training on how to use the electronic gadgets, intricacies involved, the problems that the new user may encounter and how to tackle the problems were provided. This was a real challenging phase as the women have to spend time and effort to understand the operation of business using IT tools. The SHG members are trained to use the mobile phones, and they are facilitated to make B2B transactions through SMS, mobile app and e-portal. Moreover the in-house IT team also worked in close association with the women entrepreneurs to understand their product features. In addition to learning that happened in hands-on training, the confidence of SHG women improved and they are able to face the use the digital platform in a better way. Thus the B2B marketplace was developed where the buyer and seller interacted. The use of digital platform for transactions brought change in the way of business as seen by women entrepreneurs. This resulted in the development of e-commerce portal, through Kaushal.org.in for the SHG products.

Learning

1. The change is inevitable and there is a systematic way adapting to change for the development of the organization.
2. Several factors pushed the SHG women to use IT tools such as the existence of variety of products in the market, lack of awareness about customer requirements, demand for the organic products in the market and the market condition.
3. The SHG women could not accept the digital change as it is new to them. They have their self-inhibition to come out of their comfort zone to use digital apps and e-portal. Most of them have used mobile phones to attend and make phone calls and they are clueless to think of using apps for carrying business transactions.
4. The change intervention adopted here is to educate women to use the mobile phone for sending SMS on business transactions. The women are trained to use the apps for carrying out their day-to-day operations. They learnt how to upload their products' information online and to sell and buy products online.

Questions

1. Why do think the HIH thought of using information technology for its project operations?
2. What are the benefits of using e-portal for marketing products?
3. Explain different challenges that the SHG women faced while adopting the digital tools for their business operations.
4. What kind of interventions are adopted to establish the use of information technology among SHG women?

Course Positioning: The caselet is suitable for a course in Individual and Organizational Behaviour. The caselet elucidates how the rural women are moving towards digital business operations and it will be helpful in introducing topics like organizational change, forces for change and resistance to change in specific to individual transformation for effective rural business management.

RangSutra: Be the Change!

By Rasheeda Shums, Assistant Professor, AAKCBA, Hyderabad

“The power of one, if fearless and focused, is formidable, but the power of many working together is better”²⁶

- Gloria Macapagal Arroyo²⁷

RangSutra, founded by Sumita Ghose, is a community-owned business belonging to artisans from villages across India. More than 2000 artisans are its direct shareholders and it has an annual turnover of more than Rs. 10 crores.

Challenges

Sumita Ghose had an idea for RangSutra in the year 2002, when she was studying for a Master’s Degree in Conflict Resolution at the Eastern Mennonite University, Virginia. She saw that the Indian economy was growing but not everyone was benefiting and unless India’s growth became inclusive, a large section of people – the poor would be left behind. She realised that they need not be so – there was an opportunity in the offing. With the rising middle class, purchasing power of the people was increasing. The demand for hand crafted artefacts, clothing and home furnishings was on the rise. India had thousands of rural artisans who had the craft skills to cater to the rising demand.

Response

Sumita Ghose decided to do her bit – and RangSutra was born. To get the required capital she offered the weavers and craftspeople equity. A thousand artisans invested Rs. 1000 each, which gave her a seed fund of Rs. 10 lakh. With some monetary contributions of her family and well-wishers, she founded the company RangSutra on a small scale in 2004.

RangSutra employs artisans from different villages across the country creating beautiful work. They range from Rajasthan to Uttar Pradesh to Kashmir & Manipur.

These artisans are trained by the company to acquire the skills necessary to improve their craft, manage the production processes, maintain quality control, and manage finances. Seventy percent of the artisans at RangSutra are women. Woman empowerment is taken seriously at the company and as shareholders, RangSutra’s women artisans are trained to enhance their skill set. They are vocal about their views on the job and are open with their managers and even the managing director. Through the years they have come to understand the importance of quality and uniformity in the market.

The company has been guided by the principles:

- “Respect for the producer, respect for the customer and for each other.
- Samay par aur safai se - a commitment to timely deliveries and to excellent quality of work.”²⁸

26 <https://www.quotetab.com/quotes/by-gloria-macapagal-arroyo#dQbxHmtsRsvBQQm.97>

27 Maria Gloria Macaraeg Macapagal Arroyo is a professor and politician who was the 14th President of the Philippines from 2001 until 2010.

28 The RangSutra website



Source: <https://www.thebetterindia.com/80816/rangsutra-artisan-crafts-sumita-ghose/>

Meharunnisa, a shareholder artisan is a tie-dye specialist from Bikaner. Her association with RangSutra began after more than two years of intense training. The company helped her become a confident woman who says, “my work lets people know about me, my ability to supply in bulk and the finesse involved”²⁹. Meharunnisa earns around Rs.12,000 a month and feels confident of her ability to handle orders that adhere to global standards.

Badii Bai, an embroidery specialist, is the anchor of a women artisans group in a village in Bikaner division. She has been a part of RangSutra since its inception, she says “Many women in my village are shareholders. We work together as a family with customers, suppliers and RangSutra to ensure better returns. We have a sense of ownership and pride and a feeling that this is more than just a job... Our clients come for hundreds of miles to look at our work and lives. We have a glorious past and look forward to a richer future.”³⁰

Over the years RangSutra has consolidated its work in the villages and small towns by shifting from home based to centre based work. The Kala Kendra’s or the Village Craft Centres initiated by the company has brought visibility to the artisan’s work and has contributed to their economic and social upliftment. It has provided the artisans with a safe and congenial working environment. Working at RangSutra has given these artisans a sense of pride, that goes well beyond their gender, their caste or their creed. The Kala Kendra’s have become a hub for training those who wish to learn, to earn a better income, and grow .

Action Taken

RangSutra’s business model is based on working within a group. The company initially had three clusters, and by 2017 the number increased to 35 groups of artisans in UP, MP, Rajasthan, West Bengal, and Manipur. In Manipur, the company collaborates with the Manipur Women Gun Survivors Network and in Madhya Pradesh it employs women who have given up scavenging to train and become artisans. Some of the skills possessed by these artisans include: Appliqué work (a beautiful craft technique that involves making a design on a base fabric with small patterned fabric pieces) by artisans settled in parts of Rajasthan (Barmer) and Gujarat. Embroidery by the artisans in Bikaner, Jaisalmer, Jodhpur and Barmer districts of Western Rajasthan and Kashmiri hand embroidery by artisans in Srinagar.

29 <https://www.thebetterindia.com/80816/rangsutra-artisan-crafts-sumita-ghose/>

30 Ibid.

In 2011, RangSutra began focusing on workshops for the development, monitoring and quality control of new products. These workshops trained the artisans in acquiring skills needed to manage a group of artisans. The training also helped the artisans learn to track orders and ensure timely delivery of products, which led to a significant jump in sales.

The company has centralised cutting and stitching of apparel and other activities in Bikaner and Mirzapur to ensure standardisation of quality. The embroidery and embellishment to the apparel is done at the village centres and finally the garments are dry cleaned to ensure they are fully cleaned and the colours don't run. Even the waste material collected from the cutting and stitching of apparel is not wasted. It is used to make patchwork bed sheets, hand bags and mobile phone covers.

On September, 2017 RangSutra and partner organization Urmul Marusthali Bunker Vikas Samiti (UMBVS)³¹ conducted a Craft Managers Training Workshop in Bap, Rajasthan. The workshop was more than just a means to learn how to stitch and sew. "We are not just here to learn ralli (a Rajasthani method of patchwork). We are here to connect with each other and to have important conversations,"³² Karima, an artisan, expressed to the group. For these women artisans of RangSutra, ralli has been more than just a sewn quilt; through their craft, these women's lives are woven together as they are driven by their desire for independence and autonomy.

RangSutra has partnered with a number of well known brands which has resulted in a marked increase in its sales. It sells a variety of handcrafted traditional products and handlooms to Fab India³³. The company has also partnered with IKEA, a Swedish multi-national group of companies known for their designs, particularly in furniture.

RangSutra has thus far been quiet successful in creating opportunities for inclusive growth in rural India, based on principles of fair trade and a celebration of India's rich and varied craft heritage. The brand has since its inception been breaking taboos related to mobility and independence of women within and outside their 'homes'. In 2017-18 the company had come up with a fashion collection called "RangSutra - Be the Change". The words could not have been more apt to describe these artisans of RangSutra – they are leading the way – truly showing how to 'be the change'.

Learning Outcomes

1. Rural Development can be possible with the help of a participatory approach to ownership, production, training, and quality control within an organisation.
2. A visionary leader of a company can play a major role in improving the economic and social life of rural workers (artisans).
3. The formation of Kala Kendra's is a method to improve the skill sets of the marginalized workers (artisans) through training and interaction.

Questions

1. Explain how the Kala Kendra's of RangSutra were able to uplift the lives of the artisans.
2. "Respect for the producer, respect for the customer and for each other."³⁴ Analyse how this guiding prin-

31 Urmul Marusthali Bunker Vikas Samiti (UMBVS) is a not-for-profit organisation established for the welfare of weavers in the Thar Desert of Western Rajasthan.

32 "What do you want to be when you grow up?" <http://www.blog.rangsutra.com/blog/>, Sep 2017

33 Fabindia is India's largest private platform for products that are made from traditional techniques, skills and hand-based processes.

34 The RangSutra website

ciple of RangSutra can be universally applied for the growth of a company and its people.

3. Analyse the case to determine some innovative steps that the government can take to help artisans and craftsmen across India both economically and socially.

Course Positioning

This caselet is suitable for a course in Human Resource Management and Organisation Development with a focus on rural development. It helps to show how marginalized workers can successfully organize themselves into a profitable concern with the help of proper leadership and training. The caselet will be helpful in analysing topics like participatory approach to rural development and the role of training and development for the economic and psychological growth of a person.

Challenges of Marketing of Agro Products

Dr. Nilam Panchal, Associate Prof., BK School of Professional & Mgmt. Studies,
Gujarat University

Prof. W. C. Singh, Manipur Institute of Management Studies, Manipur University

Challenge

Over 58% of rural household depends on Agriculture as their principle means of livelihood. As per the 2nd revised estimates by Central Statistics Office, the share of agriculture and allied sectors is estimated to be 17.3% of Gross Value Added. To increase the crop production, various pesticides and fertilizers are being used as per requirement of crop. Though the latest trend of bio-fertilizer is emerging, pesticide share more than half weightage compared to bio-fertilizers. Instant result on preventing crop weeds and pest makes farmers to depend more on pesticide and fertilizers compared to liquid bio fertilizers which take more time in increasing yield production and improve soil fertility. Another factor which accounts on more use of fertilizer and pesticide is promotion by traders. Private players give high profit percentage and commission on sale of pesticide which makes retailers to concentrate more on increasing sales of such product and less bio fertilizers.

Response

Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP). As per the 2nd advised estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) is expected to be 17.3 per cent of the Gross Value Added (GVA) during 2016-17 at 2011-12 prices. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains. India's GDP is expected to grow at 7.1 per cent in FY 2016-17, led by growth in private consumption, while agriculture GDP is expected to grow above-trend at 4.1 per cent to Rs 1.11 trillion (US\$ 1,640 billion). As per the 2nd Advance Estimates, India's food grain production is expected to be 271.98 MT in 2016-17. Production of pulses is estimated at 22.14 MT. India's exports of basmati rice may rise to Rs 22,000-22,500 crore (US\$ 3.42-3.49 billion), with volume to around 4.09 MT in 2017-18, backed by a rise in average realizations. Wheat production in India is expected to touch an all-time high of 96.6 MT during 2016-17. Groundnut exports from India are expected to cross 700,000 tonnes during FY 2016-17 as compared to 537,888 tonnes during FY 2015-16, owing to the expected 70 per cent increase in the crop size due to good monsoons. India's groundnut exports rose to 653,240 MT during April 2016-February 2017.

Gujarat has long been considered as one of the most progressive states of India, be it on the industrial front or the agricultural front. Imbued with a proactive, visionary outlook, its government has catalyzed development in various spheres the collective effort has, thus, propelled the state towards progress. Agribusiness by Agrovision Ltd. which promotes agricultural activities at the ground level and fosters the development of agro industries in the State is a manifest example of the forward-looking policies of the Government. Set up in 1989 the company acts as a facilitator and nodal agency for implementation of various scheme of Government. The present-day globalized agricultural environment necessitates a holistic approach to farming and all related activities. Moreover, strengthening of the forward and backward linkages between agriculture and industry has also become a prerequisite. This is where this company steps in. It plays an important role in increasing competitiveness by encouraging farmers to adopt an integrated approach to agriculture and work towards better returns from the existing set-up.

The Nucleus of all the activities of Agrovision Limited is the farmer. The company has a strong presence in rural Gujarat through its network in different district-level centers and Agricultural business centers run by private sector entrepreneurs which provide services at the doorstep to farmers. Lakhs of farmers visit these outlets regularly. The company has appointed unemployed technicians/agricultural graduates located at all villages/Talukas to give services to the farmers for their basic requirement to more than 1500 Agro Service Centers/Agro Business Centers are handling fertilizers distribution work. Now since competition from private players has increased the greatest issue is how to distribute it wisely to the retailers. Retailers are attracted towards the offers made by private players of giving high profit percentage and commission on sale of pesticides. This makes retailers to concentrate more on increasing sales of such products as it increases their profit. Being a government stake in this company, they are not able to offer more amount of commission to retailers and so how to motivate distributors is a problem.

Action Taken

The company has adopted Distribution of Pesticides in Gujarat through different channels. Company has opened Agro Service Centre/Agro Business all over Gujarat State for marketing and distribution of our products. The company has also appointed some Private Distributors throughout the state and it has also distributed its products at various depots located in Gujarat for various companies. Still the results are not achieved.

Learning

Team of experts conducted study for taking feedback from the farmers and retailers about pesticides and bio fertilizer products by visiting to various retailers. The farmers liked the product and they use it but the retailers' margin compare to private producers is less, are not motivated to sale the products of the Agrovision Ltd. The caselet will provide an opportunity to the students for exploring all the problems. These problems may include Less Margin, No concentrated efforts, No maintenance of subsidy work, billing work is slow, No product return facility, No discount offered like private producers, Margin on pesticide products is less. These things can be explored from this case.

Question

1. What should be the right strategy of Agrovision for improving marketing and reaching to farmers?
2. What restrictions can removed and how retailers can be motivated to sale the product of Agrovision?
If you are manager, what would be your strategy being a public sector organisation?

Course Positioning

The case let will be suitable for the course on Marketing and Retail Management of Agro products to farmers. It will give the learners a thought on how the problems and challenges of a public sector companies compare to private sector and it will help learners to think on the right strategies for overcoming the problems and improving the sales of Public Sector Company.

Trust is the Trading Currency¹

By Neha Gupta

Challenge

Seling was a remote village tucked 65 kilometres away from Aizawl, the capital city of Mizoram. It was considered a large village located in Thingsulthliah Block of Aizawl district with over 450 resident families and a total population of around 2300 as per Population Census 2011. With the thin population of Mizos, the village found it challenging to spare able hands to man the shops selling vegetables and flowers instead of helping in the farms.

The profits from the shop and the productivity of every working hand rivalled each other. Hence, the situation demanded either devising an ingenious solution to address the need of shop attendants or lose their men to shops causing shortage of farm labor and eventually decline in produce.

Response

The local community of Mizos are renowned for their trust, humility and hospitality. It was not surprising for the local customers and others stopping to shop on the highways when one of the most peaceful communities initiated a new socio-commercial system. In the new system, the currency of trust outweighed the actual monetary exchange. Goodwill and honesty were the twin pillars of this novel commerce at the grassroots level.

Shops along the highways were stocked with the fresh produce of fruits, vegetables and flowers in addition to the price list. However, these shops known as ngah loud aware unlike others since they operate without the shopkeeper. Instead of a shopkeeper adding up the prices of the goods purchased or collecting the money or rendering the exact change; a container is placed alongside the rate chart for customers to pay the price. The entire system is based on trust with no man or technology manning the shops or the buyers.

The customer is expected to honestly pay the amount he owes to the shopkeeper and also collect the exact change from the money box called aspawisabawmor pawisedahna.

A shopkeeper shared², “We run this shop the whole year. We just put the price list near the vegetable or anything we are selling and people simply pick up whatever they like and put the money in the container. If required, they even take the change from the box themselves. We trust them, they have never failed us. Nothing has ever been lost from our shops.”

Actions taken

Now, this social-commercial experiment has become the new way of trade in Seling. In thatched bamboo huts serving as homes as well as shops, the farmers put an array of vegetables and fruits daily; and dried fish, fresh juice and freshwater snails occasionally. The signboards with goods and their respective prices written in chalk or charcoal do the rest as the shop owners step out for jhum (shifting cultivation) in farmlands and garden.

The novel approach helped resolve the problem of scarce farmhands as the villagers couldn't afford to hire labor or spare their family member to mind the shops. Although ngah loud aware aren't huge in number but they impart a huge lesson in trust and reciprocity.

Delighted with the trust posed by these small farmers, even the local and other customers want to support

1 <https://www.thebetterindia.com/63223/ngah-lou-dawr-shop-mizoram/>

2 <http://achhikhabre.com/ngah-lou-dawr-shop-without-shopkeeper-mizoram/>

these shops³. The travelers often make a pit-stop at the highway to purchase fresh fruits or flowers from these unmanned shops.

As testified by an elated customer, “We feel great that Mizoram has such kind of vendors and we often buy from them. It makes us happy, like we’ve contributed to something beautiful. This is how it should be.”

To say the least, trust is a bigger currency in this picturesque village of Seling.

Learning

1. When trust and honesty are reciprocated, the rural economy flourishes for both buyers as well as sellers.
2. The small scale traders and farmers thrive in an ecosystem supported by locals since they are often faced with scarcity of resources.
3. Villages should experiment with novel socio-economic models since their cultural and population demographics are different from urban counterparts.

Questions

1. What are the advantages of the novel approach taken by farmers in Seling to sell their produce?
2. Do you think that the model of nghah loud dwar (shops without shopkeepers) can be adopted by other villages?
3. How can the government or village council help marginalized farmers struggling with manpower scarcity?

Course positioning:

The caselet is suitable for courses in Consumer Behavior and Markets for Rural Produce. Since the depicts a unique model of commerce, it will be helpful in introducing topics like Consumer Behavior and Customer relationship management from a rural perspective; and pricing of rural produce.

3 <https://www.indiastudychannel.com/forum/136425-Nghah-lou-dawr-shop-a-grocery-and-flower-shop-in-Mizoram-without.aspx>

Wasteland Development Project in Ajmer District of Rajasthan³⁵

Dr K N Rekha, Academic Consultant, MGNCRE

Challenge

The wasteland in the block Pissagan of Ajmer District in Rajasthan was facing problem of soil erosion due to flow of rainwater from the Aaravalli Ranges. The rainwater in its course deposited stones and pebbles on the land. As a result, the land had gradually become unfit for cultivation. The soil lost moisture and the water table level went down. This had tremendous effect on the economic lives of the people. As the land was not fit for cultivation, the villagers earned their living as daily wage workers in Ajmer or nearby towns. Majority of them lived in poverty. They had to walk up to 4 - 5 kilometres to fetch water, fodder for cattle and fuel wood. The National Wasteland Development Board approved the project development of wasteland in the block of Pissagan of Ajmer District in Rajasthan in April 1994 and was implemented by District Rural Development Agency (DRDA).

Response

The project on development of wasteland was started in the year 1995 in the month of January. The main objectives of the project were soil and moisture conservation measures, improve the water table level, providing fodder and fuel wood and improve the socio-economic conditions of the villagers. In these seven years, the project has changed the whole block of Pissagan from poverty and underdevelopment to prosperity and on the development path.

People's participation was crucial for meeting the objectives of the project. Therefore, to create a sense of belonging towards the project, it was envisioned as a project FOR THE PEOPLE, OF THE PEOPLE and in the long run a project managed BY THE PEOPLE. Users committee, comprising of the villagers, farming community and the project functionaries was formed. The Users committee was entrusted with implementation of the project, management of the project, protecting the construction activities, and distribution of fodder and fuel wood and wages to the labours.

Actions Taken

There were series of activities undertaken to convert the waste land in to fertile land. The first activity was construction of check dams along the waterways to erode soil to settle on the check dams. To further strengthen the bed of the check dams, Moonjha and Thor plants were planted that helped to retain the moisture in the soil. Second activity undertaken was the construction of set guard trenches at a distance of 10-12 meters from the slope, measuring 4 x 0.3 meters from the slope covering 125 hectares of land build against the slopes of the mountain ranges. Soil from the trenches was deposited alongside to build bunds. 2186 hectares of land was covered through set guard trenches that led to 360 liters of rainwater seeping in to the ground. The third activity was plantation of trees such as Desi Babbul, Israeli Babbul, Kumtha and other wild plants that helped to increase the fertility of the soil and it increased the produce by manifolds. The plantation helped in conserving the soil and bringing back the fauna to the district, which had disappeared in this area. The fourth activity was rainwater harvesting structure to store the run off rainwater in consultation with the villagers. All the wells coming in the catchment area benefited from as it increased the water table of these wells. The fifth activity was construction of contour ferro's at a distance of 10-12 metres from the land covering area of 0.06 square metres. This helped in checking the flow of the rainwater, and for stabilization of

35 Source: http://planningcommission.nic.in/reports/sereport/ser/stdy_bstpRD.pdf, Research and Development Initiatives, New Delhi

the contour ferro's, Stylo Hemta, Dhamana Grass and Moonjha were planted. Plantation solved the problem of fodder for their cattles for the villagers. The sixth and final activity was aforestation and horticulture. Farmers were encouraged to start nurseries, so that wild plants are available for plantation activity. Till March 2000, 14 nurseries were set up, a total of 77903 saplings were planted in the villages. This led to the availability of water at 30 ft in peak summers to that of over 40 ft earlier.

The users' committee played the major role in the planning, design, execution, and management of the project while functionaries were a distant spectator of just providing technical inputs. The community participation has been the key to the success of the project. The micro-level planning has provided people with an opportunity of learning of managing the scheme that gained them the confidence that the villagers can now do without the government support. The community was asked to contribute (either in the form of labour or shram dhan) 15 percent of the total cost of the activity on voluntary basis. Anything over and above 15 percent was given wages. These wages are deposited as fixed deposits by users committee. The committee has deposited Rs. two lakhs and ninety thousand. The amount was used for the maintenance. Community participation was also ensured through various training programmes conducted by the users committee with the help of project functionaries. Training programmes were organised in the areas such as horticulture, mixed farming, crop exhibition, and maintenance of the fodder land. In addition, charts, posters, pamphlets were given, and till date 8 such camps and one study tour of the district was organized for the farmers to reinforce their participation. The people had a very positive perception about the project. The project came to end in March 2002. They were determined to keep the good work going. The project wasteland development project has raised hopes that wasteland can be made fertile and bring about prosperity to the area. The project can be replicated in the areas affected by similar problems.

“Earlier my land was barren, rainwater had eroded the soil. After the construction of check dams, soil has settled down, water levels in the wells have improved. Fuel wood and fodder is now available from our land itself.” - Rattani, Village Dumara

Learning

1. Community participation is crucial for any development in the rural areas.
2. Involving the users' committee in managing, organizing and implementation of the project gave them the confidence that they can carry out activities even without government support.
3. It can be replicated in any other village that has similar kind of problem.

Questions

1. What are the ways that you can gain trust or confidence of the community?
2. What are the various ways to get the community participate in the development program?

Course Positioning

The caselet will be suitable for the course on Rural Planning and Development. It will give the learners a thought on how community participation is vital for the development of rural areas. It also throws light on the role of committees in the project management.

Fertilizers to Farmers

Dr. Syed Kazim, Associate Professor, Acharya Bangalore B-School, Bangalore

Challenge

National Fertilizer Limited established in the year 1974 is the largest manufacturer of nitrogenous fertilizer in the country, mainly targeting the farmers in rural India. The company is contributing approximately 22% of the total nitrogenous fertilizer produced in India. National Fertilizer Limited pioneered fuel oil technology in the country and is at present operating four producing unit located at Nangal and Bathinda in Punjab, Panipat in Haryana and Udaipur in Madhya Pradesh with total installed capacity of 10.35 lakh tonnes of National Fertilizer in terms of nutrients. Some units have deployed latest technology with zero pollution concept and microprocessor based control system.

The micro objectives of the company are best production, research and development, profitability, consumer service, growth, encouragement of organisational environment and obligation to society. The marketing objectives and strategies were to evolve an effective fertilizer marketing and distribution system, to educate farmers regarding balanced and judicious use of fertilizer with complete scientific package of products, to create and maintain image of organisation and its products and to carry out intensive and extensive marketing activities to ensure growth of business.

The company has to face stiff competition with Fertilizers & Chemicals Travancore Limited, Rashtriya Chemicals & Fertilizers Limited, Madras Fertilizers Limited, Steel Authority Of India Limited, Neyveli Lignite Corporation Limited, Paradeep Phosphates Limited, Pyrites, Phosphates & Chemicals Limited and Hindustan Fertilizer Corporation Limited.

A lot of development is also taking place in the fertilizer industry. If the company has to stay in business is should develop an eco-system which will help itself to cope up with the latest trends. The most significant development or advancement made by the Industry is in the field of manufacturing of catalysts of various ranges by catalyst-manufacturing Organisations like PDIL. PDIL helps in implementing the schemes for enhancement of capacity and technological up gradation in their existing catalyst plant and other utilities at Sindri to compete in the International market.

One of the biggest challenges of the company is farmers' suicide across the country. When farmers are committing suicide because of droughts or failed crops and they fail the pay back the loan which they have borrowed from banks and private money lenders. In this scenario it becomes challenges for the company to target the farmers and sell them the fertilizers.

Response

National Fertilizer Limited's total installed capacity of urea is 20.78 lakh tonnes and 3.18 lakh tonnes of material. Besides marketing of urea and other material, the company's marketing division also undertakes the marketing of various industrial products pool and bought out fertilizer and other products, for this efficient distribution system has been developed. Institutional agencies include state co-operatives, agro industrial corporations, state land development and Reclamation Corporation, cane union federations, oil fed co-operations and mixing farms.

Indian fertilizer Industry is carrying out de-bottlenecking and energy saving schemes for the existing plants to enhance the capacity and reduce the specific energy consumption per ton of product. Today India has developed expertise for fabrication and supply of major and critical equipment such as high-pressure vessels, static and rotating equipment, Distributed Control System (DCS), heat exchangers and hydrolyser for fertilizer projects.

Actions Taken

The company produced, it produces Kisan Khad, Kisan Urea, Ammonia Liquid, Nitrogen, Carbon Slurry-Nitrogen gas, Heavy Water, Carbon Dioxide Gas, Sulphur, Methanol, Ammonium Nitrate, Nitric Acid, Technical Grade Urea, Technical Grade Urea and Industrial Calcium Ammonium Nitrate.

The marketing department is divided into two zones, one located at Chandigarh (Northern Zone) and other at Gwalior (Southern Zone). Each zone is under the charge of a manager and it is further divided into regions which comprises of a state or a part of the state. The corporate office is located at New Delhi. Northern Zone and Southern Zone come under the corporate office. The Headquarter of Northern Zone is located at Chandigarh. The various states which come under Northern Zone are Punjab, Haryana, Himachal Pradesh, Jammu and Kashmir, Chandigarh and Delhi. The Headquarter of Southern Zone is at Gwalior. The various states which come under the Southern Zone are Madhya Pradesh, Uttar Pradesh, Rajasthan, Karnataka, Andhra Pradesh, Tamil Nadu and Gujarat. Under each region there are area offices which further contract District officers, named by District Field Officer.

There are private traders who sell fertilizer directly or through retailers to farmers. On the private trade dealers are selected and appointed in the different mandis or block or tehsils. Agro service centres are established to ensure timely supply of the agro inputs along with technical advisory services to the farmers under one roof. The company established 18 agro service centres in its marketing territory, with the objective to ensure timely supply of fertilizers, improved seed and agro chemicals, to provide soil and water testing service, to provide custom hire services to weaker sections of farming community by providing agriculture implements like sprayers, dusters and to educate farmers by arranging trading programmes, crop seminars and field days.

There are consultancies which organize themselves to undertake execution of fertilizer projects starting from concept or designing to commissioning of fertilizer plants in India and abroad. Many concepts have been developed to carry out research and development or basic research work by mutual understanding between industry and academic institutions, and even there is support from the Department of Fertilizers to sponsor research and development projects through the Indian Institutes of Technology, Delhi and Kharagpur under the Science and even other major institutions in the country

The fertilizer plant operators are now in the position to absorb and assimilate the latest technological developments, incorporating environmental friendly process technologies, and are in a position to operate and maintain the plants at their optimum levels without any foreign assistance and on international standards in terms of capacity utilization, specific energy consumption & pollution standards.

Learning

1. National Fertilizer Limited is the largest manufacturer of fertilizers who plays a major role in the distribution of fertilizers (which is an essential nutrient for plants) to the farmers in the country.
2. Large consumption of fertilizers can have negative impact on the environment such as soil, surface water and groundwater. Therefore, NFL is putting efforts to produce products that are environment-friendly by implementing the latest technological trends and specific consumption of energy
3. National Fertilizer Limited has done well in the field of marketing and distribution by setting up various Agro service centres across the country to ensure the timely distribution of not only fertilizers but improved seeds as well. It also provides services such as soil and water testing, training farmers through organisation of programmes and seminars.

Questions

1. What suggestions would you give to National Fertilizer Limited to provide extra services to the

farmers?

2. How effectively does National Fertilizer Limited utilize its distribution network to reach the farmers?
3. Discuss the marketing objectives of National Fertilizer Limited.
4. Do you think the existing private participation is effective in sales of fertilizers to farmers?

Course Positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how business should be done in the rural market with clear defined objective. It also highlights various issues and challenges faced by companies producing fertilizers for farmers. The caselet will be helpful in introducing topics like understanding farmer's needs, business expansion, production, research and development, profitability, consumer service, growth, encouragement of organisational environment and obligation to society.

The Right Mix

Dr. Syed Kazim, Associate Professor, Acharya Bangalore B-School, Bangalore

Challenge

Cholayil Private Limited is a Chennai based company which manufactured and markets Medimix soap. It is an Indian brand of ayurvedic and herbal soap. The brand was founded by Dr. V.P. Sidhan. His medical experience showed that chronic ailments, especially skin conditions, defied allopathic remedies and post retirement, he focuses on finding cures through Ayurveda. The birth of Medimix dates back to the time when the Cholayil family used viprathi oil as a cure for skin ailments. The year 1969 proved pivotal to the family legacy as Dr. Sidhan combined a timeless tradition with his sharp business acumen to develop a green bar of soap that could both nourish and protect our skin.

His work with Viprathy Oil (extract of wild ginger) and its efficacy in treating skin diseases yielding promising results. He launched Medimix brand as total ayurvedic skin care soap with just Rs. 500 as seed capital and lots of goodwill from the medical fraternity and chemists' network. The soap and its efficacy spread through actual user endorsements. It was initially sold at 85 paise and now they sell it at Rs. 9.50. There are five plants, one in Pondicherry, two in Chennai, one in Tada in Andhra Pradesh; one is Bangalore and one in Villapuram, to cater exclusively to bulk orders.

While Medimix has done well, the company's brand extension, Vrinda Tulsi soap failed and is being relaunched with a changed perfume and translucent appearance. Meanwhile the company is also focusing on the Indian community in the Middle East, where they believe Medimix can command loyal customers. The product is exported to Brazil and Italy, as well. Even in the Indian rural market, there is a 50% untapped potential. The company future plans for sandal soap, Viha and an herbal Ziva shave cream. It looks like people are turning to Ayurveda in a big way, especially in rural India.

Medimix has proved that it is not always glitz and glamour that sells products, a back to your roots plank that espouses natural products appeals the rural India. With the new entrants into the Indian rural market the completion is becoming tougher day by day. Due to this Medimix is facing serious challenge to enter into new markets and innovative strategies to stabilize its business and grow at a steady pace.

Response

Medimix is the evolution of a home-grown product from idea to research to manufacture, packaging, distributing and marketing, all done by a family proprietary concern. Most importantly, the company has managed to develop a brand on its own terms.

Over time, Medimix has grown synonymous with 'skin care, the natural way' and for generations' women, indeed entire families, have placed their trust on the Medimix range of products. Currently available in 4 variants of soap, 3 variants of body wash, 5 variants in the facial cleansing range and a few other products, Medimix is expanding its range and bringing natural skin care to more and more people in various rural parts of India.

The company had to turn all existing and considered marketing wisdom on its head. Which Fast Moving Consumer Goods (FMCG) products usually take off in the urban centres, and then spread through the hub format, Medimix was pitched first in rural India. They first targeted the village retail shop keepers, best friends and local influencer of decision so far as buying habits go and later the merits of the ayurvedic soap was accepted. When the shop keeper was convinced, his customers were also convinced. The only alternative was Chandrika soap, which had adopted a direct marketing approach. They also used to participate in numerous village melas and talk to people. They went all over India and today of the three lakh tonnes of soap sold, ayurvedic soap comprises of 7% of which 3% is held by Medimix.

In 2011, Medimix was judged the 87th most trusted brand in India and the 15th most trusted brand in the personal care category according to the Brand Equity Survey conducted by the Economic Times. It can be traced to the kitchen of V.P. Sidhan, a physician, who worked in the Indian Railways and belonged to a family of Ayurveda practitioners in Trichur, Kerala. He used oils that his ancestors had used to treat skin diseases, to produce soap, and launched Medimix in 1969. This is the birth of Cholayil Private Limited, which manufactures Medimix Classic 18 herbs soap, Medimix Glycerin soap, Medimix Sandal soap, Medimix Face wash. Cholayil owns Cuticura and Krishna Thulasi brands.

Actions Taken

Medimix soap that is 100% handmade is exempted from tax and rural consumers seem to be attracted to the medical qualities of the soap far more than they are to the same qualities in a cosmetic. When the people from rural area visit a city, they ask for Medimix soap by name, no offers, no schemes and no inducements. As Chandrika soap was followed the monopoly of direct distribution. Medimix decided to woo the stockists and distributors and claim there are 25 year old loyalties. From 1969 to 1990 the growth was slow, but when the company roped in talented people the company took off in just four years.

With the success of the soap, the company decided to penetrate into the urban market with special focus to hotels. The company decided that it would aggressively market to over 3,000 small hotels all over India, even in small towns. During the expansion activity, they learnt that even foreign tourists to places such as Pondicherry were impressed by the medicated quality of Medimix. They decided that they would not compromise on the packaging or appearance or the perfume or colour of the soap to gain entry into five star hotels. Hotels would never buy at Maximum Retail Price (MRP), so they supplied at cost price, they also managed the inventory for them.

Learning

1. Medimix, trusted ayurvedic soap was manufactured and marketed by Cholayil Private Limited, a Chennai based company. The brand was founded by Dr. V.P. Sidhan.
2. Medimix is an evolution from Viprathy oil, which was a successful ointment used to treat skin diseases.
3. It was first experimented in rural areas and later on, spread to urban areas because of the medicated quality of the soap. And, today, it has found a place even among tourists who visit India.

Questions

1. In the presence of stiff competition by MNCs in the FMCG category, can ayurvedic product have a decent market in the rural areas? Discuss.
2. Explain the marketing and distribution strategies adopted to promote it product.
3. Analyse the buying behaviour of people in the rural area.
4. In the current scenario, will it be a right decision for rural entrepreneurs to enter into the toilet soap segment? Elaborate.

Course Positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how effectively products are created and marketed for the rural consumers by understanding their needs and wants. The caselet will be helpful in introducing topics like product launch, strategic brand management and rural marketing.

Reference

- Most Trusted Brands, 2011
- <https://www.cholayil.com/medimix-origin/>

Effect of Drought On Grapes Farming & Water Management in Rural Area in Nashik

Dr. Bhalchandra Balkrishna Bite, AISSMS IOM, Pune

Challenge

In the 2013s, the impact of drought was high in Nashik region especially in the rural areas like Chandori, Makhmalabad Naka. The main cultivation in that region is Grapes. The biggest challenge in drought was to prevent grapes from the deterioration because of scarcity of water in the rural area. It also impacts the quality of grapes which resulted in decrease of revenue of the winery industries in Nashik. There was another challenge faced by farmers related to Gibberellic acid which is being widely used for growth of grapes. Scarcity of water affected the manufacturing of Gibberellic acid which ultimately had an impact on the quality of grapes.

Response

To avoid such a kind of situation and improve the quality of grapes, all farmers have decided to come together and find out solution on this problem. All the farmers in Nashik region had meeting regarding this issue. They have decided to involve Water Ministry and NIMA (Nashik Industries & Manufacturer Association). All farmers have sent a letter to Water Ministry & NIMA requesting the officials to provide an opportunity to explain their problems in Nashik region. Also, they raised a request to the authority to form one Association (Group/Team) where experts will be available to solve such kind of problems as and when it arises in the future. Water Ministry & NIMA agreed to meet all the farmers, and an association was formed under the Chairmanship of Dr.K.C.Naik.

Actions Taken

The Association formed and grew under the effective leadership of Dr.K.C.Naik with all experts in the respective field. Experts provided solutions to overcome problems and, they also discussed and provided training on innovative techniques of water management to all farmers. They taught all farmers on how to store water, how can it be utilised under critical situation, etc... Also, the following land effective water conservation techniques were also taught to them.

- Katta
- Sand bores
- Madaks/Johads/ Pemghara
- Bawdi/Jhalara
- Bamboo Drip Irrigation
- Rooftop Rain Water Harvesting
- Tech Specs Table
- Ferro-cement Tank
- Joy Pumps
- A Cycle Run Water Pumps
- Rain Water Syringe
- Water Wheel

All above techniques are cost effective techniques and it can also be implemented in smaller space/area especially in the rural area for increasing water use efficiency. Majority of the farmers in Nashik region implemented the water conservation and innovative techniques in their respective grapes' farm in the rural area and has overcome the problem like drought which impacts the quality of grapes. This resulted in increase of the revenue of winery industries in Nashik region. When the water problem is solved, Gibberellic acid was also easily available that created a positive impact on the growth and quality of grapes farming.

Learning

1. Participatory approach is an effective approach to solve many of the problems in rural areas.
2. The leaders and government can play a crucial role in the planning and implementation of water conservation & water management techniques.
3. The formation of Association was an effective way of generating and implementing innovative ideas of water conservation & water management.

Questions

1. Explain the role of different government leaders and experts in transforming the group of farmers into successful farmers.
2. What are the benefits of water conservation techniques?
3. What was the methodology adopted by farmers to overcome the problems?

Course Positioning

The caselet is suitable for a course in Rural Management. As the caselet indicates how the water can be conserved successfully to overcome the problem like drought, it will be helpful in introducing water management especially rural area, participatory approach, and role of experts and government in water management.

From Shrinking to Flourishing Mangroves¹

By Neha Gupta

Challenge

The lush green mangroves dominated MagasaniTippa, a small village close to Kakinada, along the East Godavari district of Andhra Pradesh in the 2000s. In the words of a resident Ramakrishna, “My home is a beautiful little island surrounded by mangroves and the open sea.” But the rampant fishing, rapid industrialisation and harvesting of mangroves for timber as fuelwood was gnawing at the paradise and its perfectly balanced ecosystem.

An unprecedented rate of large scale production activities had far-reaching consequences for the coastal areas including the extinction of few species that relied on mangroves for survival.

These mangroves that had been the villagers’ lifeline over the years were being depleted raising fears of adverse ecological impact. Though the villagers realized the importance of mangroves in protecting them from cyclones and storms in addition to serving as a source of livelihood, they felt helpless in the face of changing landscape.

Response

The shrinking cover of mangrove was a cause of concern for locals and policymakers alike. The degradation combined with the vulnerability of the locals against cyclones caught the attention of the authorities in 2011. Since then, Government of India in partnership with United Nations Development Programme (UNDP) has been working to restore the region. Funded by the Global Environment Facility, communities along the coastline have adopted steps to curb further degradation of the mangroves.

The East Godavari River Estuarine Ecosystem (EGREE) was unfortunately affected by the water pollution from the industries. It was the second largest mangrove in India with over 30 species of mangroves. The fish stock in the area dwindled due to poor quality of water and subsequently, the loss of significant marine life impacted the income and livelihood of local communities. To combat the situation, an inter-sectoral body named EGREE Foundation was formed with representatives from aquaculture, fishing, oil and gas, port and shipping, and fertilizer industries. The cohort was educated and urged to increase the awareness and adoption of environment-friendly practices across all the industries.

Coringa Wildlife Sanctuary was carved out of the region to highlight the significance of the biodiversity and the need for conservation. The joint efforts of the EGREE Foundation and Forest Department of Andhra Pradesh facilitated the development of sanctuary into an additional source of income for locals as a tourist attraction.

Actions taken

The young residents were trained as tourist guides to organize walks through the mangroves showcasing the biodiversity and various species. These locals now zealously guard their livelihood i.e. forests. The success of these initiatives was evident with five-fold increase in the number of endangered fishing cats. The once-rarely seen otters were now frequently spotted in the area.

Restoration of the fragile equilibrium and the protection of mangroves was a result of the support from the UNDP-GEF Small Grants Programme. Another key factor was the active participation of the locals in this endeavour.

Promoting the linkage between healthy mangroves and sustainable livelihoods had turned the villagers into vigilantes and the tourist guides into mangrove experts. The fishes, the birds and the mammals nesting in these mangroves were no longer prey to harsh actions of the industries and residents.

No one had thought that the conservation of mangroves would lead to not only protection but improvement of the entire ecosystem and economy. These mangroves acted as much more than first line of defense during storms and cyclone. They protected villagers dwelling in the area from both climatic and economic hardships.

¹ <http://www.in.undp.org/content/india/en/home/climate-and-disaster-resilience/successstories/taking-care-of-the-mangroves-.html>

As these mangroves flourished, so did the village's economy and the bio-equilibrium of the area.

Learning

1. It requires a balancing act between conservation of ecologically sensitive area and industrial growth.
2. To enable access to resources, government, institutions and foundations should step in to conserve depleting natural assets.
3. The ecological equilibrium must be restored for protection from natural vagaries, the survival of threatened species, and the economic growth of local community.
4. Target group and participatory approach are instrumental when multiple parties have vested interests in coastal or rural areas.

Questions

1. Explain the role of institutions and government in conservation of mangroves.
2. What are the advantages of the inter-sectoral body?
3. Was it a good plan to involve the villagers as opposed to government officials implementing the plan at the grass-root level?
4. How does one ensure that the interests of all the stakeholders are guarded?

Course Positioning:

The caselet is suitable for a course in Rural Planning and Development. It highlights the importance of target group approach and participatory approach. It sheds light on the role of institutions in rural development and sectoral issues from industrial growth in ecologically sensitive areas.

OKHAI brand positioning

By Rajini.G

Challenge

A brand that symbolizes empowerment of rural/semi urban women and at the same time recognises and promotes the dying handicraft of each of the region: OKHAI. In the absence of any other significant income earning opportunity for the rural women of Okhamandal, it became imperative to provide them with a source of livelihood.

Response

Tata Chemicals Society for Rural Development (TCSR) has played a pioneering role in promoting the Saurashtra handicrafts at Mithapur, Karjobi at Babrala and jute craft at Haldia under one brand "OKHAI". With the support of TCSR, self-help groups (SHGs) have been formed in the villages of Okhamandal and members of these groups are trained in the processes of modern handicraft production. The members of the Self Help Groups (SHGs) formed by TCSR are the backbone of this handicrafts project as they themselves are involved in developing and promoting their native craft. These women are organised into groups of 20, under the leadership of one woman who coordinates and leads them. Each group is given a design template along with kits containing raw material and the needed paraphernalia. Each group follows the template and delivers the product to the team leader, who further passes it on to the design team located in Ahmedabad. Here, artists from prominent design schools come up with varying designs for these women every few weeks. Okhai gave women the opportunity to earn for themselves and their families. Economic empowerment of women as a precursor to their social empowerment helped in improving their status, both socially and economically.

Actions Taken

Artisans are earning a monthly income of Rs 500 to Rs 11,000 depending on the hours they work at home or the centre, their skill level and design difficulty. The idea is to ensure that the women can work at their pace and in their homes while managing their household.

Around 470 families are benefited from this rise in income levels. With the average family size in Okhamandal being 7 to 8 members, Okhai has helped improve the economic condition of around 3200 people directly. Okhai plans to reach over a 5,000 women over a span of five years, which means it would potentially affect 8,000-10,000 people. This means a substantial population of Okhamandal would directly benefit from Okhai.

With improved skills and the enhanced capabilities, Okhai has helped the rural women of Okhamandal to become financially stable and self-sustainable. Women's role in decision making, both at home and in their village has increased, as they have become financially independent. They have become agents of change in the village. Various exposure visits to related works and work sites have increased their outlook of life. It has boosted their self-confidence. The outlook of the villagers towards their women has undergone a major change. They get more respect from the family members as well as from the members of the village. As women get work at their doorstep, they are in a better position to balance their family, social and work life. They can devote time for their household chores as well as take care of the family while working from out of home. Okhai has successfully enhanced as well as helped to maintain the social fabric of the village.

A number of steps have been taken to help improve both – the back-end, i.e., the process of production of rural goods, and the front end, i.e., marketing, sales and branding. At the back-end, production has steadily increased through sustained efforts and better planning. The turnaround time from the placement of order to production to delivery time has been drastically reduced by over 25 hours! The setting up of a design studio at Ahmedabad has helped in better showcasing of samples and

designs of the products.

Employing an experienced and dedicated tailor-master and a designer on the Okhai rolls has enhanced production to display a wider product range. This has also encouraged the women at Mithapur to venture into trying to develop new cuts and patterns. Ongoing training in the various processes is carried out on a continuous basis at the stitching center at Mithapur, which, in turn has contributed to enhance quality and increase the speed of production. The raw materials too are being procured directly from manufacturers with no middlemen, thereby acquiring them at optimum prices.

Raw material sourcing options are evaluated regularly. This has helped in getting regular orders and generating business. Special training on costing and visual merchandising has also helped staff at Okhai to work out the right costing. At the front end various positive moves were taken to promote Okhai as a brand which helped to increase and widen the customer base.

Learning

1. Women empowered through this employment opportunity
2. The Social Entrepreneurs can play a crucial role in publicizing the artisans skills to the entire world
3. The formation of Self help group is a good way of organizing marginalized workers as they find economic and moral support through the group.

Questions

- 1.Elaborate on OKHAI' brand positioning ?
- 2.How do women power propaganda by their skills ?
- 3.Brief on the marketing strategies used .

Reference

<https://okhai.org/pages/the-okhai-story>

<https://yourstory.com/2017/09/okhai-gujarat/>

Course Positioning

The case let is suitable for a course in Rural Planning and Development. As the case let elucidates how the women successfully organized themselves as self help group, it will be helpful in introducing topics like strategies of marketing , brand image , research and development and rural development

Free Sampling

Dr. Syed Kazim, Associate Professor, Acharya Bangalore B-School, Bangalore

Challenge

Vivek Dani, the Founder of India White Limited, one of the country's largest fast moving consumer goods companies, couldn't still put his finger on why their four-year-old back-to-basics strategy of getting more consumers to try his company's products and following that up with a channel onslaught to increase their availability hadn't paid off.

Vivek mulled over the statistics, once his most important weapon in persuading the board to give its go ahead to operation hinterland, the name his core team had conjured up for a massive sampling exercise across rural India. The rationale was straightforward, 70% of India's population lived in villages, around 6 lakh of them; and 85% of this rural population lived in villages with a population of less than 2,000. Even with 50% of its sales coming from rural areas, these were still a huge base of potential consumers out there who had never used any of India White's products.

Consumers in these smaller-than-small villages were using either natural substitutes (neem twigs instead of toothpaste and toothbrushes) or at best cheap local made products. Getting those non-users to try, and then become regular users of the company's products had seemed like a great idea. Vivek remembered how hard Ashok Khanna, the company's then marketing director, now a prestigious assignment with India White's parent in Europe, had argued to get the project through.

If they can address issues of awareness and availability and back it up with overcoming prevalent attitudes, primarily through introducing the consumer to our products, via free sampling, we can capture virtually the entire shift in consumption from natural alternatives. Every word had seemed plausible. Vivek had just taken over as chairman and managing director from his illustrious predecessor, inheriting an enviable 20% plus top-line growth, quarter-on-quarter. And like any new CEO, he wanted the company's future path to bear his own, unique, successful signature.

Later, things started going wrong. The year had started normally, but in the middle of the year, it had become evident that the urban markets were in recessionary mode. Vivek had quietly congratulated himself for having invested in rural markets for these had held out the promise of growth. By end-year, though, it had become clear that the promise wouldn't be delivered on. India White's growth rate had more than halved to 10% and a cursory analysis of the numbers had shown that Project Hinterland hadn't done what it was expected to. Urban demand had remained low, and rural demand, which Khanna had been so sure would kick-in and grow India White's turnover, hadn't.

The next year, had been worse. The rural market, which had at least held their own in the past, went on a downward spiral. Growth had dropped to single-digit levels, and while Raman had managed to squeeze out consistent improvements in profits through aggressive cost cutting and process improvement techniques, Vivek had realised that they would need more than that. Most importantly, the markets targeted by Operation Hinterland had simply refused to react to India White's overtures.

In contrast, the challenge of the company is to manage to increase its market share across categories in shrinking urban markets, a fact that had promoted Khanna's replacement, Ashish Kumar to come to Vivek recently with a Project Hinterland like sampling campaign targeting the urban market. He decided to speak, to Khanna who was in Belgium and grill him on the finer aspects of Operation Hinterland. He would also listen to what Ashish Kumar had to say on a new sampling exercise in urban markets.

Response

The company's performance had improved 100% on all counts. The top-line had looked healthier, growing at over 25%. Raman had warned Dain that dividends would have to be pruned as a result of the huge investments in Operation Hinterland that hadn't really started paying off. Khanna had become a star. At a bash thrown to celebrate the success of the project, Vivek announced a much-sought after European assignment, for him.

Actions Taken

Khanna's recipe looked perfect, and it helped that agriculture growth and income was on the upside, for the eighth year on a row. What followed had been a dream come true. India White had literally painted the hinterland red. Every manager, down to the lowliest management trainee, had gone out with the sales force, and the company had managed to round up a huge army of gram sevaks, distributing free samples of soaps, toothpowder, toothpaste, detergents, and tea. Not content with just distributing the product, his battalion of frontline pros had also sold the benefits of the product they were trying to sell to rural consumers.

Vivek remembered how on several occasions he had himself rolled-up his sleeves and scoured dusty rural roads in as many as six states, accompanied by India White's head of finance Venkatesh Raman. He also remembered how Raman had irritated him with repeated questions' concerning the return on the tens of cores of company was investing in the promotion. A year into Operation Hinterland, the results or penetration, product usage, and top-of-mind awareness in the targeted villages, had given Vivek enough reasons to cheer.

Learning

1. Vivek Dani's operation hinterland failed to have a positive impact on the rural population of India even after India Whites gave away free samples of their products to villagers to ensure that they started using their products instead of natural substitutes.
2. Operation hinterland yielded nothing much from rural areas and the urban demand remained low. But the company was able to squeeze out profits consistently only through aggressive cost cutting and process improvement techniques, but dividends to be paid to the investors made things worse for the company as time passed away.
3. The company later was able to increase their market share across categories from urban markets rather than rural areas, which operation hinterland had initially targeted.

Questions

1. Explain the role of discounting and free-been in rural business.
2. Explain India White's growth rate and its profits in Indian rural market.
3. Differentiate on new sampling exercise in rural and urban market.

Course Positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how creative techniques can be employed in rural areas. It also elucidates the success and failure of the business. The caselet will be helpful in introducing topics like rural level strategies, promotion techniques and rural and urban differences.

Success against All Odds

Dr. Bhalchandra Balkrishna Bite, AISSMS IOM, Pune

Rural entrepreneurship can be defined as entrepreneurship emerging at the village level which can take place in a variety of endeavors such as business, industry, agriculture and acts as a potential factor for economic development.

Challenge

Irregular rainfall, scarcity of resources, lack of infrastructural development, eventually leading to farmers'suicide, etc. are some of the critical issues that the country face today. The rural population is so distressed that they are unable to find any motivation in the available resources.

Belonging to a family having meagre land holding of an acre, Pratibha Jangade is a resident of village Kondgaon in Pune district. The village has a population of 300. In spite of the proximity to the city of Pune, it still remains underdeveloped and many households fall in the category of below poverty line.

Kondgaonis located in Velhe Tehsil of Pune district in Maharashtra, India. It is situated 15km away from sub-district headquarter Velhe and 35km away from district headquarter Pune. The village is accessible only from one side as it is locked by hills on the remaining sides. The principal crop of this region is rice. Water in this region is available in abundance. Villagers are engaged in agriculture during the four months (June to September) of monsoon. Once the monsoon season is over, farming activities will be stopped; thus the source of income will also become NIL. For sustenance of livelihoods for the remaining months of the year, the male population of the village migrates temporarily to the nearby Pune city in search of employment. Over the years, the situation is that all the younger population have permanently migrated to Pune and other cities for employment purpose.

Pratibha's husband, Shankar too works in a private organization in Pune city to earn his livelihood. But Pratibha decided to stay in the village, to continue farming and supporting her in-laws, who were not very happy about Shankar's decision to migrate to Pune. The job being temporary in nature and with the difficult task of looking for a new job every year, Shankar decided to return back and concentrate on farming and some other means to earn livelihood.

Response

Mr. SahebraoPatil, a resident of the village who has been successfully running a dairy in Pune decided to meet the people of the village, and encourage them to take up animal husbandry through which they can breed cattle for milk. He assured the villagers that he would buy the milk for his dairy from them. This would provide a means to stabilise income of the villagers during the absence of farming activity.

Actions Taken

Pratibha's eyes lit up after listening to this. She had already heard about the White Revolution and the Amul story. As a member of the local Self-Help Group, Pratibha had a discussion with the fellow female members of the group and decided to have a discussion with Mr. Patil and gain more insights from him regarding the same. "We have many questions which are unanswered and we needed satisfactory answers for the same", Pratibha said with a smile. As the SHG members and villagers started their interaction with Mr.Patil, all the doubts and inhibitions started melting and the women got empowered.

Pratibha recalls that in the previous SHG meeting, an NGO - 'Helping Hands' had interacted with the members, and had discussed about the various schemes started by the government to promote Farm-allied activities, and they had assured the villagers to volunteer to help them in situations wherever and whenever required. Pratibha had befriended Ms. Surabhi, one of the founder members of the NGO and she had communicated

with her regarding the suggestions put forward by Mr. Patil. After the discussion with Ms. Surabhi, Pratibha was appointed as KrishiSakhi for their village. Pratibha's responsibilities included providing agricultural inputs to the farmers. Pratibha's family supported her in the decision.

Pratibha and the other members of the SHG were trained in technical methods to reduce costs and risks associated with the techniques. The participants were encouraged to try the new methods and share the knowledge with fellow villagers. Subsequent trainings on rural entrepreneurship helped her to develop her caliber as a leader and guiding others. After the training, since Pratibha already had cows in her livestock, now she decided to purchase a new breed of cow. "Never have I heard anything so crazy", her husband mocked. She was able to convince her husband for purchasing a new breed of cow. She also secured loan from the local co-operative bank for purchasing new livestock. She was able to get a yield of 20 liters of milk daily with the implementation of her learning in practice. She has succeeded in her venture and many families approached Pratibha for consultation to follow suit.

Not only was Pratibha able to convince the women of her group, but also she was able to persuade the men to attend the meetings and actively take part in the process. Persuading others was an uphill task since many of them were adamant to listen to her advice in the initial stages. But after observing that her techniques were giving her an increasing yield, many followed suit.

Despite her success as a KrishiSakhi, she decided to quit the project, since it was not feasible for her to attend the meetings and training sessions. Mr. Patil too kept his promise and continued to buy milk from the villagers on a regular basis and thus playing an important role in helping the fellow villagers in self-employment.

Besides Rice cultivation and milk production, Pratibha also had a small poultry in her backyard, which assured her a steady monthly income of Rs.15000. The poultry provided her family with a regular supply of eggs. The chickens were sold in response to immediate financial needs. All the landless women followed her footsteps and have kept chickens in their backyard.

Today, Pratibha has reached a stage of self-sufficiency. "I love my work. My biggest achievement was that I first tried everything, gained experience and then advised others," she told while talking about her success. Pratibha now offers consultancy services free of cost, to people from four villages viz, Khamgaon, Ambed, Ranjane, Osade, and is continuing to make a difference.

Learning

The objective behind taking up this caselet is to make the students aware about how scarcity of resources, remote locations and even lack of developmental and infrastructural facilities do not act as hindrances to any person who wants to perform against all odds, not only for self-development but also for others.

Questions

1. Explain the role of leader in setting up an example.
2. Explain the relevance of Self-Help Groups for the development of Rural Entrepreneurship.
3. Discuss the importance of Farm allied products in the lives of rural population.
4. Is over reliance on the government a hindrance to self-development? Discuss.

Course Positioning

The caselet is suitable for a course in Start-up New Venture Management, Rural Entrepreneurship. As the caselet discusses how the women of a particular village successfully organized themselves through Self-Help Group. It will be helpful in introducing topics like strategies of rural entrepreneurship, participatory approach, in rural management.

FRESH HARVEST: ENTREPRENEUR GAME CHANGER!

By Rasheeda Shums, Assistant Professor, AAKCBA, Hyderabad

Ms. Parvati Menon can be considered a role model in the Indian horticulture sector, changing perceptions of an Indian farmer. As an entrepreneur farmer she has set up an agribusiness which focuses on horticulture¹ as an alternative for farmers of mid-size and small holdings.

Challenges

Parvati Menon, management graduate (program on Women Entrepreneurs) from Indian Institute of Management, Bangalore., started a consulting firm, Innovation Alchemy, in 2009 in India. She found that a number of social enterprises, large NGOs, and government agencies were looking for insights on social innovation, sustainable agribusiness, supply chain management and ways and means to scale up their solutions for the poorest of the poor in the country. For a number of years, Parvati Menon built a network of 2,000 social enterprises around the world and assisted around 60 social enterprises to grow. Doing so, Ms. Menon acquired a deep knowledge of the developmental challenges facing India.

In 2014 Ms Menon decided to test her consulting hypotheses. To do so, Parvati Menon launched Fresh Harvest Pvt. Ltd. and became a farmer entrepreneur. Regarding the challenges she faced while she set up the business, she say, “In agriculture, the ability to do a business and to be willing to work in a rural area can be challenging. So we developed our own approach and became farmers ourselves. I chose to be a farmer instead of an aggregator to be able to demonstrate mid-size horticulture farming as a sustainable enterprise.”²

In India most of the agricultural sector is burdened by a huge lack of knowledge and training. A large percentage of farmers are poor – resulting in an absence of capital and technology in the field, and an over dependence on monsoons. Small-scale and marginal farmers in India have been struggling since ages as outside investment in the sector has been very poor and negligible due to a lack of clear-cut business models and the myths surrounding small-landholder farming. Fresh Harvest, through its business model, training and use of technology, wanted to clear these misconceptions.

Action taken

Ms Menon believed that mid-size farms in India (ranging from 8-10 acres) can become profitable, sustainable businesses. In a country where the majority of the population is dependent on agriculture, the success of small landholding farmers is intimately connected to the economic growth of the nation. Fresh Harvest also wanted to show that a business model for small sustainable farm can be successful in an urban setup as well.

Fresh Harvest farm, located outside Bangalore, India, a horticulture venture, produces vegetables including cabbage, carrots, beans, tomatoes, beetroot, leafy greens, chillies and lemon. It delivers its produce to large retail chains in South India like Reliance Fresh, Aditya Birla More and Namdhari. It provides direct-to-home vegetables in Bangalore. Additionally, it cultivates and delivers exotic Gerbera flowers, which are sold across South India. Flowers are a source of reliable cash flow as it has a local market access everywhere in India, due to their important role in religious ceremonies.

1 Horticulture is the science and art of producing, improving, marketing, and using fruits, vegetables, flowers, and ornamental plants.

2 ET Online, [//economictimes.indiatimes.com/articleshow/64253962.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](http://economictimes.indiatimes.com/articleshow/64253962.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst), May 2018

Fresh Harvest has been experimenting with various new technologies like precision farming³, drip irrigation⁴, rainwater harvesting⁵ and energy efficient greenhouses, to reduce costs and improve sustainability. The company has a food processing unit which helps in preparing the food more efficiently for delivery to market.

Sample initiatives taken by fresh harvest

Fresh Harvest

August 11, 2018 ·

A small patch of Beetroot, thriving in the monsoon rains. Growing small patches of vegetables with just farm yard manure as fertilizer, lots of healthy rain and sunshine. Perfect weather for small kitchen gardens to thrive. #eathealthy #freshharvest #beetgreens #beetroot #greens#vegetables @ Fresh Harvest

Fresh Harvest

September 21, 2017 ·

A small batch of healthy, nutritious, medicinally rich Moringa leaves, packed for delivery. These fragile leaves are difficult to store & transport...some experiments in trying to get them from #farmtotable in a quick and effective manner. #eathealthy #FreshHarvest #moringapower

Source: The face book page of Fresh Harvest.

Response

Fresh Harvest has been in the market only a few years but it has already witnessed success to some extent .This shows that horticulture is indeed a good option in Indian small holdings. In fact India is witnessing a change in its agriculture scene. A horticulture revolution is taking shape. The year 2017-18 was the sixth straight year when production of food grains were surpassed by horticulture crops—the difference which has been increasing steadily (Refer Exhibit 1). The Indian farmers' seem to have begun to prefer horticulture, as vegetables are short duration crops that are usually grown on very small pieces of land by marginal farmers. As land holdings have become more and more fragmented, production of vegetables has helped the farmers garner quick returns, in comparison to other agricultural produce that need almost six months to harvest.

Better incomes, urbanisation and higher consumption of fruits and vegetable seem to be driving demand. However, several gaps remain. First, prices crashing during peak harvest season and peaking during lean months means India needs to invest more in food processing units that are located close to the farm gate. A better cold chain network with pack houses and access to refrigerated transport can also help prolong the shelf life of fresh produce and earn better value for farmers.

Rajesh Srivastava, Chairman and Managing Director of Rabo Equity Advisors says, "In India, the way to do business is to become a local player first - go to the region, dominate it, begin from the bottom and scale your way up, and then spread to the national regions. These new startups and small companies started by

3 Precision agriculture (PA) is a farming management concept based on observing, measuring and responding to inter and intra-field variability in crops. The goal of precision agriculture research is to define a decision support system (DSS) for farm management aimed at optimizing returns while preserving resources.

4 Drip irrigation is a micro-irrigation system that is helpful in saving water. It allows water to drip slowly to the roots of plants. The goal is to let the water directly into the root zone and thus minimize evaporation.

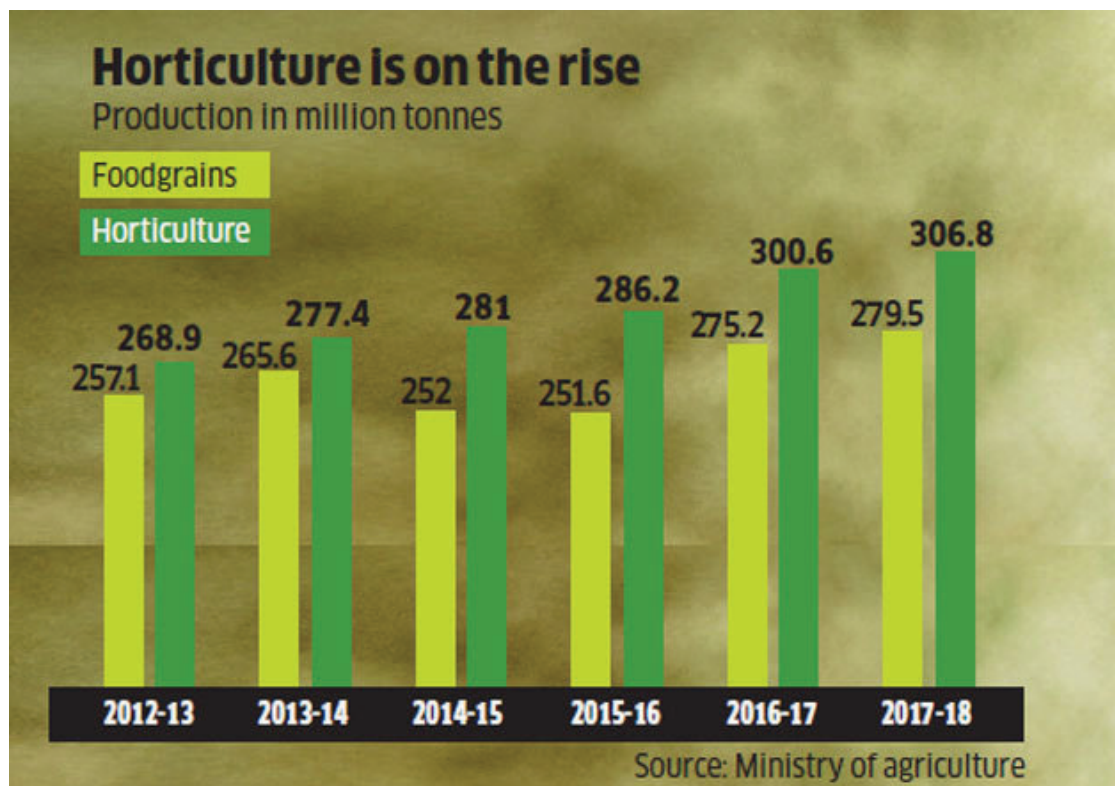
5 Rain water harvesting is a method of collection and storage of rainwater into natural reservoirs or tanks, or the infiltration of surface water into subsurface aquifers.

educated people are a fresh change because they have the foresight to make a business plan; they know their numbers.”⁶

Mostly agribusinesses in India are passed on from generations and are usually run according to the age old methods and practices It is entrepreneurs like Menon, who are becoming game changers by carrying out agriculture in a scientific manner.

The opportunity for impact for a company like Fresh Harvest is enormous. If methods like those adopted by Fresh Harvest can be adopted by more small-landholding farmers across India, India could see a doubling or tripling of income over the next few years which in turn can play a leading role in reducing poverty than nearly anything else that India could do.

Exhibit 1



Source: ET Online, http://economictimes.indiatimes.com/articleshow/65823924.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, May 2018

Learning Objectives

1. The caselet can be used to analyse how a sustainable agribusiness can be formed in a small landholding.
2. The caselet helps students understand and analyse the entrepreneurial opportunities that exist in horticulture.

⁶ ET Online, “After years of working with industry giants, this IIM alumnus chose to be a farmer “, http://economictimes.indiatimes.com/articleshow/64253962.cms?fbclid=IwAR18Mi-uFIFQDNyANKM7qHwvQOgtQWt1Hp-ShR5hMIMnfSKTTVOd4HTZ3OJs&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, May 2018

Questions

1. Analyse if Ms. Menon can be termed as an entrepreneur. If so, why?
2. Analyse the different ways in which rural development can take place by promoting horticulture.
3. Taking ideas from the caselet, elaborate on a micro enterprise which can be helpful in rural development.

Case Positioning

The caselet can be used in teaching a subject like Rural Entrepreneurship and Micro Enterprises. It can be used to introduce topics like entrepreneurial motivation, innovation and entrepreneurship and micro rural enterprise. The analysis of micro rural enterprises as a sustainable enterprise can be a major take away from the caselet.

Handloom Industry in the Rural Market

By Dr. Syed Kazim, Associate Professor, Acharya Bangalore B School

Challenge

Unknown to many, one of the biggest differentiators of India is its handloom industry. Among the largest in the world (90% of the world's handlooms come from India), this industry employs close to 10 million artisans in India and is considered the second largest income generating activity after agriculture in rural India.

India has close to 2.3 million handlooms with major centres in Andhra Pradesh, West Bengal and Madhya Pradesh. What are positive about this sector is its global business potential, social and climatic impact, quality and uniqueness. Contrary to what people say, handloom is not a dying industry; it is, in fact, one of the most promising industries and is going through a lot of transformation right now.

As a woman, she had to face a number of issues and challenges. She faced challenges like balance between family and career obligations, lack of direct ownership of the property, poor degree of financial freedom, absenteeism of all entrepreneurial skills, negligence of financial institutions, lack of self-confidence and lack of education. The start was rough with Dhanalaxmi facing challenges.

Response

PV Dhanalaxmi IS from Ganguluru, a village in Krishna District. She says that, "If we are ready to think inventively and do hard work, change is possible". Aditya Self Help Group (SHG), of which Dhanalaxmi is a member, received Rs. 5 lakhs to start a collective saree weaving unit under the Chandranna Cheyutha scheme, a state government scheme under which rural women can get loans. However, soon the products started getting good publicity in her locality and today, she says, the 10-member SHG has a profit of Rs 50,000 per month.

She sells handloom sarees at various craft bazaars and melas. She sells sarees at the Vijayawada Saree Craft Bazaar that was organised by the Society for Elimination of Rural Poverty (SERP). SERP is a wing of the Department of Rural Development at Vijayawada.

She said, "I have two kids who are pursuing professional courses in medical colleges. I have been a part of the SHG for 12 years and the schemes and assistance has helped me a lot". For many women who are part of SHGs, self-employment is not a full-time job. They also have to work in the fields, apart from also taking part of household chores.

Actions Taken

First, she ensured to have a large premium design choice. Handloom enables more varieties of design to be spun out. This enables a consumer to literally own apparel that is unique and which is made only for him. This is something no power loom can give. Handloom is a designer's paradise. It just needs the right design interventions.

Second, she had planned and organised for high return on investment. The return on investment on handloom is handsome. The cost of handloom can vary and a weaver can produce at least Rs. 30,000 to Rs. 50,000 worth fabric in a month. The cost of material is usually 10% to 15%; this gives a handsomer return on investment in only about two to three months. Very few asset investments give that kind of return on investment.

Third, she aims at generating employment and positively contributes to the growth and development of the economy. In a country like India where young people are looking for employment with high income, the handloom sector provides a golden opportunity to earn handsomely. It can enable reverse migration possibilities, from urban to rural, and reduce stress on urban infrastructure. It employs 10 million artisans already and can

employ more.

Fourth, she is moving towards a technical advancement. There are multiple tech disruption possibilities here. Looking at disaggregated supply, 2.3 million handlooms scattered across India and disaggregated demand to rural, urban and international. Handloom has the opportunity to create a cab aggregator type of business model which enables matching of this disaggregated demand and supply.

Fifth, she strives to empower women. This is an industry which employs 83% women. There are not many industry or corporate or government institutions that have such an inclination towards employing women. Those working in the handloom industry rejoice in the activity. It is a hidden treasure of India and does not need charity. In fact, it is possible to mine gold here.

Learning

1. Handloom industry is one of the most promising industries and is the second largest income generating activity after agriculture in India. The positive aspects of this business is that it has global business potential, it's impact on social and climate, the quality of products and uniqueness of apparels due to large premium design choices.

2. PV Dhanalaxmi believed that change is possible if we can think creatively and work hard. She is a prime example of how Handloom industry provides income for her family and other members of the Self Help Groups.

3. The main achievements and objectives of the company are:

- » Large premium design choices
- » High Return on Investment
- » Generating employment and contribute towards growth and development of economy
- » Empower women through employment
- » Technical advancement

Questions

1. What are the benefits of entering into the handloom industry?
2. What steps should Dhanalaxmi take to capture a decent market share in AP's rural market?
3. What innovation can Dhanalaxmi bring-in in her company?

Course positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how the handloom industry is growing and becoming popular in the rural market. The caselet also explains how entrepreneurs can positively contribute to the nation through various ways while being in the rural market. The caselet will be helpful in introducing topics like handloom industry, women empowerment, return on investment, technical advancement, employment generation and providing choice to customers.

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Novartis – Mission Rural Health Care

By Dr. Syed Kazim, Associate Professor, Acharya Bangalore B School

Challenge

For around 800 million men, women and children in more than 60,000 villages across India, the idea of accessible and high quality medicines is often as remote as their rural homes. Institutional healthcare services are individual driven and unstructured. The Government offers health services free of cost but over 70% rural people pay for healthcare.

The main challenge in healthcare for the rural people is relating to 4 As, Affordability, Availability, Awareness and Acceptance. Perceived cost of treatment of TB, if the patient has to be taken to a nearby town to treatment is from six to nine months. It is estimated to be more than Rs. 10,000 in Government hospitals, against Rs. 15,000 through private hospitals and clinics. In Government centres, patients have to go to private diagnostics centres and buy medicines. For simple infection or skin allergies, the cost of private treatment was between Rs. 250 to Rs. 1,000.

Access to health care has been a major problem in rural India. Qualified doctors, private or government, or licensed drug stores are not available in villages. Therefore, there is the cost of travelling to the block town, where the PHC (Public Health Centre) or a private doctor is located.

Patients have poor discerning capabilities and cannot identify the appropriate doctor for their ailment. They have no idea if the medicine prescribed by the doctor is the same as those given by the chemist. Patients have no idea if the medicine are preventive, curative or for maintenance. Patients have their own perceptions about ailments. Only those ailments that have an impact on their work are attended to. Also, the treatment of children gets priority over that of adults.

Response

To address the health issue in rural India, Novartis designed a business model and called it 'arogya parivar', which also won many awards for the best long-term rural market initiative. It offered pharmaceutical solutions and also integrated the need to network with local doctors, educate potential customers (patients), and link patients to specialized doctors. Novartis addressed the challenges by using an innovative direct approach to make villages aware of prevalent diseases and encourage them to seek treatment.

Novartis followed a decentralized model where the field force is in autonomous cells, each covering a radius of approximately 35 km. Each cell is managed by a supervisor, assisted by a few health educators who collaborate with local health professionals, pharmacy chain and NGOs to address the whole patient flow, including education, diagnosis, treatment, delivery, availability and accessibility of medicines.

A key differentiator is offering patients integrated solutions to health problems rather than mainly selling products to health professionals. Products selected for the initiative are simple to use and packages are reduced in size to keep out-of-pocket costs low. The initiative aims to build a sustainable, profitable business that improves access to healthcare among the underserved millions in rural India by creating awareness, enhancing local availability and designing appealing and affordable health solutions. The social business approach represents a mix of corporate citizenship and creative entrepreneurship.

Actions taken

The brand was created for the unique health services offered by Novartis. The umbrella brand helped to overcome brand related issues and became easy recall for the illiterate and semi-literate villages. Novartis brand is supported by consistent graphics of leaflets, banners, education programmes, uniforms of health educators and decorations for bicycles. All collateral is designed keeping in mind the nature of the audience, particularly in terms of literacy and comprehension levels. Effort is made to focus on specific diseases on respected World Disease Days through active doctor participation.

To create awareness among the local populations, Novartis established a network of Health Educators recruited from villages to provide patience with support and follow up to complete the treatment process. The Health Educators are provided with branded T-shirts, caps and bags. Novartis also used branded audio visual vans, community meetings and advisory leaflets to communicate the benefits to the rural masses. The Health Educators move from village on a permanent journey plan. They conduct group meetings, identify patients in different households, educate the family and convince them of the need for treatment. They also ensure that the patients have their support when they decide to visit the doctor.

It is also important that the medicine is consumed as prescribed. One to one communication is necessary to convince the patient and their family. An informed patient is more positively oriented towards completing the treatment. The Health Educators serve two blocks and thirty active patients and is paid Rs. 1,500 per month and new products are being added by Novartis to supplement income. The Novartis expenses on communication and promotion is compensated through the margin from increased sales of their medicine. Due to this the chemists stock medicine which is prescribed by Novartis.

The initiative is structured as a perfect opportunity to expand and reach of healthcare to those people who fall out of the current system simply because they do not live in urban or semi-urban India. Novartis targets at all age groups, especially women and children. The target was selected on the basis of published data and market research. This population was effectively disfranchised from the right to quality health. The reach of the project to those 50 million people through 250 cells, where a cell is an area of 25 to 30 km, including 80 to 100 villages each, is indicative of the model's success to date.

Learning

1. The poor are willing to pay for quality and effective treatment.
2. Earlier, male patients were reluctant to consult ANMs (females); however, the Arogya Health Educator is male and able to gain acceptance, convince patients and support them.
3. Chemists began stocking Novartis products once doctors began prescribing them.
4. Doctors are motivated due to the increase in income and are therefore willing to practice in the programme. They are professionally satisfied that patients now complete treatment and get cured.

Questions

1. What problems of the rural community were addressed through this model?
2. List the key reasons of the sustainability of this model?
3. Can this model be replicated in other countries? Discuss.

Course positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how a health care unit can function effectively and be profitable in a rural market. The caselet also explains how various marketing strategies can be successfully implemented to the target audience. The caselet will be helpful in introducing topics like health care sector, rural entrepreneurship, sustainable business model, marketing strategies and affordability, availability, awareness and acceptance in the rural market.

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Nutrine Confectionery Company Limited - Ruling The Rural Market

By Dr. Syed Kazim, Associate Professor, Acharya Bangalore B School

Challenge

The overall confectionery industry growth rate is 6% per annum whereas organised sector is growing at the rate of 8% – 10 %. By next year, the present Rs. 1,500 crore market is likely to touch Rs. 2,400 crore. The confectionery industry does not have a strong hold in rural India. Whatever confectioneries are sold in the rural market is majorly controlled by the unorganized sector.

Nutrine Confectionery Limited enjoys a high market share of 34% in confectionery in the organised sector in India. The strength of Nutrine lies, not only in its manufacturing capabilities, but rests to a great deal on its wide marketing reach. Nutrine is available throughout the country through a network of 32 depots with more than 2210 distributors and 4 lakh retailers.

The major competitors to Nutrine in confectionery are Parrys, Parle, Bakemans, Ravalgon and Nestle. In Chocolates the competitors are Nestle, Cadbury and Campco. In gums the competitors are Wrigley, Perfetti and V M Confectionery. In instant foods the competitors are Orkay, Nestle and MTR. In fruit bars the competitor is Sunrays.

Response

B. Venkatramana Reddy, a graduate from National University, Adyar, established Nutrine Confectionery Limited. The company right from its inception has a special interest in rural areas. They have been concentrating more in the untapped areas of rural India because of growing competition in urban areas. The projected market size of chocolates in rural areas is taken as 20,000 to 22,000 tonnes which was only 10,000 tonnes 3 years ago.

The company has found a large potential in the rural market, especially for its brands like Mahalacto, Kokanaka, Dishum and Aasay. The main competitors for Nutrine confectionery in the rural market are Parrys, Ravalgon, Kwality and to a large extent the unorganized sector. In this competitive market, the company has nearly 40% of the rural market.

Actions taken

Products are made according to the familiar tastes like Coconut, Mango, and Papaya. Unfamiliar and alien flavors like strawberry, apple, litchi, etc., are not considered. The colours used in the packaging are thick, attractive and glossy to capture the fancy of children. The products are made available in three types of packaging twist, basket and pillow. However, consumer preference seems to be in favour of the pillow type.

The Government has imposed huge tax on confectioneries. It has an adverse effect compelling the industry to increase the prices of chocolates. Many products which were priced at Rs. 50 paisa were increased to Rs. 1. Rural consumers are highly price sensitive. The price comes first followed by quality in purchase consideration. So as to convince the rural folks, the company increased the wrapper size with a small increase in the quantity. They then relaunched the brand as new and improved.

The traditional processes include the groceries, pan shops, platform shops near schools, etc. The company has adopted a strategy of covering unconventional shops. The areas where one could not think of buying chocolates like hair style saloons, phone booths, coffee centres, and such other shops where people gather. The company has rural van operations. The company has a number of vans which are allotted to places where major market exists.

School level promotional activities include wrapper collection, slogan contests and games. The company was keen on projecting their logo in the mind of consumers. Their advertisement themes stress the involvement of family and their relatives in the choice and consumption of chocolates. Print media is not a good idea in the rural market as very few households purchase newspapers and magazines. Radio has been considered so far as the most effective medium. But television advertisements are considered to be most popular. Apart from this road shows are also organised to promote the products.

The company also believes in social responsibility. They have been contributing to the society by way of donations and charities, sponsoring different events, working with local hospitals to eradicate diseases like Vitamin-A deficiency, organising blood donations camps and eye operation camps.

Learning

1. Nutrine Confectionery Company Limited was founded by B. Venkatarama Reddy. The company enjoys a high share of 34% in Confectionery sector in the organised market.
2. The company manufactures a wide range of products such as instant foods, fruit pulp, chewing gums, processed fruits, and dehydrated fruit bars of Guava, Mango, Papaya, and Banana. It has various competitors in every product line. For instance, Nestle, Cadbury and Campco in chocolates.
3. Due to the growing competition in urban areas, the company concentrated in rural areas. It found tremendous potential in the rural market. When higher tax rate was imposed on confectioneries, the company skillfully tackled the situation by increasing the price of products from 50paise to Re.1 by increasing the wrapper size with a small increase in the quantity. This was because rural people are very much price sensitive than urban people.

Questions

1. Analyse the competitive situation of Nutrine.
2. Evolve, strategy for Nutrine to win both the rural market.
3. Explain how the company would face competitions with the entrants of big players in the market?

Course positioning

The caselet is suitable for a course in Rural Entrepreneurship. The caselet elucidates how a confectionery company strives to sustain itself in the rural market. The caselet explains how competitions exist in the rural market and how innovative methods can be adopted in the rural market. The caselet will be helpful in introducing topics like rural completion, product, price, place, promotion and social responsibility.

Reference

- TIME: The Management School, Tirupati

Painting Rural India

By Dr. Syed Kazim, Associate Professor, Acharya Bangalore B School

Challenge

Indradhanush Paints Limited has been traditionally operating in the rural market in the early 40s. It was aptly called Indradhanush to add colour to the life of rural India. At that time the whole paint industry was dominated by multinationals like ICI, British Paints, Goodlass Nerolac and others.

Indradhanush Paints Limited had a very humble and modest beginning. By the 1960s IPL had a wide network of distribution system with 47 sales offices in the country. Today, it is one of the largest paint companies with four manufacturing units' incorporating state of the art technology. Indradhanush Paints Limited is a market driven producing the entire gamut of decorative and industrial paints, comparable in quality with the best in the world.

The rural paint market has been observed to be highly price sensitive. This was over and above the requirements of timely supply and high quality of service. The rural retailers preferred a personal touch. The buck of the sales was during different festival seasons in various parts of the country.

The use of distemper or paint in rural areas is usually the same as in urban areas. Traditionally the rural folk used the cheapest material available, a mixture of lime and gum called 'chuna' for white washing the walls of their houses. But they were slowly getting disenchanted with this, since it has to be done every year. The process is not only tedious but also hazardous since 'chuna' affected the hands, eyes and sometimes even the lungs. Moreover there is not choice of colours, even though it is possible to add strainers to get a few shades, where the scope is somewhat limited. This problem is a significant one since the rural people preferred dark, bright and strong colours. This is not possible in the case of 'chuna'. Further 'chuna' also tends to flake off over time, leaving ugly patches on the walls.

Paints are mostly used by the rural people to paint the horns of animals and the wheels and body of bullock carts. Companies also use paint to paint advertisements on outdoor walls, shot shutters and body of bullock carts. The rural households which could afford it, painted the front door of the house to make it look more attractive. Distemper is used to colour wash the walls as in any urban households. The sale of paints and distemper was seasonal and it is associated with festivals where the farm animals were worshipped. In such seasons, the rural retail shopkeepers purchase stocks from nearby urban towns and sold it in the villages. This often deflated the share of rural market for all companies. Of late, the unorganized sector in the paint industry has started making inroads into the rural areas. These paints and distemper were cheaper but the quality was poor.

The share of rural paint and distemper market in the organised sector is 40% and 60% in the unorganized sector. Indradhanush Paints Limited had a 31% share in the organised sector market in rural areas for paints and distempers.

Response

Initially the company started off with small distributions, since the large distributors were already under the control of the multinationals. The rural market was totally neglected by the multinationals and as a conscious strategy Indradhanush Paints Limited entered the rural market. Over the years Indradhanush Paints Limited build up a strong distribution network which covered the rural areas also. Now it has a presence in all settlements with a population of at least 5,000 people.

Indradhanush Paints Limited enjoys the highest market share in rural markets among the organised sector units. As stated earlier, this was due to the fact that Indradhanush Paints Limited adopted a strategy of going rural. They realised the potential in the rural market and introduced small size packs. Indradhanush Paints Limited recommended low margins for its rural retailers, traditionally Indradhanush Paints Limited kept a margin of 10% for itself and allowed one to two percent for retailers. The rural retailers were to be compensated by ensuring a higher turnover with adequate promotion measures, steady supply and better service. In spite of having the largest market share, Indradhanush Paints Limited adopted a market skimming strategy.

Actions taken

The company's strength is its distribution network, a conscious strategy of widening the distribution base to reach as many customers as possible. Indradhanush Paints Limited had about 15,000 retailers, 47 branches and 7,000 distributors. Indradhanush Paints Limited followed a policy of keeping identical margins for all dealers irrespective of their size and location. The company fixed a maximum retail price and the retailer was given the freedom of discounting the retail. The company had a cash and carry system with the result that the incidents of bad debts were minimal. It also discouraged the distributors from monopolizing the stock. Indradhanush Paints Limited's sales people visited the rural areas regularly even if there was no immediate expectation of sales. This formed a part of their public relations exercise.

Indradhanush Paints Limited's 'Harvester' brand of distemper introduced about six years ago was not doing well in the rural areas. A high quality distemper which provides a smooth finish to the walls, this brand was quite popular in urban areas but surprisingly did not do too well in rural areas. This distemper is currently available in shades of light pink, sky blue, pale yellow, sea green and red. Of these the red shade was the only colour selling decently in rural areas.

Learning

1. 'Chuna' application was found to be tedious by the rural people.
2. Those who use Harvested distemper accepted this as very superior 'chuna'.
3. Cheap paints and distempers used low price as their USP.
4. Price of Harvester distemper was found to be prohibitive for a large number of rural customers.
5. Paints were normally found to be used for painting the horns of animals and bullock carts. Very few people used paints to paint the front door of the house. Distemper was used to colour wash the walls by well to do households.
6. Painting and distemping were very much associated with festivals and hence the demand was purely seasonal.
7. In addition to about 1,000 manufactures in the unorganized sector, another 400 units were coming up and their products were to reach the market in three to four years' time.

Questions

1. As the paint industry has improved, will it be a right decision for the company to introduce quality and costly paints in the rural market?
2. What is the best way to brand wall paint in the rural market?
3. What strategies should Indradhanush Paints Limited adopted to face competition of multinationals companies in the rural market?

Course positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how the paint industry works in rural areas and how people perceive different types of paints. The caselet explains how paint is normally found to be used for painting the horns of animals and bullock carts. It also explains how few people used paints to paint the front door of the house and how distemper was used to colour wash the walls by well to do households. The caselet will be helpful in introducing topics like paint industry, international competition and rural need and demand for paint.

Pitching for Co-op Models to Take Jobs to Rural

By Dr. Syed Kazim, Associate Professor, Acharya Bangalore B School

Challenge

Neelam Chhiber, co-founder of Industree. She has pitched for an Amul-like model to create several cooperatives in India and make them more viable by using technology. According to her India can grow and rich will become richer, but poor will remain poor. For a country the size of India, it is second after Nigeria in terms of people having less than USD 5 a day. At the same time, India has such a huge middle class, so the focus is always on that. But until we look at people who have less income, we will face a lot of social consequences. And the key issue here is women and we need to empower them.

Neelam in the past helped build India's two largest farm producer companies. They are exporting baskets to Ikea as a global supplier. They are doing apparel for H&M (Hennes&Mauritz), a clothing retail company they are supplying to Future Group and to Westside. They need to build these cooperatives that will do world class production in consumption areas.

India has got a falling rate of labour force participation of women and it is similar to some of our neighboring countries right now, which does not speak well of us as a society, who is associated with several social enterprises such as Industree Foundation, Mother Earth and Industree Skills. She blamed the prevailing scenario on all models of growth and development being linked to urban migration.

Corporates are investing in hubs in cities because that is where all kinds of talents are available and so it's getting concentrated. Now women from rural areas are not going to migrate, because their children may be getting free schooling, subsidies, etc. So, men may go sometime and come back, but for women it is very difficult.

The solution is to create more work for women at rural levels and we will have to take manufacturing to them. Neelam doesn't expect that corporates will do it. The corporates have to be competitive. She is not suggesting government intervention which is out of question. She is suggesting a public private partnership model.

Neelam also referred to greater use of farm producers' organisations, which are private limited companies owned by the farmers. She is actually going back to the Amul model. Amul used farm produces' 60 years ago and they made the country milk-positive. Every farmer has a cow and is getting an additional income and this is professionally managed and it's the women who are managing the cows and everything.

Response

By 2025, Neelam and her team aim to directly impact a million artisans by organising them into producer companies, enabling them to diversify into newer products and markets. This is the task which they will strive to accomplish in the middle of the major and minor challenges in the industry. Neelam believes that Mother Earth and the Foundation's biggest challenge and reward has been facilitating and equipping producers to manage themselves in changing scenarios.

Neelam planted the seeds of her entrepreneurial journey in rural India in 1994 and has never looked back. Through her undertakings Industree and Mother Earth she has created a flourishing handicraft manufacturing and retail business effectively closing the gap between rural artisans and the retail market.

Industree is an enterprise that links rural producers to urban markets. Industree has obtained investment from Future Group (India's largest retail chain) to build a retail brand called Mother Earth, which is part of (14%) producer owned. Industree which links rural producers to urban, is converging backwards to create a complete solution for fair and equitable distribution of returns from consumer to producer.

Actions taken

India's processed food consumption is going to go up 10-times in the next decade, but people in metros do not have time to cook. While pitching for quality products being made by rural women and sent to the cities, but they should be left where they are rather than making them migrate.

Neelam feels that these entities can start with some grant and after a size has been reached, they can look for investments, including in the form of CSR funding or impact investing, and each cooperative can be tied up to a private sector entity supply chain.

If the company is very small and raises investment, then the investor owns it, which is avoidable. After all, Amul is still owned by farmers. 13 million farmers own a \$5 billion business and the management keeps 16%, rest all profits are shared to the farmers. By 2030, experts are saying India should be a USD 6 trillion economy, but less than 1% of it is cooperative economy. It's 18% in Denmark and 16% in New Zealand. It has to be revived in a modern way and technology will play a big role there. It's too ambitious, but we should look at 5-10%. We have to show the path beyond Amul.

Industree works as an incubator and accelerator by facilitating the aggregation of producers into self-owned enterprises, implementing capacity building, assisting in developing products that appeal to modern markets, and enabling their access to vital working capital. Industree's model employs a professional management team to streamline enterprise operations, empowering microenterprise leaders from the community to take charge. It also has a range of digital tools, including a digital societal platform with a dedicated e-commerce portal, to bring traceability and transparency to otherwise opaque and unaccountable supply chains.

Industree's interventions address the neglected rights of producers at the sub-contractor level by using a hub-and-spoke model where each person, even in the smallest enterprise, is a willing and documented participant in a compliant value chain process. The professional management team handholds enterprises through key activities, including the creation and incubation of producer companies, as well as training and building the long-term capability of the producers that own them. This team provides high-level administrative support and mentors the producer enterprises, leveraging digital tools to create a traceable, transparent value chain. The professional management layer operates as the handholding implementers, ensuring development and production of new designs, competitive costing through productivity improvements and access to well negotiated bulk raw materials, quality and timely supply, ensuring customer satisfaction and repeat orders, and access to a wide variety of markets and working capital.

Supply chain transparency is vital to solving issues of substandard working conditions. In order to develop this, Industree has launched two key initiatives to create technology that facilitates conscious and responsible production and consumption. Industree, with pro-bono support from Mindtree, is developing a digital societal platform accessible to all producer enterprises that will build traceable systems to track on-boarded producers' age, work hours, minimum wages and payments, and facilitate access to resources like raw material, capital and design, thereby ensuring implementation of fair practices across the value chain. As part of the platform, Industree, together with Sonata Software, is creating a producer owned e-commerce portal exclusively for traceable handmade products that connects producers directly to customers and retail markets.

Neelam was declared WomenChangeMakers Fellow in 2013 by Womanity Foundation. She won the L'Oreal Paris Femina Women Awards 2012 in the Social Impact category. Schwab Foundation/World Economic forum declared her the Schwab Social Entrepreneur of the Year for India in 2011.

Learning

1. Industree Foundation has been building sustainable livelihoods through the creative manufacturing sector. It aims to provide increased and regular incomes to households in the rural areas, empower women and ac-

cess to quality education of children.

2. Neelam Chibber has immensely contributed to the growth of farm producer companies. Women's participation in labour force was falling down. Therefore, Neelam created job opportunities for women in rural areas by taking the jobs to them so that they need not migrate to urban areas.

3. Industree Foundation values the right of each person, even from the smallest units by addressing their neglected rights. It is creating a producer owned e-commerce that directly connects producers and consumers. At this rate of growth, the company aims to directly impact a million artisans by organising them to producer companies.

Questions

1. Can co-operative models like Amul still be established in a country like India?
2. What are the practical problems faced by Entrepreneurs who start co-operative societies?
3. Can Industree play a significant role in improving the economic condition of people? Discuss.

Course Positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how co-operative societies can be created in rural areas to build business. Amul is a big and practical model of doing successful and consistent business. The caselet explains the issues and challenges which the Entrepreneurs would face. The caselet will be helpful in introducing topics like co-operative society, Amul business model, rural employment and women empowerment.

Reference

<https://yourstory.com/2019/01/amul-coop-model-davos-rural-jobs/amp>

Readymade to Rural

By Dr. Syed Kazim, Associate Professor, Acharya Bangalore B School

Challenge

MFL- Fabric Division, a part of MFL Groups of Companies. The company was doing well and had earned a name in selling reasonable variety of goods, good quality of readymade garments for children and adults. Vinay Kumar, the founder of MFL Groups of Companies, plans to identify target market and work out marketing plan for selling garments in the rural market having a population of minimum 5000 and above.

However, the challenge for the company is that the rural consumer expressions differ from his urban counterpart. Awareness is also linked to the issues of promotion in rural areas. The company employed the best possible means to create awareness through local haats, melas, local festivals, local fairs and television advertisements. Finally focusing on all the 4 A's will be a big challenge for the company.

- More than seven out of ten rural households' process watches.
- One in fifty households have a colour television set.
- Seven out of every hundred household own an electric iron.
- 70% of the sales of table and portable Radios, Bicycle and Cigarettes are from the rural market.
- Rural people are very particular when it comes to attributes and aspirations.
- Rural consumers are more brands loyal than the urban consumers.
- Rural consumers are even more particular about quality and value than their urban counterparts.

Response

Since the survey indicated tremendous rural market potential waiting to be tapped, MFL - Fabric Division, decided to enter the rural market with new brand of readymade Garments tailored to suit the need of the Rural Market. The company also decided to advertise the product to ensure knowledge about the company and the readymade garments be made available soon in the market. This was to be supported with sales promotion programmes including wall poster, radio and television advertisement offers of small freebies.

Actions taken

For distribution the company decided to see that the product were available at the local shops, with arrangements to have an understanding with the local tailors who would be trained to make alterations to the ready-to-stitch and wear garments in various sizes, patterns and designs for rural customers interested in going for readymade garments. It was also decided to price the products reasonably to care of the competition from the unorganized sector.

For effective marketing of the company, it implemented the 4 A's of rural marketing, which are, Availability, Affordability, Acceptability and Awareness.

AVAILABILITY: It is about making the product reach the consumers. This is to ensure availability of the product or service. Rural people are more concerned with the utility of the products rather than their appearance. This is the reason why the company designed sturdy and utility based products for the rural consumers.

AFFORDABILITY: It is about the ability of the person to pay for the product. It was a great challenge in the rural marketing is to ensure affordability of the product. Due to this the company kept the price of the product low.

Acceptability: It is about to ensure that the target audience accept the product. There is a need to offer products that suit the rural market. Acceptability includes issues needed to be addressed to improve the willingness to consume, distribute or sell a product. It also includes how the product or service could be made more acceptable to the rural consumers by incorporating features which would make it attractive to them. Thus, the consumer ensured that is designed the products which could match the acceptable norms of the people in the rural area.

AWARENESS: It is about spreading the information about the product. However, the rural consumer has the same likes as the urban consumer, movies and music, and for both the urban and rural consumer, the family is the key unit of identity.

Learning

1. Vinay Kumar, the founder of MFL Group of Companies set his target to distribute ready-made garments to the rural market after successfully earning a name of selling a variety of goods and good-quality garments for children and adults.
2. Since advertising platforms were not easily available in the rural areas, awareness was created through local fairs and festivals and TV advertisements. Later on focusing on the 4 A's i.e., Availability, Affordability, Acceptability and Awareness.
3. A survey was conducted to check the scope of the company's potential and it was found that rural people were more brand loyal than urban people. They were more concerned about the quality than the looks. MFL-Fabric division wasted no time in entering the rural market. Steps were taken to ensure that products were made available at local shops and tailors were trained to stitch and alter garments of various sizes, shapes and patterns.

Questions

1. Do you agree with decision of the company to enter the rural market? Discuss.
2. Evaluate the marketing plan of the company.
3. Suggest an alternative strategic plan to the company to explain the product in rural India.

Course Positioning

The caselet is suitable for a course in Rural Entrepreneurship. As the caselet elucidates how fabric should be produced and sold in the rural market in India. The caselet explains how Availability, Affordability, Acceptability and Awareness are the major activities to be taken into consideration for a rural entrepreneur. The caselet will be helpful in introducing topics like rural marketing, marketing plan consumer behaviour, strategic plan, distribution and pre-market survey.

Kheyti's Greenhouse in a Box

By Rasheeda Shums, Assistant Professor, AAKCBA, Hyderabad

Challenges

India has been plagued by draughts through the ages. These draughts have been instrumental in widening the class biases across India; they have impacted the poorest the hardest. It is found that depending on the severity of draught, a poor farmer takes around three to four years to recover. Trends show that severe drought strikes every eight to nine years in India –directly leading to perpetuation of poverty.

The drought-prone districts account for around 42 per cent of the country's farm lands. Rain-fed agriculture plays a very important role in India's economy. Almost 70 per cent of India's net farm areas are rain-fed. Nearly 50 per cent of the rural workforce is concentrated in these areas. According to data from the National Crime Records Bureau, farmer suicides in India touched nearly 8000 in 2015. The main reason for these farmer suicides has been indebtedness, caused due to crop-failure.

Sathya Raghu, a successful chartered accountant working for PwC India, had a striking childhood memory of a farmer in Telangana (former part of Andhra Pradesh) eating mud. The farmer had told him, "My stomach does not know that my pocket is empty"⁷. Upon narrating the incident and expressing his determination to fight the farmer problems, his grandfather had told him, "Solve them, don't just fight them."⁸ The advise had stuck. After working for a number of years, Sathya decided to let go of his consulting career and started work to come up with solutions for making a difference in the lives of small farmers.

Action

Kheyti, a non-profit was co-founded in December 2015 by Satya Raghu, Kaushik Kappagantulu, Saumys and Ayush Sharma. Kheyti introduced a solution for a sustainable income for small farmers – The solution is the 'Greenhouse-in-a-Box' (GIB), a low-cost modular greenhouse which is integrated with an end-to-end service support.

For a long time, greenhouses have been used in India for commercial flower and vegetable production, but these are very large and unaffordable for the marginal farmers. Kheyti has created several smaller versions which range from 250 to 550 square yards. This is the area that comprises just around two to five percent of a typical small farm. The size of the greenhouse reduces the risk in investment –farmers can grow different crops on the rest of their land.

A Kheyti Greenhouse



7 <https://yourstory.com/2017/08/sathya-raghu-ca-khyeti>

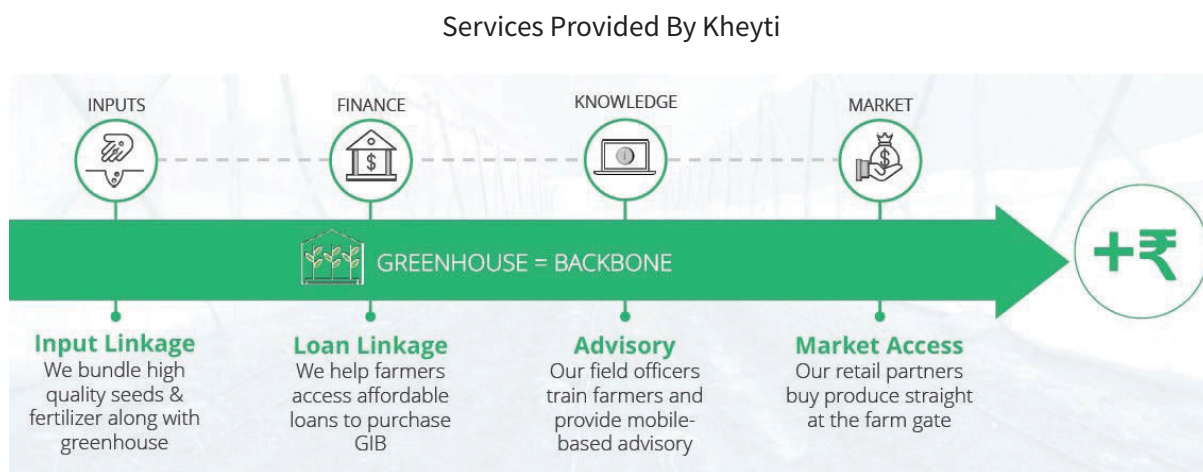
8 Ibid

Source: <https://yourstory.com/2017/08/sathya-raghu-ca-khyeti>

Kheyti's small greenhouses cost a small fraction of the amount that a regular half-acre greenhouse would cost. But even this amount comes to around \$2,500, an amount which very few small farmers can afford. To overcome this issue, Kheyti is working with banks to get loans on the farmers' behalf.

Kheyti has partnered with India's second largest bank-the Bank of Baroda, to broaden the reach of the program. Initially a farmer can make a down payment of 30,000 rupees [\$471] and then instalments of 15,000 rupees [\$233] after each season, usually every three months, until the loan is paid off.

To empower the farmers, the Kheyti has partnered with different organisations like Big Basket⁹, Northwestern Institute for Sustainability and Energy¹⁰, T-Hub¹¹, AgriPlast¹², AIP-ICRISAT- Agribusiness and Innovation Platform, and Acumen Funderscircle. Through these, Kheyti offers the farmers a whole gamut of services including financing, inputs, training, advisory and market services.



Source: Kheyti

Response

Kheyti has designed, adapted and implemented this low-cost farming solution to help small farmers increase their yield. The company has combined the greenhouse technology with an end-to-end support service which gives the farmers the assurance sustainability farming. Greenhouse-in-a-box helps the farmer use 90% less water while growing 7 times more food, thus providing them with a steady income.

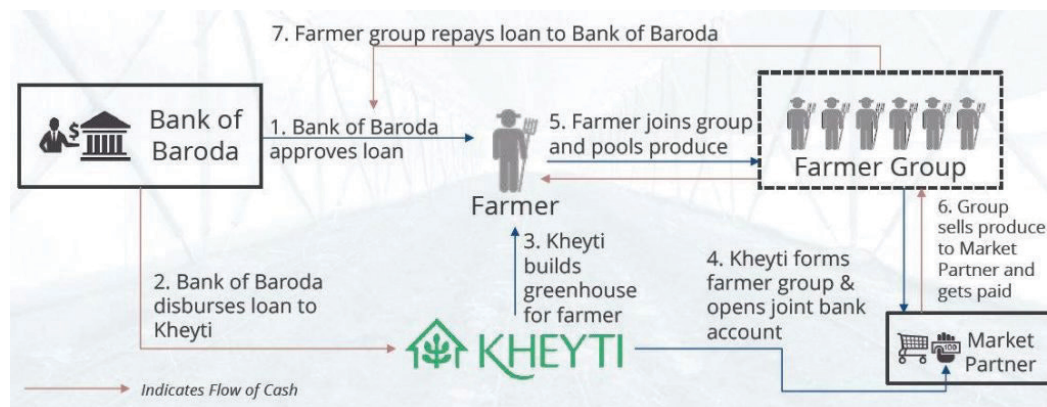
9 One of well known online grocery stores in India.

10 ISEN advances global sustainability and energy solutions through transformational research, interdisciplinary education, and public engagement

11 T-Hub (Telangana Hub) is India's largest incubator for startups which is headquartered in Hyderabad, Telangana, India.

12 The company produces Greenhouse Covering Film Mulch Films, Pond Lining and grape covering solutions, Soil less growing troughs, etc.

Cash Flow cycle at Kheyti



Source: Kheyti

Kheyti has been incorporating the principles of meritocracy, legal clarity and community service. The business model has resulted in a community of farmers who are independent at the same time interdependent to some extent. Each farmer has a greenhouse in his farm and the income he earns is based on his/her own effort. But the input connections of Kheyti and the market connections of the company help the farmer to achieve economies of scale as these are planned for the benefit of the entire community.

Learning outcome

The caselet helps the students analyse the impact of draught on the poor farmers and how it can be mitigated by some innovative methods. The strategy employed by the company Kheyti helps students to think out of the box and analyse the different methods through which a company can help in rural development.

Questions

1. Discuss the impact of draught on the Indian farmers and analyse how it can be reduced.
2. Analyse the strategy employed by the company Kheyti to make marginal farming sustainable.
3. Analyse whether the model used by Kheyti can be used across the country. If yes, explain how it can be done. If not, give the reasons.

Case Positioning

This caselet can be used to teach Strategic management in rural sector. The concepts of strategic management, importance of strategic planning, strategic intent can be studied. This can be done by showing that strategic management involves being clear about the “big picture” of a business. The essence of strategic management is matching business resources to market opportunities and in this case there is a big opportunity to be tapped. The caselet can be used to show that strategic management is most useful for businesses that have unique or differentiated products for a specialty or differentiated product markets.

Editors' Profile

Dr W G Prasanna Kumar

Dr.W. G. Prasanna Kumar, PhD in Education with basic degree in Social Work and Master's Degrees in Sociology, Public Administration and Political Science has professional education in Environmental Economics, Public Relations, Communication and Training and Development. Presently Chairman, Mahatma Gandhi National Council of Rural Education (MGNCRE) under the Ministry of Human Resource Development, in Government of India. MGNCRE strives to promote resilient rural India through Higher Education interventions. The national initiative of reviving Mahatma Gandhi's ideas of NaiTalim, spearheaded by Dr. W G Prasanna Kumar, has met unprecedented success at both national and state levels. The primary objective of this initiative is to promote Gandhiji's ideas on Experiential Learning, NaiTalim, Work Education and Community Engagement, and mainstreaming them in School Education and Teacher Education Curriculum & Pedagogy. As Professor and Head Centre for Climate Education and Disaster Management in Dr MCR HRD Institute, conducted several capacity building and action research programmes in climate education, disaster management and crowd management. He has handled many regional, national and international environmental education programmes and events including UN CoP11 to Convention on Biological Diversity and Media Information Management on Environmental Issues.

He was Director in National Green Corps in the State Government for over 11 years and Senior Social Scientist in State Pollution Control Board for 6 years. Conducted various curriculum and non-curriculum related training programmes in environmental education. He was a Resource Person for AP Judicial Academy, AP Police Academy, AP Forest Academy, EPTRI, Commissionerate of Higher Education and Intermediate Education, State Council for Educational Research and Training and National Council for Educational Research and Training New Delhi, CCRT, BharathiyaVidyapeet University Pune, CPREnvironmental Education Centre Chennai and Centre for Environment Education Ahmedabad. Dr W G Prasanna Kumar was trained in Community Consultation for Developmental Projects in EPA Victoria Australia in 1997 trained as State Chief Information Officer by IIM Ahmedabad and MCRHRDI Government of Andhra Pradesh in 2004 and trained in Environmental Education and Waste Management Technique by JICA, Japan in 2011.

He was awarded Best State Nodal Officer of National Green Corps Award from Centre for Science and Environment, New Delhi, 2008, Jal Mithra Award from Earthwatch Institute of India and Water Aid New Delhi, 2014 and Certificate of Commendation for the services in UN Conference of Parties to Convention for Biodiversity conducted at Hyderabad from 1-20 October 2012 by the Government of Andhra Pradesh in 2012.

Dr K N Rekha

Dr K N Rekha, is a PhD Graduate from IIT Madras. She has 13 years of experience in training and education Industry. She works at Mahatma Gandhi National Council of Rural Education (MGNCRE), Hdyderabad as Academic Consutlant. Prior to this, she worked as a researcher at Indian School of Business, Hyderabad, a short stint at Centre for Organizaiton Development (COD), Hyderabad. She has Co-authored a book on "Introduction to Mentoring", book chapters, Peer reviewed research papers, book reviews, Casestudy, and caselets in the area of HR/OB. She also presented papers in various national and international conferences. Her research areas include Mentoring, Leadership, Change Management, Coaching, 360 Degree Feedback appraisal, etc.... She was also invited as a guest speaker at proiminent institutions like IIT Hyderabad.

Subject Authors' Profile

Prof Sundar Bharadwaj

Prof. Sundar Bharadwaj is The Coca-Cola Company Chair of Marketing at the University of Georgia, Atlanta. His research has been published in Marketing Science, Journal of Marketing Research, Journal of Marketing, Management Science, Harvard Business Review among others. He was listed among the 50 most productive researchers worldwide in the AMA journals for the decade 2007-2016 and in the top 4 marketing journals for the period 2008-2013 by the AMA DocSig. His research has received numerous academic awards. His current research is on the financial impact of marketing strategies in developed and emerging markets. His other areas of research include innovation (developed markets and bottom of the pyramid), digitization and social purpose. He has worked in the Indian Dairy Cooperative sector (GCMMF).

Prof Prakash Satyavageeswaran

Prof. Prakash Satyavageeswaran's research focuses on sustainable solutions supporting social enterprises and consumers in emerging markets, especially in the bottom of the pyramid. His research projects, co-authored with various researchers, have been supported by several competitive grants totaling over US\$ 50,000. He has worked in the past with Spandana, a Microfinance instruction, to promote micro insurance and micro credit in rural India. He has also worked with HLPPT, a national level public health NGO, working on social marketing to promote healthy behaviors among vulnerable populations. His proposal with co-investigators, to the Government of India under SPARC for ~Rs. 70 lakhs to study rural and women entrepreneurship and empowerment has been recently approved.

Prof W C Singh

Dr. W. C. Singh is the Master of Commerce (1992 Batch First Class & Gold Medallist) from the Manipur University. Presently, he is Professor in the Manipur Institute of Management Studies (MIMS), Manipur University. He has done the Faculty Development Programme in Management (34th Batch) from the Indian Institute of Management, Ahmedabad, and the National FDP in Entrepreneurship from the EDII, Ahmedabad. Besides, he has completed Management Teacher's Programme from IIM Bangalore, IIM Lucknow Noida Campus.

Before joining Manipur University he was working with various Institutes and Universities at Uttarakhand, Jammu & Kashmir, and Mizoram. Prof. Singh travelled almost extensively the entire nook and corner of India and countries in Malaysia, Singapore, Sri Lanka, UAE, Nepal, and United Kingdom for academics, research, and capacity building based interaction programmes at the capacity of participant as well as Resource Person. Prof. Singh has been conducting MDPs, and EDPs for the middle level and senior executives at many public sector and private sector industrial organisations. Besides, he has conducted as Resource Person FDPs, Case Method of Teaching Workshops, Academic Administrators' Workshops to the Universities/Institutions in the North, and North Eastern Universities of India. He is an active Resource Person for conducting training programmes for the IAS/IFS. He also conducted EDP for the entrepreneurs in Malaysia. He has been the Key Note Speaker and Resource Person of many National and International Level Seminars/Conferences, and World Youth Summits (2014, 2015, 2016, 2017, 2018 India) and SAARC Youth Summit, Malaysia. He has published Research Papers in the National and International Journals of repute, published 7 books, and completed 4 Major Research Projects till date. He is member of many National and International Bodies and Associations.

He is the founder General Secretary of the North Eastern Management Association and Life Member of different national and international level bodies and organisations. He is also in the UGC expert committee for SAP Review, and Member of the Court of the Assam University.

Dr Nilam Panchal

Dr. NILAM PANCHAL, D.Litt in Management, PhD, M.Phil.(Gold Medalist), MBA, PGDIRPM (Gold Medalist) is working as an Associate Professor at the B. K. School of Professional and Management Studies, Gujarat University. During the course of her career in academics, she completed the Faculty Development Programme in Management (FDPM) from the prestigious Indian Institute of Management, Ahmedabad (IIMA). She has also completed the Specialized Faculty Development Programme (SFDP) on Finance & Accounting and Research at IIM Ahmedabad.

Prior to joining Gujarat University, Dr. Nilam worked as a full time Faculty at Institute of Management, Nirma University. Narmada College of Science and Commerce , Narmada College Campus, Bharuch, Narmada College of Management, Bhaurch, HNSB College of Business Management (North Gujarat Univeristy), Himatnagar. Besides, she taught as visiting faculty at the Management Development Institute (MDI)-Murshidabad, Institute of Management (Nirma University), Ahmedabad, Institute of Technology (Nirma University), Ahmedabad, Manipur Institute of Management Studies (MIMS), Manipur University, Knowledge Consortium of Gujarat (KCG), Ahmedabad, Centre for Entrepreneurship and Skill Development, Manipur University, G.H. Patel Post Graduate Institute of Business Management, S. P. University, Gujarat, Government BBA College, Gujarat University, Indus University etc.

She has attended various Management Teacher's Programmes (MTPs) and FDPs at IIM-Bangalore, IIM-Indore, IIM-Noida, MDI- Guragaon to name a few. She has published more than 60 research articles in refereed national and international academic journals, and published 10 books so far. She has visited countries like Malaysia, United Kingdom, and Sri-Lanka for various assignments and at the capacity of an invited speaker and resource person too.

Presently, she is acting as a Chairman of Indian Society for Training and Development (ISTD) - Ahmedabad Chapter, Co-ordinator of Post Graduate Diploma Programme in Finance Management for Gujarat University. She regularly organize and conduct Management Development Programmes (MDPs), Faculty Development Programmes, and Student Development Programmes across India. She has developed MOOCs and E-Contents Modules under UGC- HRDC on various subjects of Economics, Commerce and Management which is part of SWAYAM PRABHA, DTH channel devoted to telecasting of high-quality educational programmes.

Dr Puja Singhal

Dr. Puja Singhal is an Economist and Social Scientist, with several years of academic and research experience. She is presently working as a Consultant of Gender Issues and Visiting Speaker in Trainings of V.V.Giri National Labour Institute. She is Gold Medalist in her post-graduation. She has authored various books, and has to her credit various research papers in National and International journals like Emerald, IGI Global, Inderscience etc. and also received the best paper award twice. She was also involved in PAN – African E-learning Project. She presented her paper in International conferences like at European Conference on Learning Innovation and Quality held at Belgium in 2015 and in 2018 at 12th International Conference on Gender Studies, Education, Business and Disaster Management (GEBDS-18). She visited various European countries like Belgium, Holland, Switzerland for her research work. Her areas of special interest are Gender and ICT, E-learning,

female entrepreneurship, rural development, and Innovation in education. As Gender expert, her roles included Project Proposal formation and writing of research reports on Gender Study and Gender Review, Impact Evaluation, Statistical analysis, in the capacity of consultant for publications purposes. She was also involved in various policy-oriented projects of VVGNLI. In the past she worked as Ph.D Coordinator in Amity University (Noida) and as faculty in IMS Noida. She is an active member of Planetary Scientific Research Centre. She can be accessed at puja.eco@gmail.com.

Caselets Authors' Profile

Dr Sumathi G N

Sumathi G N is a researcher in the area of human resource management practices, employee-organization relationship, emotional intelligence, acculturative stress, knowledge management, public health and higher education. She organizes data analytics workshops and trains researchers on data analysis. She is a HR analytics and metrics professional certified by Middle Earth CAMI. She is a constant learner and is passionate about writing caselets. She publishes cases in Case Centre, UK and research papers in the peer reviewed journals. She is currently working on the impact of e-pedagogy among tribal school children.

She is an Associate Professor at VIT Business School and Assistant Director- Ranking and Accreditation in Vellore Institute of Technology, Vellore. As a teacher she is involved in developing online courses and adopts flipped classroom methodology for specific subject topics. As an administrator, the experience of organizing international conferences abroad, making strategic decisions for the organization and ensuring the implementation of the strategic plans have widened her perspectives to see the long term growth of VIT. She is involved in accreditation, ranking and rating activities of the institute both at the national and international level.

She has almost 8 years' experience in teaching management and engineering students. Before joining VIT, she worked at Anna University, Chennai. She has earned PhD in Management from IIT Madras and also earned MBA from School of Management, Pondicherry University and Bachelors in Textile Technology from A.C. Tech, Anna University. She is an IIM Ahmedabad alumna- faculty development module of 2018 batch. She received the Junior Research Fellowship from University Grants Commission for her research work.

Dr. Syed Kazim

Dr. Syed Kazim is an author, proficient speaker, trainer, psychometric analyst, and a voracious reader. He has completed his MBA and Ph.D., in the field of Management. He is an author of several books in the field of business, management and personality development. He has published number of papers and case studies at national and international journals. He has more than 10 years of experience in teaching. He has written a number of articles on political, economic and social issues, which are published in various print and online magazines, such as, Radiance Viewsweekly, The Companion, Young Muslim Digest, Chatra Vimash, Sanmarga Weekly, Rafeeq-e-Manzil and Youth Ki Awaaz. He has developed various training modules on 'Personality Development', 'Life Skills' and 'Leadership'. He has conducted various workshops and training programs on various topics, across the country. He also takes a keen interest in the field of Human Resource Development, Marketing, Psychology and Counselling. He utilises his time in reading, writing, and research. He is currently working as an Associate Professor at Acharya Bangalore B School.

Ms. Neha Gupta

Neha Gupta is passionate about public policy, social impact and organizational development. She has rich experience encompassing Grants, Public Policy and L&D. She had worked with globally reputed philanthropic institutions and large MNCs during her stint as Grants Manager and L&D Consultant. She was instrumental in setting up the Grants Cell at the Indian School of Business (ISB), Hyderabad and managing their key research initiatives in the area of Digital Identity and Emerging Market Studies. At ISB, she spearheaded Communications for their Faculty & Research department. She was also a part of the Research team at Centre for Leadership, Innovation, and Change.

As an organizational behavior scholar, she has published several book chapters, Ivey case studies and journal articles in peer-reviewed publications in the area of OD, Leadership, and Change Management. Her papers have been selected and presented at international conferences and workshops.

Neha started her career as an Application Developer at IBM, Bangalore. She holds MBA with specialization in HR and Bachelor of Engineering (BE) in Electronics & Communications. Currently, she is pursuing her passion of creating social impact by enriching lives in the health-care domain.

Ms Rasheeda Shums

An academic at heart, Rasheeda Shums has been associated with different facets of management education - teaching, research, case writing, editing, counselling, setting examination papers and evaluation. She has written a number of management case studies, structured assignments and teaching notes which are available at 'The Case Centre', Europe.

She has a number of years experience in teaching management subjects like -Human Resources Management, Principles of Management, Human Resource Development, Management and Organisation Behaviour, Organisation Development and Strategic Management- for both undergraduate and post-graduate levels. She has taught these subjects at Dubai, UAE and in Hyderabad, India. Currently she is working as an Assistant Professor at Amjad Ali Khan College of Business Administration, a well known college for management in Hyderabad.

Dr Gowri Pisolkar Deshpande

Gowri Pisolkar Deshpande is a Management graduate with nearly a decade of industry experience in Sales and General Management and currently leveraging the industry experience in grooming tomorrow's managers by teaching the MBA students and also helping them in being "a more employable" staff.

She is presently working as Associate Professor in a private management college at Hyderabad. She is pursuing her PhD from AIMA-AMU. Her area of interest includes Marketing, Strategic Management, Organisational Behaviour, Entrepreneurial Management, International Finance, etc. She has been writing case studies/caselets for MGNCRE and has participated and presented in many international and national conferences and seminars. She has also published many papers and articles. She received the best up selling award while working at Holiday Inn Krishna. She is also a member of AIMA.

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Act) Pallavaram, Chennai, India with academic experience of 16 years and Industrial Experience around five years . Dr G.Rajini has authored 4 Books on Strategic Human Resource Management, Metropolitan Women on-line shoppers experience , Human Resource Analytics –Key to Organizational Development, Purchase Experiences of Indian Women with Facial Cream brands :A Contemporary Research, published from Germany and Published 50 papers in International, National and Edited volumes of Books indexed in Scopus, Elsevier ,Springer Nature ,ICI ,Google scholar, Ebsco & by reputed publishers like Sage, Inder science ,IGI etc. Dr.G.Rajini is Editorial board member of seven journals, Occupied as Chair person in 9 International Conferences and 8 National levels Executive meet and conferences. She has been bestowed with National merit certificate in recognition of high position secured in the list of meritorious candidates qualifying for awards from Tamilnadu in SSLC.

Dr. Bhalchandra Balkrishna

Dr. Bhalchandra Balkrishna Bite have completed BE, MBA, NET, Ph D. in Management. He is presently working as Assistant Professor in a private management institute at Pune, Maharashtra. He is having total 12 years of experience of which 9 yrs Academics and 3 yrs Industries. His area of interest includes Marketing Management, Rural Management, Agricultural Marketing, Entrepreneurial Management, Decision Science, Inventory Management etc. He is recognized P. G. Teacher of Savitribai Phule Pune University, Pune. He has been writing case studies/caselets for MGNCRE and has participated and presented in international and national conferences and seminars. He has also published 22 research papers and articles in national and international Journals / conferences.



₹ 350



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