“Social Entrepreneurship & Successful Social Entrepreneurs in the field of Rural Development in INDIA”

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Abstract: This paper deals with the concepts of Social Entrepreneurship; how it is different from commercial entrepreneurship; and presents some successful social entrepreneurial cases and concludes with the need of social entrepreneurship in India.

Key Words: Social Entrepreneurship; Social Entrepreneurship in India, Successful Social Entrepreneurship cases; Successful Social Entrepreneurs in India;

I. Introduction

'Social Entrepreneurship’ means identifying or recognizing a social problem and using entrepreneurial principles to organize, create, and manage a social venture to achieve a desired social change.

Business entrepreneurs typically measure performance in profit and return, but social entrepreneurs also take into account a positive return to society. Social entrepreneurship typically furthers broad social, cultural, and environmental goals and is commonly associated with the voluntary and not-for-profit sectors. Profit can at times also be a consideration for certain companies or other enterprises.

Social entrepreneurs are a special breed of people who use business sense to solve social challenges. Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.

Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps.

Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.

Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engage widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement it. In other words, every leading social entrepreneur is a mass recruiter of local changemakers—a role model proving that citizens who channel their passion into action can do almost anything.

Over the past two decades, the citizen sector has discovered what the business sector learned long ago: There is nothing as powerful as a new idea in the hands of a first-class entrepreneur.

II. Why "Social Entrepreneur"?

Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.

III. Social Entrepreneurship In India – Changing The Life Of The Poor

India has the world's second largest labour force of 516.3 million people and although hourly wage rates in India have more than doubled over the past decade, the latest World Bank report states that approximately 350 million people in India currently live below the poverty line. With an estimated population of 1.2 billion people, this means that every third Indian is bereft of even basic necessities like nutrition, education and health care and many are still blighted by unemployment and illiteracy. Social entrepreneurs can help alleviate these issues by putting those less fortunate on a path towards a worthwhile life. Rather than leaving societal needs to the government or business sectors, they can solve the problem by changing the system.

The degrees to which social entrepreneurs pursue social impact as opposed to profitability vary, but in all cases financial sustainability is fundamental. One approach is to create business models revolving around
low-cost products and services to resolve social problems. The objective is to create a social benefit that is not limited by personal gain. Social Entrepreneurship is the process of bringing about social change on a major and more effective scale than a traditional Non-Governmental Organization (NGO). They differ from NGOs in that they aim to make broad-based, long-term changes, instead of small-scale and time-limited changes.

Furthermore, a NGO raises funds through events, activities and sometimes products. However, raising money takes time and energy, which could be spent in direct working and marketing processes. Above all, Social Entrepreneurs consider the affected people as part of the solution and not as passive beneficiaries.

IV. Some Successful Social Entrepreneurs In India

Some well-known Indians became aware of the potential of Social Entrepreneurship as a tool of Rural Development quite early. Two of them were the Social Entrepreneurs - Dr. GovindappaVenkatatsswamy and Thulasiraj D Ravilla who established the Aravind Eye Hospital in 1976. Since then, they have treated more than 2.4 million patients, often free of charge.

Many others have also contributed to the comparatively high levels of Social Entrepreneurship which have been reached in India. Following are some of the successful Social Entrepreneurs in India.

Case I: Rajiv Khandelwal And Krishnavatar Sharma – ‘Aajeevika Bureau’

Rajiv Khandelwal and Krishnavatar Sharma, in 2005, founded ‘Aajeevika Bureau’ in India which provides services to seasonal migrants who leave their village to find work in cities, factories and farms across India. Aajeevika Bureau is a Leveraged Non-Profit Model charitable trust registered in Udaipur, Rajasthan, which focuses on Migration, Labour, Employment, has helped over 50,000 migrants since its founding in 2005.

Rajiv Khandelwal has worked in a wide range of rural development, employment and entitlement programmes and projects in Rajasthan. He has served as a consultant to NGOs and donors while advising a number of international and government agencies. After spending two years in East Africa in early 2000, he returned to Udaipur to establish Aajeevika Bureau in 2005.

Krishnavatar Sharma is a senior social worker in Udaipur, India. He has coordinated self-help programmes, natural resources work, employment and legal aid programmes, and has overseen capacity-building programmes of development workers before joining Rajiv Khandelwal to establish Aajeevika Bureau as a specialized migration organization.

‘Aajeevika Bureau’ is a specialized institutional initiative for providing services, support and security to rural seasonal migrant workers. Its focus is based on the belief that rural-to-urban migration is an inevitable socioeconomic reality, especially for those unable to generate a meaningful livelihood from rural resources.

Despite their major contribution to the economy, rural migrant workers remain excluded from opportunities, services and protection. The work of Aajeevika Bureau is therefore aimed at improving social and livelihood opportunities for migrants while developing services and policies for their advancement.

Aajeevika Bureau works in the registration and issuance of identity cards for migrant labourers, allowing them to access banking, mobile telephoneservice, as well as government and citizenship entitlements. The organization offers skills training and job placements for rural youth. Through trade-based collectivization of migrant workers from the disorganized sector, Aajeevika Bureau is able to lend greater voice to this often neglected group.

Aajeevika Bureau also enrolls migrant workers in legal services, insurance and pension plans. It facilitates links with government programmes, foodsecurity, health services, and counselling for women and children who experience the long-term absence of male family members. Additionally, Aajeevika Bureau manages migration resource centres that provide knowledge, capacity building and management support to migration initiatives in other NGOs and projects.

By the year 2010, Aajeevika Bureau has benefitted 14,400 migrant workers with an annual budget of INR 2,10,00,000, with 14% percentage Earned Revenues & has received the award of ‘Social Entrepreneur of the Year’ for the year 2010.

Case II: Vikram Akula

Vikram Akula works toward achieving financial inclusion through promoting mobile banking in India, focuses on Technology, Financial Inclusion in India and has received the award ‘Social Entrepreneur of the Year’, India, in the year 2006.

Vikram Akula has a BA in Philosophy and English from Tufts, MA in International Relations from Yale, and a PhD in Political Science from the University of Chicago. His dissertation focused on the socio-economic impact of microfinance and he is the author of A Fistful of Rice; My Unexpected quest to end poverty through profitability.

Born in Hyderabad, India and raised in the US, Vikram Akula started his career in 1990 as a community organizer of women’s self-help groups for the Deccan Development Society in rural Andhra Pradesh, India. He
then joined the World Watch Institute in Washington, DC as a researcher. As a Fulbright Scholar he led an action-research project in India that provided micro-credit to poor farmers for food security.

After extensive research in the field and graduate study, he founded SKS as a non-profit in late 1997. He led the organization until 2004, when he joined McKinsey & Company in Chicago as a management consultant. In 2005, he returned to SKS Microfinance to lead its conversion to a for-profit finance company named SKS Microfinance. In doing so, he pioneered a commercial model of microfinance to attract mainstream capital and create a vehicle for unprecedented scaling of microfinance. This model garnered investments from premier venture capitalists, such as Vinod Khosla, Sequoia Capital, George Soros’ Quantum Fund and the Narayan Murthy’s Catamaran Fund. He also created SKS Trusts for borrowers, which became the second largest investor group in SKS Microfinance, enabling borrowers to not only access finance but to benefit from wealth creation as company owners. He led the company to a successful IPO in 2010, which was oversubscribed 14 times. Under his leadership SKS grew to 73 lakhs active borrowers in 2010-11, disbursing nearly 25,000 crores in loans, while providing a range of micro-insurance products. He resigned in November 2011.

Vikram Akula has been at the forefront of creating market-based solutions for financial inclusion for more than two decades. While mobile banking has been successful in countries like Kenya and the Philippines, it is not yet widespread in India. This is partly due to regulatory constraints and lack of investments in creating cashless ecosystems in rural India. His new venture in India is focused on setting up such an ecosystem.

Vikram Akula’s current social venture, mobile banking in India, is launching an initiative to create a mobile banking ecosystem centered around small village grocery (kirana) stores. He intends to work with existing technology providers, mobile phone companies, banks and microfinance clients to open bank accounts for clients, train them in mobile banking and use incentive systems to encourage the use of mobile banking. The goal is to increase the use and demand for mobile banking so that supply-side players will make investments to adapt their systems for mobile banking.

**Case – III: Dr G. Venkataswamy & Thulasiraj Ravilla – Aravind Eye Care System (AECS)**

Aravind Eye Care System (AECS) was founded by Dr G. VENKATASWAMY in 1976, in India. Later, in the year 1981, THULASIRAJ RAVILLA joined Aravind Eye Care System.

Founded in 1976 by Dr G. Venkataswamy with the mission to eliminate needless blindness, Aravind Eye Care System is the largest and most productive eye care facility in the world. It encompasses five hospitals, two surgical centers, seven community eye clinics, 39 primary eye centers, two managed eye hospitals, a manufacturing center for ophthalmic products, an international research foundation, and a resource and training center that is revolutionizing hundreds of eye care programs across the developing world.

Aravind Eye Care System created a sustainable service delivery model, currently providing 55% of its services free or significantly subsidized for low-income families. Some of the activities and innovations, carried out through cost-effective and efficient processes, are: producing available, high-quality, low-cost intraocular lenses and other ophthalmic supplies; extensive use of telemedicine and other technologies to improve rural access; annually recruiting and training hundreds of young rural women as eye care technicians, thereby giving them a career opportunity and significantly reducing the cost of eye care; and establishing a network of Vision Centers with low-cost telemedicine technology providing primary eye care to rural areas and thus enhancing access.

Aravind’s success in eliminating needless blindness is based on engaging in direct action and creating competition. Real competition is encouraged through a proactive capacity-building process that shares lessons learned, detailed procedures, systems, forms, and software. For example, in 1993, the Lions Aravind Institute of Community Ophthalmology was established to help Aravind transfer its expertise and experience to other eye care institutes in India and elsewhere. It has helped replicate best practices in over 270 eye hospitals worldwide.

Thulasiraj Ravilla was born in a small village in southern India, received his MBA from the Indian Institute of Management in Calcutta, and remained in the city working for a multinational company. In 1981, he joined Aravind and spent a year at the University of Michigan studying hospital and health management. Since then he has been a part of the leadership team that has built Aravind into the world’s largest eye care provider. In 1992, he was instrumental in establishing the Lions Aravind Institute of Community Ophthalmology. Ravilla served five years as the Southeast Asia Regional Chair of the International Agency for Prevention of Blindness, and in 2003 founded VISION 2020: The Right to Sight - India, a consortium of voluntary eye care institutions, heading it until 2008.

Specializing in state-of-the-art comprehensive eye care, Aravind treats over 2.5 million patients a year, with an emphasis on providing services to the rural poor and capacity-building services to other eye care providers and programs.

So far, AECS has benefitted 26.5 lakhs direct beneficiaries and successfully finished 315,483 interventions (2010–2011) with an annual budget of 114 crores by 2011 with 100% percentage earned revenue.
Aravind got the rare recognition of Schwab Fellow of the World Economic Forum and Quest to End Poverty through Profitability.

Case – IV: Vijay Mahajan - Bhartiya Samruddhi Investments & Consulting Services (BASIX)

BASIX was founded in the year 1996, in India. BASIX promotes sustainable livelihoods for the rural poor and women through the provision of financial services and technical assistance.

While the concept of microfinance institutions (MFIs) spread rapidly in neighboring countries such as Bangladesh and Indonesia, India had a slower start. Until the early 1990s banks were nationalized and mandated to reach the poor with subsidized loans. While the intention was laudable, in-practice loans to the rural poor by the banking sector were riddled with corruption and red tape, limiting what could have been a powerful economic intervention for social change. In 1992 India started to reform its banking system to restore financial health, and as a result the number of small loans going to rural areas decreased rapidly, since they were less profitable. BASIX was established in 1996 with the ambitious target of disbursing microcredit to one million of India’s rural poor.

BASIX is the first MFI in India and among the first in the world to attract commercial equity investments internationally and within India. By successfully lobbying for changes in the Indian regulatory policy framework, BASIX helped create a viable institutional space for MFIs in India. The mission of BASIX is to promote a critical mass of opportunities for the rural poor and to attract commercial funding by proving that lending to the poor can be a viable business.

BASIX tailors its lending techniques and distribution channels to different customer groups and arranges technical assistance and support services for its clients. It aggressively uses IT applications to process large numbers of transactions and support innovative delivery channels, such as franchise agents using hand-held devices to serve poor borrowers. BASIX does not confine its loans to the landless poor and self-employed as do most other MFIs, but rather argues that most of the poorer population groups prefer to be employed. Thus, providing credit to the micro-enterprises that can employ them is as important as providing credit to the poor themselves.

Studies show that on average, the income of BASIX borrowers increases 20-30% in 2-3 years, and that they also generate substantial wage employment for others. Based in Hyderabad, in the state of Andhra Pradesh, BASIX has approximately 250 full-time employees, mostly in rural districts, and over 400 village-based customer service agents reaching 7,500 villages in more than 40 districts in nine Indian states. BASIX works with nearly 95,000 borrowers, including women in Self-Help Groups (SHGs) and federations. It has cumulatively disbursed over 137,000 loans worth US$ 33 million, 41% of which are loans to SHGs. BASIX’s pioneering work with SHGs and its advocacy for microcredit have been two of the factors that led Indian banks to extend over 198 crore worth of microcredit to more than 1.2 Crore rural poor women since 1998.

Vijay Mahajan was educated at India’s Institute of Technology in Delhi, the Institute of Management in Ahmedabad, and is a Fellow at Princeton’s Woodrow Wilson School of Public and International Affairs. He could have chosen many different life paths and lucrative careers, but instead chose to channel his talents and education to improve rural Indian society. In 1983 he co-founded PRADAN, one of India’s most respected rural development NGOs, and in 1998 he co-founded Sa-Dhan, the association of Indian MFIs. In 2001 he helped found the Andhra Pradesh Mahila Abhivruddhi Society (APMAS), a capacity-building institution for the 500,000 women’s SHGs in the state. Vijay Mahajan has published a book on the rural non-farming sector in India and more than 50 articles on rural development and microfinance so far.

Case – V: Shobha Arole - Comprehensive Rural Health Project (CRHP)

Shobha Arole founded Comprehensive Rural Health Project (CRHP) in the year 1970 in India. By partnering with village communities in India, CRHP brings modern healthcare services and training programmes to the rural poor.

CRHP is a Leveraged Non-Profit making entity with 500,000 direct beneficiaries and an annual budget of INR 450,00,000 with 30% percentage earned revenue and got the prestigious reward of Schwab Fellow of the World Economic Forum.

In 1970 malnutrition and infant mortality were pervasive problems in India’s state of Maharashtra. Less than 1% of the population had systems for the disposal of solid waste, modern health services were non-existent and cholera, typhoid and malaria were highly prevalent. Having grown up in rural India, Raj Arole (1934-2011) understood that any healthcare delivery system would have to confront cultural superstitions about the causes of illness as well as caste, religious, gender and political divisions. After finishing medical school, Arole and his late wife, Mabelle, began engaging villagers in the creation of modern healthcare services for the rural poor.

The Comprehensive Rural Health Project, a community-based healthcare programme for the rural poor, has brought about extraordinary health and social improvements in hundreds of villages in Maharashtra. Despite the region’s extreme poverty, severe gender and caste inequality and minimal public health services, CRHP has
achieved exceptional results by training local village healthcare workers and helping villagers address economic, social, agricultural and health needs through self-organization.

In the early days of CRHP, the Arole earned the trust of communities by inviting all groups to volleyball games, which then became meeting places for discussions about village development. These discussions led to the formation of farmers’ clubs to address such issues as inadequate drinking water and poor sanitation. The clubs eventually conducted health surveys as a crucial step towards overcoming traditional beliefs about the causes of disease, and identified simple ways to improve health, like draining puddles that attracted mosquitoes. The clubs encouraged women to become village health workers. With coaching and guidance from the Aroles, these women provided prenatal care, monitored child immunizations and coordinated village waste-management. The village health workers in turn organized women’s development associations, which initiated credit circles to fund cooperative businesses. Between 1971 and 1993, infant mortality rates in areas where CRHP worked plunged by 84%, while maternal mortality dropped by 75%.

CRHP has been increasingly involved in public policy advocacy, while establishing a primary healthcare model for relevant, appropriate and cost-effective community-based hospital care. Their training programmes in community-based health and development, leadership, management, and personal development have been replicated worldwide, impacting communities in 100 countries. The knowledge and skills have been shared with 20,000 participants nationally and internationally for more than a decade.

Raj Arole was born in Jamkhed, India, and in spite of the difficult circumstances of his upbringing, he studied at one of the most prestigious medical colleges in India, the Christian Medical College at Vellore. There he met his future wife Mabelle and, on their wedding day, they vowed to work together and devote their lives to the marginalized and disenfranchised people living in Indian villages. Today, their daughter Shobha, a medical doctor and holistic family practice specialist, is the Director of the CRHP, and her brother Ravi is Director of Operations. She also dedicates time teaching and promoting comprehensive healthcare in the national and international arenas and is significantly involved in national and policy discussions.

Case – VI: Ashok Khosla - Development Alternatives

Ashok Khosla founded Development Alternatives in the year 1983, in India. Ashok Khosla holds a PhD in Experimental Physics from Harvard University. He abandoned a scientific career to focus on issues of environment and development. After helping design and teach Harvard’s first course on the environment, he set up and directed the environmental policy unit for the government of India. Subsequently, he worked for the UN Environmental Programme (UNEP) in Kenya before starting Development Alternatives in 1983. He has been a board member of many global environmental institutions, including the Club of Rome, IUCN, WWF, IISD, EI and the Alliance for a New Humanity. He is also an advisor to UNEP, UNDP and the World Bank.

Development Alternatives’ innovative technologies and methodologies combine the dual goals of creating income for the poor and regenerating the environment. Its Hybrid Non-Profit model focuses on Climate Change, Energy, Environment, Literacy, Rural Development, Technology. Water, Youth with an annual budget of INR 17,83,27,200 & got the reward Schwab Fellow of the World Economic Forum.

Half of India’s rural population is unemployed, underemployed or informally employed. This population needs income-generating jobs that provide economic security and the products and services required to satisfy their basic needs. At the same time, industries that create these jobs must reduce their waste of natural resources. New technologies and institutional systems are needed to achieve equitable and environmentally sound development.

Development Alternatives seeks to implement good science for social benefit, utilizing low environmental impact. DA initiatives include ShubhKal, which brings the risks of climate change to the immediate attention of communities in central India’s semi-arid regions. The concept implies a “better tomorrow” by exercising an ability to handle climate risks through adaptation and mitigation practices at the grassroots level. Other projects, such as the Community-Led Assessment, Awareness, Advocacy and Action Programme (CLAP) for Environment Protection and Carbon Neutrality, and CLEAN-India, work toward mobilizing community responsibility for environmental assessment and protection, as well as ascension neutrality.

In line with the organization’s strategy, DA produces standardized and affordable products for rural markets, such as roofing systems, compressed earth blocks, fired bricks, recycled paper, handloom textiles, cooking stoves, briquette presses and biomass-based electricity. This simple but highly effective TARA micro-concrete roof tile kit, for example, provides employment for five people, while the TARA vertical shaft brick kiln reduces energy use by 55% and emissions by 50%. DA’s paper production units employ 40 workers producing high-quality paper from rags and recycled paper. DESI Power, DA’s electric utility, installs mini power stations in villages, fuelled by weeds and agricultural wastes.

TARAhaat, the ICT affiliate of Development Alternatives, brings information technology to villages through its portal (www.TARAhaat.com) and its rapidly growing network of 200 franchised local telecentres, which provide information services, educational courses, e-government services and Internet connectivity to local
people on a commercial basis. The Lifelines Project in rural India uses mobile telephone technology to connect poor farmers in 1,500 villages to critical agricultural information through volunteers. Its functional Hindi literacy programme has helped educate 60,000 rural women and local groups and official agencies use DA’s portable pollution monitoring kits to test water quality in cities and towns.

V. Conclusion

In a country like India, with around 121 Crores population, it may not possible for the governments alone to do every philanthropic / social building activity at the fullest. So, Social Enterprises are the ‘Need-of-the-hour’ for societies like India. Many an entrepreneurs hesitate to enter into this genre since the success rates are low when compared to commercial entrepreneurship. With proper planning & proper financial model, social entrepreneurship can be definitely successful when implemented carefully using a sustainable design & financial model. All the successful models discussed above prove this point well.

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