

START-UPS IN RURAL INDIA TO TRIGGER EMPLOYMENT BOOM

Deepak Razdan

The Pradhan Mantri Jan Dhan Yojana saw the opening of bank accounts by 17 crore Indian poor in just a year. While the bank employees worked hard to reach the poor, the poverty-stricken people making their ends meet with difficulty, responded and deposited their hard-earned money in the accounts. This proved the poor were willing to join the mainstream, if there was faith in their capacity.

Start-Ups in tribal India! Why not? Why should they be confined to big cities or economic centres. Tribal India has vast talent. What is needed is just the resolve, and determination to let every citizen of this country show his or her talent. Rural India and its vast tribal pockets can do it, only if they are given a helping hand.

This is what the Prime Minister, Shri Narendra Modi conveyed in his Independence Day speech. He thanked the banks and their employees for their remarkable performance in opening savings accounts for more than 17 crore poor across the country, mostly in rural areas. This achievement gave hope, he said, that the banks could do more. He said 1.25 lakh branches of the banks could select an *Adivasi* each from a tribal habitation in its area, and if there was no such habitation, a *Dalit* in his place, and help him with financial loan to launch his own Start-Up.

This could take India towards becoming Number One in the world in the area of Start-Ups, the name by which newly-launched manufacturing and business ventures are known today. The units, spread across the country, in every district and block, covering Adivasis and Dalits, would give employment to some workers each, and thus not only boost employment

and manufacturing, but completely transform the country's economic life. A brilliant idea, no doubt. Start-Up India, Stand-up India, the Prime Minister said.

Inspired by the idea of financial inclusion, the Prime Minister said this could not be achieved unless there were concrete schemes to implement it. The *Pradhan Mantri Jan Dhan Yojana* saw the opening of bank accounts by 17 crore Indian poor in just a year. While the bank employees worked hard to reach the poor, the poverty-stricken people making their ends meet with difficulty, responded and deposited their hard-earned money in the accounts. This proved the poor were willing to join the mainstream, if there was faith in their capacity.

The 1.25 lakh Start-Ups could be small but there could be another way to employ the



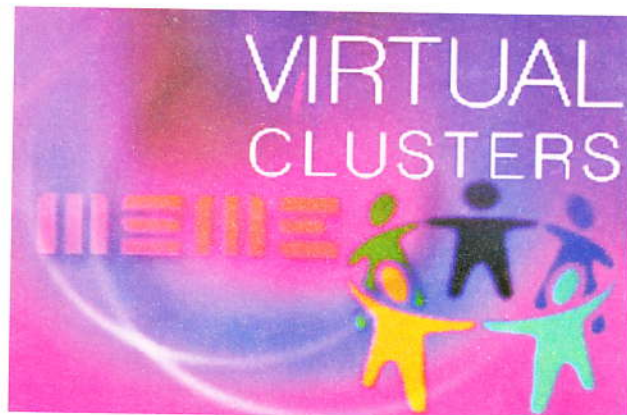
untapped potential of the country's vast rural and tribal population to boost economic activity. Each of these Start-Ups could employ one to two, or even four, generating unprecedented economic activity. While the economy could see a jump in manufacturing, the new ventures could eliminate unemployment and under-employment from rural India. The proposal was that the Start-Ups should not remain a monopoly of urban India.

The suggestion was for a nationwide campaign to launch Start-Ups in the country. People of India, whom PM calls Team India, have given a mandate that the country's resources, systems and schemes be utilized to empower the poor to come out of their poverty. The Centre knows that creating jobs and launching new businesses cannot be done by the Government itself. The whole Team India has to be involved in it. If India is to progress in the 21st century, he said, the country's youth have to be given a chance. They have to be given help to become manufacturers and producers and launch their own Start-Ups. Obviously, the Prime Minister wants the youth to become job-creators and not remain just job-seekers. The strategy would spread the burden of starting productive activity and utilize the nation's whole talent potential. Rural India, particularly rural youth, will be the main beneficiary.

At one time, opening of a bank branch was considered proof of development in an area. Bringing 17 crore poor within the banking system by opening their accounts, had surprised many by attracting total deposits of Rs 20,000 crore in just a year. This development will surely generate many more developmental changes.

Making his suggestions, the Prime Minister rejected the thought of some people that efforts at increasing financial inclusion only create burden for the Government and due to that, the system has to bear the pressure of poverty.

The foundation of the pyramid would stand firm amid any crisis, and if this pyramid of development is based on economic strength, it would increase the purchasing power of these people to a great extent, the Prime Minister believes. Indian economy's resilience in the face of global crises in recent years has confirmed the



validity of the PM's belief. **When the purchasing power of the poorest of the poor in the society increases, nobody can stop that economy to flourish and move ahead. It takes the country swiftly to the newer heights of development and therefore it was intended to give impetus to that. Several schemes like Pradhan Mantri Suraksha Bima Yojana, Atal Pension Yojana, and Pradhan Mantri Jeevan Jyoti Bima have been already launched to empower the poor.**

The Union Budget 2015-16 too proposed to help the launch of Start-Ups. The Government said the spirit of entrepreneurship was to be encouraged in India and new Start-Ups supported. This could turn the Indian youth from being job-seekers into job-creators. India is one of the youngest nations in the world with more than 54 per cent of the total population below 25 years of age. The young people have to be both educated and employable for the jobs of the 21st Century. With rural population still forming close to 70 per cent of India's population, enhancing the employability of rural youth is the key to unlocking India's demographic dividend.

India was marching ahead only because its 125 crore people were working as Team India. People's participation is the biggest strength of democracy.

The Government is obviously trying to involve "Team India" in doing whatever it does. The Government systems are trying to empower the poor in their arduous efforts to get rid of poverty; the need is now to spread this message across and remove any doubts that stop the poor from coming forward.



proper jobs for them. Two-thirds of India's population is below 35. The Government has launched the 'Make in India' campaign and combined it with a detailed process and policy re-engineering to make India a Global Manufacturing Hub for creation of job opportunities for millions of youth. With some modifications, Make in India can be made inclusive for the benefit of the rural poor. Production units in rural areas can cover farm and non-farm activities, which will generate employment and diversify income sources, besides checking migration.

Declaring the Government's resolve to extend financial inclusion through bank accounts in a time-bound manner to each and every citizens of the country, 'Pradhan Mantri Jan Dhan Yojna' was announced on 2014 Independence Day only because even after 68 years of Independence and in spite of nationalization of banks, 40 per cent of the people were without a bank account till recently. The Government resolved that this blot had to be erased and the poor should be provided a solid base of financial inclusion. The target was achieved surprisingly within the time frame. The Government's resolve to make the change possible was evident when it decided to bear the banks' operational costs in the process. Summing up the Government's philosophy to utilize the banking system to usher in an economic revolution, the PM said "after all, what for the banks exist? They should be for the poor and that's why we had decided to open accounts with zero balance." The Government wants to utilise the presence of the bank branches all over the country for the Start-Up campaign.

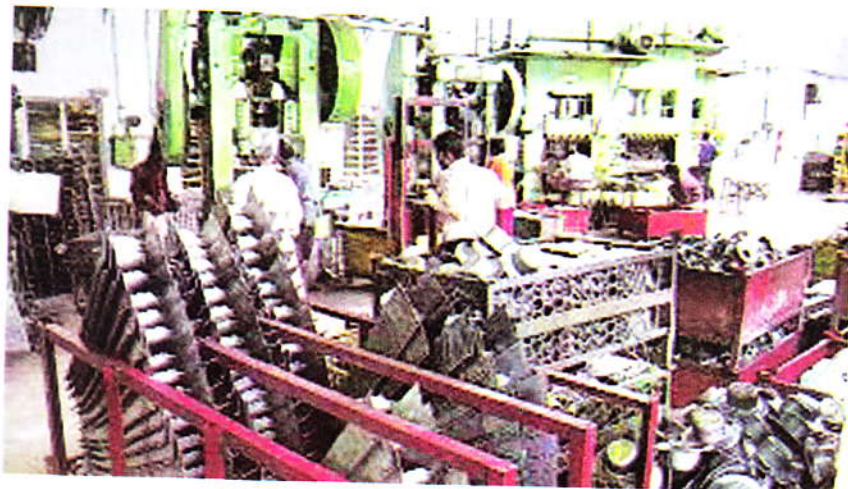
Skill India and Make in India are two other programmes which will benefit the youth across the country, including rural areas, by improving their skills and ensuring

Dairy farming, food processing and handicrafts can be specially encouraged. The Centre and the states have been helping rural entrepreneurs and their enterprises, but with limited outreach. The Make in India link can have a strong impact, bringing more investment and enterprises into rural India. Youth and women can be involved for sustainable large ventures.

Make in India was launched to encourage multinational and domestic companies to manufacture their products in India. **The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. Some of these sectors are: automobiles, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and**



hospitality, wellness, railways, design manufacturing, renewable energy, mining, bio-technology, and electronics. The initiative hopes to increase GDP growth and tax revenue. It also aims at high quality standards and minimising the impact on environment. The initiative hopes to attract capital and technological investment in India. There are several sectors where the educated rural youth can find suitable employment. The initiative aims to provide a congenial environment to the business community so that they can devote their effort, resources and energy in productive work. A number of steps have been taken by the Government to improve ease of doing business. Rules and procedures have been simplified and a number of products have been taken off licensing requirements. 'Make in India' does not target manufacturing sector alone, but also aims at promoting entrepreneurship in the country.



food processing training, academic and research institutes spans the country. Mega food parks are being set up in public-private partnership. The cost of skilled manpower is relatively low, compared to other countries, to justify investment.

On its part, the Government is working to create a conducive business environment for sustainable economic growth and various reforms have been undertaken to modernise labour market. Labour Minister Bandaru Dattatreya told the recent G20 Labour and Employment Ministers' Meeting (LEMM) that a number of labour law reforms have been undertaken to rationalise and modernise the labour market regulations and working conditions so that large excluded segment of workforce can be brought into the ambit of labour regulatory framework, and provided with basic labour rights including social security and wages.

The tax proposals would take care of job creation through revival of growth and investment and promotion of domestic manufacturing and 'Make in India'. A series of steps have been taken in this direction to attract capital, both domestic and foreign. In indirect taxes, the rates of basic customs duty on certain inputs, raw materials, intermediates and components have been reduced so as to reduce the manufacturing cost in several sectors. Make in India has all the basic requirements met and can completely transform the Indian rural economy if it gets the right priority in investments.

(The author is a Delhi-based journalist with over 40 years of experience. He has also served in NITI Aayog as consultant on Rural Development)

India has a strong resource base of agriculture to justify diversion of investment towards rural India. It is a major producer of fruits & vegetables and the top producer of milk with the largest cattle population. Data shows enough scope for food processing industry. India is third in the world in marine landing, and fifth in poultry production. India's domestic market is over a billion population and 300 million strong middle class consumers. The Indian consumers spend more than 30 per cent of their income on food products. Food and food products are the largest consumption category in India.

India is poised for a big take off in the production and consumption of processed food products. India's food processing sector has been growing annually around nine per cent during the last five years. Given the size of processed food market, there is enough space for more investment in food processing sector in India. Rural India can be converted into a manufacturing hub through appropriate understanding of the local resources, raw materials or skills. An extensive network of