

# *HARBINGERS OF CHANGE*

*Success Stories of Indian Social Entrepreneurs*

*Compiled By*  
*AJAY DIXIT*

*Centre for Social Entrepreneurship & CSR*  
*Entrepreneurship Development Institute of India*  
*(Via Ahmedabad Airport & Indira Bridge)*  
*P.O. Bhat 382 428 - Dist. Gandhinagar Gujarat-India,*  
*[www.ediindia](http://www.ediindia).*

## **PREFACE**

Creating a cadre of social entrepreneurs who can initiate a large number of sustainable social enterprises that help in empowering the marginalized sections of the society is a need today and it is with this motive that EDI houses the Centre for Social Entrepreneurship & CSR.

Besides its other interventions, the Institute also commits itself of creating social entrepreneurs to bring about a noticeable social change. It seeks to implement result-oriented activities under the Centre for Social Entrepreneurship. This initiative of documenting success stories is an effort to sing an ode in praise of those who have devoted their lives in the service of people and, in the process, motivate more and more people to opt for social entrepreneurship. There are the people who involve themselves in the process of innovation, adaptation and learning to give a new dimension to livelihood conditions of people and the society must recognize their efforts. This documentation has been undertaken with the objective of creating such as awareness in society. Harbingers of Change, therefore, salute the spirit of volunteerism, unique foresight and perseverance of these individuals.

Getting bogged down by functional and bureaucratic hindrances is not the nature of social entrepreneurs; instead they seek alternatives in times of failure of one approach to improve the basic material and social well-being of folks. They recognize the inherent disadvantages rooted in the society and come out with innovative rectification measures that re-shape the social landscape of the country. The cases documented in this book give an insight into this discipline and into the traits of these entrepreneurs.

Research and documentation in any field is important so that the best practices could be made widespread and Harbingers of Change is a documentation of exemplary performances to give the necessary thrust to the movement.

It is time we mainstream the discipline of Social Entrepreneurship and recognize those devoted to societal well being.

**Ajay Dixit**

*EDI CENTRE FOR SOCIAL ENTREPRENEURSHIP & CSR*

## EDI MODEL OF SOCIAL ENTREPRENEURSHIP

### SOCIAL ENTREPRENEURSHIP

Any definition of the term 'social entrepreneurship' must start with the word 'entrepreneurship.' The word 'social' simply modifies entrepreneurship. Though the concept of 'social entrepreneurship' is gaining popularity, it means different to different people.

A social entrepreneur is the one who recognises a social problem and uses entrepreneurial principles to organize, create and manage a '**FOR PROFIT SOCIAL ENTERPRISE**' to bring about social change. **THE ENTERPRISE CREATED BE PROFIT ORIENTED.** However, many people think that social enterprises cannot be for profit but the fact remains that social entrepreneurs have complete faith in markets and they believe in creation of economic value along with social value.

Social enterprises should not be confused with non-profit or not-for-profit organizations. NGOs that by and large, survive on grants cannot be considered as social enterprises because self sustainability is the most essential aspect of the social enterprises. Social enterprises address social issues using market driven solutions.

Social entrepreneurship is about applying practical, innovative and sustainable approaches to benefit society in general, and the marginalized and poor, in particular.

### SOCIAL ENTERPRISE/ SOCIAL BUSINESS

Social enterprises functions with a social objective with the ability to combine social interests with business practices to effect social change.

Social enterprises are self-sustaining business models that maximizes social returns as there is **REPLICABILITY, SCALABILITY AND LONG-TERM SELF-SUSTAINABILITY** along with the objective of earning profit from the same without compromising to 'social returns'.

For-Profit Social Enterprises are also known as "**FOPSEs**".

**In all 'For-Profit Social Enterprises,' the orientation towards social value creation predominates, with financial return treated as a secondary means to end, rather than an end in itself.**

### EXAMPLE OF A FOR-PROFIT SOCIAL ENTERPRISE

This is an example of successful for profit social enterprise which has at present successfully scaled-up its operation and motivating many more to replicate his experience.

This is success story of Dr. Ashwin Naik of Vaatsalya Healthcare. He was one of the successful Medical doctor who left his job of USA and with help of a bank loan he started a "Low cost hospital" in one of the district of the state of Karnataka in India, providing low cost but best medical facilities to middle and lower income group people who are deprived from such facilities in their locations. His vision was to 'Bridge the gap in healthcare accesses' in rural and semi urban areas of the country. He started making profit immediately but unlike many business entrepreneurs, who believe in profiteering from such business opportunity, he created one more similar hospital in nearby district and over a period of time, by mobilizing resources, he has till date created seven such hospitals. He has plans for establishing total 20 hospitals within next five years. We call him a social entrepreneur and his enterprise is considered as a for-profit social enterprise. Through his organization, he is promoting social entrepreneurship throughout the state of Karnataka.

Please refer to the case study of Vaatsalya : Healthcare with Love for more details.

One of the best examples of most successful for profit social enterprise is that of GRAMEEN FAMILY OF ORGANIZATIONS. Everybody all over the world knows Mr. Muhammad Yunus- Noble prize winner whose efforts have grown beyond Grameen bank into a group of profitable social ventures.

Grameen Bank- a micro finance organization

- Grameen Phone- for-profit organization serving more than 10 million customers providing cost-effective and quality services in Bangladesh.
- Grameen Danone Foods – joint venture between Grameen bank and French Food company Danone. It is a for-profit company producing and selling fortified yoghurt branded ‘Shaktidoi.’
- Grameen America is microfinance organization to alleviate poverty through entrepreneurship for Bangladeshi women in USA.

Social enterprises are those which do not depend on government funds or funds from donors. They borrow money from banks or other financial institutions or social venture capitalists or convince ‘investors’ to invest in their venture. Further, it is necessary that social enterprise should have **REPLICABILITY**, scope for **SCALABILITY** and **LONG-TERM SUSTAINABILITY** along with an intention of earning reasonable profit to increase social returns.

### **WHO IS SOCIAL ENTREPRENEUR?**

Just as an Entrepreneur changes the face of business, a social entrepreneur acts as a **Change Agents** for society, seizing opportunities other miss and improving systems, inventing new approaches and creating sustainable solutions to change society for the better. However, in all ‘For-Profit Social Enterprises,’ the orientation towards social value creation predominates, with financial return treated as a secondary means to end, rather than an end in itself.

### **WHO ARE THEY?**

Social entrepreneurs are **PIONEERS**. They **CHALLENGE** the usual or ‘inevitable’ and **IDENTIFY** path-breaking approaches to resolve seemingly intractable problems. A vast majority of these men and women are educated professionals.

They are masters at **INTUITING** what current opportunities can be seized to drive through new ideas. Where most see obstacles, they see groundbreaking possibilities and convince others that these can be achieved.

Social entrepreneurs work in various fields. Among the most common areas are health, education, environment, micro-finance, and enterprise development.

**Motivated by altruism and a profound desire to promote the growth of equitable civil societies, social entrepreneurs pioneer innovative, effective, and sustainable approaches to meet the needs of the marginalized and the disadvantaged.**

Whether they are working on a local or international scale, they are solution minded pragmatists who are not afraid to tackle and successfully resolve some of the world’s biggest problems.

## CHARACTERISTICS OF A SUCCESSFUL SOCIAL ENTREPRENEUR

- They **identify and apply practical solutions** to social problems, combining innovation, resourcefulness, and opportunity.
- They **innovate** by finding a new product, a new service or a new approach to a social problem.
- Their priority is **SOCIAL VALUE CREATION** and in the process, they share their innovations and insights with others to replicate.
- They show dogged **determination** that pushes them to **take risks** that others would not dare to take. They are **AMBITIOUS, MISSION DRIVEN and RESOURCEFUL**.
- They have **strong persistence**. They see opportunities to demonstrate success in what others are too short sighted to think is possible.
- They have the **ability to sense** to the needs of the community.
- Social entrepreneurs are **focused on results**. Social entrepreneurs are practical and result oriented.
- According to Drayton, (who is considered pioneer in promoting social entrepreneurship through his world famous organization Ashoka) social entrepreneur must be creative in both Goal setting and problem solving. They are emotionally and deeply committed to change society. Commitment becomes then driving force and rest follows.
- There are three fundamental characteristics associated with exemplary leadership of social entrepreneurs:

[1] They change the way things are.

[2] They inspire shared vision of better possibilities, and

[3] They mobilize the means to affect needed changes.

**Finally, it is necessary that these social entrepreneurs start their for-profit social enterprises which fulfils three important conditions. These are:**

- [1] **SUSTAINABILITY:** Social enterprise must achieve financial self-sustainability. There is a clear difference between those NGOs who are dependent either on government grants or on donations to carry out their activities and 'For Profit Social Enterprises which have started without depending upon grants and focused on achieving self-sustainability.
- [2] **REPLICABILITY:** All 'for-profit' social enterprise and their initiative can be transferred to other regions. In other words there must be REPLICABILITY.
- [3] **SCALABILITY:** Scaling means providing much broader geographical scope. Possibilities of expansion and reaching more and more people to provide their product or services. For example, a microfinance company initially focusing on its state but gradually it is extending its services to many more states in India and over a period of time becomes a regional /national level company.

## WHY WE NEED TO PROMOTE SOCIAL ENTREPRENEURSHIP?

The low-income consumers are estimated at 4 billion, constituting a majority of the world's population, and they make up what is called the "Bottom of the [economic] Pyramid" [BOP]. It is estimated that the BOP market in Asia prizes 2.86 billion people with a total income of **\$ 3.47 trillion**. In Eastern Europe, it is estimated at **\$458 billion**; in Latin America, **\$ 509 billion**; and in Africa, **\$429billion**. In total, these markets are worth some **\$5 trillion**.

It has been rightly said, **"if you want to have a global impact, you can't ignore business models that provoke social change."**

Just as more business entrepreneurs result in better economic development, more social enterprises result in better social development.

Considering the vastness of our country we have various districts and talukas in almost all the states which are predominantly rural and less developed areas. Social entrepreneurs by way of addressing various social issues are expected to focus more on developing those areas and thereby try to increase social development as well as economic development.

Social enterprises also result in employment generation in rural and less developed areas. This improves the standard of living of people at the bottom of the pyramid.

Success case studies of SELCO, Industreecraft, Bandhan, SKS Finance, Aravind Eye, and of course various social businesses created by **Muhammad Yunus** of Bangladesh proves beyond doubt that our society needs more social entrepreneurs.

George Bernard Shaw said," **THE REASONABLE MAN ADAPTS HIMSELF TO THE WORLD BUT THE UNREASONABLE ONE PERSISTS IN TRYING TO ADAPT THE WORLD TO HIMSELF.THEREFORE ALL PROGRESS DEPENDS ON UNREASONABLE MAN.**

***SO BE UNREASONABLE AND CHANGE THE WORLD.***

# HARBINGERS OF CHANGE

## CASE STUDIES OF INDIAN SOCIAL ENTREPRENEURS

1.	<b>Mr. Girish Bharadwaj</b> <i>Karnataka</i>	<i>'Ayas Shilpa - We bridge the gap between places, people and hearts'</i> . A mechanical engineer of Sulia Village is a successful social entrepreneur who specializes in creating suspension bridges to solve the problems of poor villagers. Till date he has constructed 80 foot bridges in the state of Karnataka, Kerala, Tamil Nadu and Andhra Pradesh.
2.	<b>Ms. Chetna Gala</b> <i>Maharashtra</i>	<i>'Mann Deshi Mahila Bank Ltd - Banking on women'</i> . For empowering women, she runs Rural Business Management School. She was honored by Harvard University for her work and she has received Janaki Devi Bajaj Puraskar Award for promoting rural entrepreneurship.
3.	<b>Mr. Inir Pinherio</b> <i>Maharashtra</i>	<i>'Grassroutes - Promoting rural tourism – for the villages by the villagers'</i> . He is promoting rural tourism and increasing livelihood opportunities for villagers while preserving the environment and local culture. He is using tourism as a means of creating sustainable opportunities and ensures that local communities are at the centre of entire process including profit sharing.
4.	<b>Mr. Chandra Shekhar Ghosh</b> <i>West Bengal</i>	<i>'Bandhan – poverty alleviation and women empowerment through microfinance'</i> . He is successful in scaling up his activity to his mission of alleviating poverty. He is working in eleven states with 780 branches and disbursed loan of more than ₹2600 crores. From the detailed analysis of 641 MFIs world wide, Bandhan was ranked first in India and second in the world by international magazine 'Forbes' in the year 2008.
5.	<b>Dr. Ashwin Naik</b> <i>Karnataka</i>	<i>'Vaatsalya - Sustainable and socially responsible health care business'</i> . Starting from one hospital in the district head quarter in Karnataka, today he has established eleven low cost hospitals to serve rural poor in the state of Karnataka. He is aiming high to establish twenty hospitals in South India within next three years. According to him, there is scope of 400 such hospitals across the country to meet the medical needs of poor people.

6.	<p><b>Ms. Neelam Chhiber</b> Karnataka</p>	<p><i>'Industree Craft – Empowering rural artisans and producers with social mission and market approach.</i> Ms. Neelam is empowering women to produce rural crafts using river grass and banana fibers as their material to produce mats, baskets, handbags, gift boxes, etc. and market these products at national as well as international level. She started her business with small amount of loan and today her turnover is ₹ 4 crores.</p>
7.	<p><b>Mr. D Vidya Sagar</b> Karnataka</p>	<p><i>“SKG Sangha – Sustainable energy.</i> Mr. Vidya Sagar have been instrumented in setting up 'Deenbadhu' designed biogas units in more than 20 districts of South India that benefits to 2.1 lacks people in over 40,000 households. In addition to this more than 2 lacks fuel-efficient wood stoves have been installed as well. His organization is also involved in empowering women and promoting solar power, organic farming and rain water harvesting. He has received 'Ashden Award' for sustainable energy in addition to best Social Entrepreneur Award by entrepreneur's forum.</p>
8.	<p><b>Mr. M.B Nirmal Kissan</b> Tamilnadu</p>	<p><i>'Exnora – Excellent, novel and radical idea of people's participation in environmental management.</i> He has done outstanding work by establishing excellent, novel and radical ideas to tackle civic problems. One of the most successful social entrepreneurs of our country who is considered a world authority on 'People's Participation In Environmental Management'. Exnora was judged the best environmental service Organization by the Ministry Of Environment, Govt. of Tamilnadu and has also received Social Entrepreneur Of The Year Award in 2009.</p>
9.	<p><b>Ms. Roopa Mehta</b> West Bengal</p>	<p><i>'Sasha – Crafting a future'.</i> This fair-trade Organization is helping rural artisans and craft persons in marketing their products all over the world. Sasha sources from more than 150 groups of disadvantaged women and marginalized producers from rural and semi-urban areas of West Bengal, Orissa, Bihar, Jharkhand and the North-East. Starting from the turnover of ₹40,000/- today they have reached to ₹8 crores. Members of the craft producers company own 40% of the shares while Sasha owns remaining 60%. The profits are ploughed back into the business.</p>



10.	<b>Dr. H Harish Hande</b> Karnataka	<i>'Selco – Power of solar power'</i> . SELCO sells small modular solar photovoltaic (PV) systems to households and businesses in the villages of Karnataka, Kerala, Andhra Pradesh and Gujarat. Selco won the 'Ashden Award' for social enterprise in 2005. They have more than 200 employees, 25 service centres and they have sold more than 50,000 solar home systems serving around 2.2lakhs poor people.
11.	<b>Mr. P Mukundan</b> Tamilnadu	<i>'Servals Automation Pvt. Ltd – service with values'</i> . Mr. Mukundan is a social entrepreneur who has invented the Venus brand burner for the poor people so that they can save money spent on Kerosine as the burner uses 30% less fuel and lasts twice as long. It also reduces pollution and respiratory diseases as the consumption of the fuel are lower. With the help of social venture capitalist he successfully scaled up his operation throughout the country.
12.	<b>Mr. Chinnu Srinivasan</b> Gujarat	<i>'Locost – Healthcare for the poor'</i> . Locost based at Vadodara in Gujarat provides low cost healthcare medicines to poor people in India. The company makes more than 60 essential medicines in 80 formulations (liquids, capsules and tablets). Locost is also active in pharmaceutical policy advocacy at regional and national level. They donot supply medicines in the retail shops. They ensure that poor people get it through working with government and NGOs only.
13.	<b>Ms Runa Banerjee</b> Uttar Pradesh	<i>'Sewa Lucknow – Empowering more than 7500 women artisans of chikan hand embroidery'</i> . Ms. Runa Banerjee empowered women artisans involved in the chikan hand embroidery work and her initiative that was started in a small room in Lucknow has reached out to nearly eleven districts of Uttar Pradesh positively affecting the lives of nearly 7500 women artisans working with her.

## CASE STUDY 1

### GIRISH BHARADWAJ: BRIDGING THE GAP

*Among the several success stories of social entrepreneurs, the tale of Girish Bharadwaj has created everlasting impact on my mind. After visiting the areas where he works and meeting him, I realized the importance of the work– connecting thousands of isolated villages by building foot-bridges and opening a new world of opportunities for people. He has changed village economies and rural social dynamics. “We bridge the gap between places, people and hearts,” he says. Let us hear his story in his own words.*

#### EARLY DAYS

I was the fifth among 12 brothers and three sisters. My father was a contractor and farmer. We came to live in Sullia town in 1952 when I was two years old. After completing school there, I did mechanical engineering from P.E.S. College of Engineering, Mandya. After completing engineering, I wanted to work in a manufacturing company.

Once, while travelling with my father, we came across a truck loaded with pumps. The pumps were going for repair to a place 40 km from our town! My father suggested that as the only engineer in my town I should set up a repair workshop at Sullia to help residents. I accepted the idea half-heartedly. In 1975, with ₹ 15,000 of my own and a bank loan of ₹ 88,000 I started the workshop.

#### TURNING POINT

In 1989, came an unexpected turn in my life. One of my friends Mr. Narayan, who was a forest officer, requested me to build a bridge to connect an island in the river Kaveri to the mainland. With the help of my friend who had seen Lakshman Jhoola, I arranged to hang the pathway of wooden slates from wire rods and steel rods as suspenders. I had no design, no experience of building bridges. I just adopted a trial-and-error method. And, miraculously the bridge was ready!

Villagers in my native Aletty village near Sullia found this perfect and came to me in a group demanding that I should build a similar bridge at Arambur. I argued that my mechanical engineering degree did not equip me for this task but all my arguments fell on deaf ears. I was their knight in shining armour who would lead them out of isolation.

#### GOLDEN GATE

I asked for time, referred to books and decided on a suspension foot-bridge. The only such bridge on which books had some usable design information was the Golden Gate in San Francisco!

I understood the design and worked out sizes and strengths. The pylons were reinforced concrete and the suspension cable of multi-strand industrial steel rope. The verticals were steel and the deck of wooden planks, stayed against swaying. I approached the Regional Engineering College (REC) in Suratkal for approval of my design. An approval from them boosted my confidence tremendously.

#### PEOPLE'S PARTICIPATION

I agreed to provide technical support and the villagers assured me they would manage the funds. However, this proved tough. They approached the public works department, zilla panchayat and MLA's office but as suspension foot-bridge was a new concept, no one was willing to fund the project.

The villagers requested me to build a 'low-budget bridge'. And, went from door to door to raise money. I was moved by their enthusiasm and promised to undertake the fabrication work free of charge. I started the project with the active participation of the villagers.

We started with 40 volunteers to do labour work. Women served tea and snacks to all. I ensured that good quality raw materials were purchased at reasonable prices. Everybody worked for two months continuously and finally, in August 1989, our first, self-designed, three-foot-wide suspension foot-bridge was ready! It had cost ₹ 1 lakh.



Mr. Girish Bharadwaj with Mr. Ajay Dixit

## HERO OF SORTS

I realized how lives had changed with the construction of this one bridge. Decades of isolation had vanished in a moment.

The bridge was inaugurated with much fanfare. One woman fell at my feet with tears in her eyes. Others greeted me with folded hands. Local media gave this achievement wide publicity. Government officials too came to check out the stability and safety aspects of the bridge.

A full-length Kannada movie 'Swati' was scripted around the bridges I had made and became a hit. And, there was no looking back for me or Ayas Shilpa (Sculpture in Steel) after that. I have built 26 bridges in Kerala, 48 in Karnataka and two in Andhra Pradesh. The longest is a 220-m long suspension bridge near Belgaum across the river Ghata Prabha.

## ADDRESSING NEED

As a grassroots engineer, I have helped at least three lakh helpless, isolated villagers cross rivers safely. There are many streams and rivers on the border between Karnataka and Kerala which cut off many villages, particularly during the monsoon. Hundreds of villagers in these parts need to use boats in their daily lives to commute to work or reach their school or college.

Only 15 to 20 people a day cross the river in a country boat for which they pay ₹10 per trip. Further, these boats do not operate after 5 pm. Children and the elderly have to wade in muddy water to reach the boats and women hesitate to move out of their village as it is very costly and tedious.

Sometimes, villagers have to walk more than 10 km a day to catch a bus to buy daily provisions. In case of medical emergencies, they have to pay ₹ 150 per trip for a jeep to take the patient to a nearby hospital. Basic necessities like 'bijli, sadak and pani' are hard to come by due to isolation.

## SELF-HELP BEST

The magnitude of the problem is too vast for the government to handle alone. So, I decided to replicate my experience of the first bridge at Arambur. Even though, after initial success I got direct offers from various government departments to build such bridges, I decided to opt for people's participation.

Several times villagers could not generate the required funds and I had to waive it. In one instance, the state government stopped construction for technical reasons. I lost almost ₹ 2 lakh. At times, I faced problems with government officials who did not understand the impact and significance of these foot-bridges for isolated villages.

## EXPRESSION OF BONDING

To me constructing a foot-bridge has always been a celebration. Every day in the morning 60-100 people assemble and undertake labour work till dusk. This goes on for two to three months and ends with a grand celebration on the inauguration day.

Usually, I camp at the construction site with a 15-member team in a tent, eating, sleeping and solving technical problems on the spot. For me, each bridge is an expression of bonding. I remember that at Bavikeri near Kasargod, people on either side of the river were not on good terms but by the time our bridge was complete the differences had melted.

One experience that I had leering tears to my eyes even today. An old man in Konannur spent hours everyday staring at the immense height of the pylons being constructed. He thought one needed to shinny up the pylon before one crossed the bridge. When the bridge was finally commissioned, and he understood the idea, he was overcome with delight. "Vidya doddadhu, Swamy," (knowledge is supreme) he said making my eyes get misty.



## ECOFRIENDLY MATERIAL

I use local eco-friendly material to build these cost-effective hanging bridges. When there is a shortage of funds I guide people to places where they can pick up old cables and usable steel. In 12 cases, bridges have been slung between sturdy trees instead of costly RCC pylons!

A suspension bridge can be completed in three months as against the standard government designs in concrete that take three years and cost 10 times more.

Moreover, there is another advantage with suspension bridges. If required, they can be dismantled and re-erected elsewhere. This can save 60 to 65 per cent of the total cost. I have done this at a few places.

### **TRANSFORMING LIVES**

These affordable, reliable bridges have set in development in rural Karnataka and Kerala. The bridges make it possible for doctors to come to the doorstep of villagers. Girls no longer hesitate to get married to boys from these villages, trade has boomed and economic development has marched forward.

Now, at least 200 people cross the river using the three-metre-wide foot-bridges. There are four to five bridges in one gram panchayat area. For instance, over river Payaswini there are eight bridges and nine over river Chandragari.

Around 40 locations have been identified in Chikmangalur district and another 42 in Dakshina Kanada district to construct such bridges.

I know the situation in other states is similar and low-cost stable foot-bridges are needed. I hope to involve other social entrepreneurs to replicate my experience elsewhere.

### **NAXAL TERRAIN**

My most remarkable experience so far? It was while building two hanging bridges to connect two islands at Laknavaram, near Warangal in Andhra Pradesh.

The Tribal Welfare Board arranged for my team to stay 20 km away from the construction site as staying at the site was not safe due to Naxalite activities. The board provided a translator to help communicate with local tribal youth who were hired to assist in construction. Building material was transported as head-load.

The team got back from the site in the forest late at night. Even cooking facilities and equipment were carried everyday to the site. I was risking the lives of 15 people other than myself.

### **BEFRIENDING LOCALS**

Soon, the local youth realized what a big difference the foot-bridges would make to their lives. One day, a tribal leader was surprised to see me eating with my team. I told him they were like my children. I realized that the tribal youth were very lonely, getting no affection from anybody. If you shook hands with them they felt so happy.

I gave them love and care and they reciprocated by supporting my efforts wholeheartedly. I decided to camp at the site as I had won the affection of the locals. On the last day, several youth were in tears. They would miss the positive environment of love and friendship that had been created.

### **WORKAHOLIC NATURE**

I am a workaholic. Seeing my hectic schedule and frequent travel, people will not believe that I had a heart attack a few years ago and underwent angioplasty. Immediately after the attack, while I was still in hospital, I had started designing my next bridge!

## MY MOST UNFORGETTABLE MOMENT

It was an unforgettable day. A Swiss, Tony Ruttiman, known the worldover for making bridges for the poor, came looking for me in Sullia town of Dakshina Kanada district in Karnataka.

Tony came unannounced and stayed with me for 10 days. He too was passionate about making foot-bridges for poor communities in South America, Cambodia, Laos and Vietnam. The most surprising thing about him is that he is not an engineer. He makes bridges using observations, experience and common sense.

I our first meeting he told me, "When I first read about you, I saw a man like me who had given more than 20 years of his life to help people get across rivers." Tony also said the bridges I had built were stronger, more durable and often of longer span than his. I cherish his words to this day.

At that time, I was busy completing my 80<sup>th</sup> foot-bridge through my social enterprise 'Ayas Shilpa' (Sculptures in Steel), which constructs bridges mainly in Karnataka, Kerala and Andhra Pradesh. My dream is to touch the magic figure of 100 bridges by 2012.

***While parting with this remarkable man, I asked him if he had any message for would-be social entrepreneurs. "There are thousands of isolated villages waiting for a grassroots engineer to come and transform their lives. We need to create more and more social entrepreneurs in our country," was his answer.***



### Contact Details :

**Mr. Girish Bharadhwaj**

**Ayas Shilpa,**

Gandhinagar

Sullia (D.K.) 574 239, Karnataka

Phone: [08257] – 600475, 603545

Email: [ayasshilpasullia@rediffmail.com](mailto:ayasshilpasullia@rediffmail.com), [girish.bridges@gmail.com](mailto:girish.bridges@gmail.com)

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## **SOCIAL ENTREPRENEURS**

### **CASE STUDY - 2**

#### **CHETNA GALA: BANKING ON WOMEN**

Talk to her for a while and you get to see the steely determination of this gentle, soft-spoken woman. She is committed to helping downtrodden women. And has immeasurable empathy for them.

Economist, farmer and activist, Chetna Gala-Sinha, 52, is a globally acknowledged rural banker. Her mantra for success has been a holistic approach to empowering women through saving, lending, property rights, social security initiatives, education and healthcare.

The gutsy woman, with a never-say-die attitude, has improved lives of thousands of rural women in Maharashtra by setting up a women's bank and a unique business school, among other things.

#### **BUSINESS BACKGROUND**

Chetna was born in a *Kutchi* business family settled in Mumbai. She grew up in a small apartment with her parents, two uncles, their wives, and 15 siblings and cousins!

While her mother had had little formal education, her father had completed class IX. He ran a grocery business, whose reins her two brothers took over. Chetna completed a postgraduate in economics and commerce from the Mumbai University in 1982.

Interestingly, all her three sisters are medical practitioners, but belonging to different genres. One is a homeopath, another an allopath and the third an ayurvedic doctor.

#### **MAKING OF AN ACTIVIST**

Her life as an activist took flight when she was a student at Mumbai University. She and a group of friends raised their voice against atrocities on women. Chetna developed a strong political awareness at a young age. She joined Jayprakash Narayan's Chhatra Yuva Sangharsh Vahini in the late 70s and quickly rose in rank to become a leading organizer. She fought for the human rights of rural and marginalized communities during the Emergency.

She was sent across western Maharashtra to organize the rural poor. On one of these trips, she visited Mhaswad, a large village in Satara district 350 km southeast of Mumbai. That was a turning point in her life in more than one way. As providence would have it, she met and fell in love with fellow organizer, Vijay Sinha, from Mhaswad. They were married in 1986 and Chetna moved from Mumbai to Mhaswad.

"I realized that if I truly wanted to make a difference, I needed to be out here living in the community that I wanted to serve," says Chetna.

In Mhaswad, Chetna stood out in more ways than one. She was from the city, college-educated and didn't speak the local language, Marathi. But, she harmoniously blended with both her husband's family and the local community.

Chetna and Vijay were very active in the farmers' movement, organizing acts of civil disobedience and even spent time in jail. Chetna succeeded in bringing to Mhaswad a clean drinking water

project funded by the World Bank. Soon, villagers started addressing them affectionately as "Bhao" (older brother) and "Bhabi".

## **LOCAL PROBLEMS**

Mhaswad is in one of the driest regions in India. The economy is largely agricultural and relies heavily on production of wheat, black and white millet, onions and cotton. Average annual household income was less than ₹ 50,000.

Once a prosperous village with cotton fields and a fairly widespread handloom weaving industry, it was badly affected by a severe drought in the late 1970s. The drought played havoc with the lives of farmers who were reduced to shepherds and daily wage farm labourers.

In the dry season, a large number of farmers migrated to cities in search of gainful employment. When the men were away in search of work, the entire burden of home and hearth fell on women. Often, they had to resort to borrowing from moneylenders at exorbitant rates of interest.

## **HELPING HAND**

Once she understood the local scenario, Chetna got to work. First, she helped people get maximum benefit from government schemes offered during the drought period.

To prevent migration, Vijay and a few other activists started a small credit union called **Mann Vikas Samajik Sanstha (MVSS)** in 1992. Chetna was invited to chair the organization. Soon, membership climbed from 100 to 500.

The society had small saving schemes suitable for women of marginalized sections. They pooled their weekly savings of ₹ 5-10 and gave it to one group member at a time to purchase goats or whatever she wished. A recovery rate of 100 per cent was maintained.

The MVSS also trained elected members of local self-government and provided food supplements and medicines to malnourished children. It instituted awards for villages with all children in schools. It also gave bicycles to girls who were unable to walk to far-off schools. Moreover, it improved participation of women in agriculture and gave them equal rights in ownership of property.

## **WOMEN'S ONLY BANK**

The credit union was a good start, but it was limited in what it could do. Chetna had set her sights on creating something larger. "I got the idea of starting a bank from Ela Bhatt, founder of SEWA in Ahmedabad, whom I had met 10 years ago," says Chetna. At Elaben's suggestion, she met Vijayalakshmi Das of Friends of Women's World Banking (FWWB) who gave her a pamphlet called 'How to Start a Bank.'

Chetna and her team decided to set up a bank for poor women as regular banks did not consider them as prospective customers. They drew up a proposal and sent it to the Reserve Bank of India (RBI).

At first, they were rejected. "RBI didn't want to give a banking licence to a group of illiterate village women," says Chetna. But, she would not take no for an answer. She led a group of 35 women who met the Deputy Governor of RBI in Mumbai. They demonstrated their adeptness with numbers and convinced him to grant them a cooperative banking licence. And, presto! Licence to operate in Satara, Sangli and Solapur was granted in 1997.



## FIRST OF ITS KIND

**Mann Deshi Mahila Sahakari Bank (MDMSB)** opened for business. "The bank is the first rural women's bank in the country to get a licence from RBI," says Chetna.

According to RBI official Manasi Patankar, "It was the first-of-its-kind in India. To start a women's bank in a really backward and drought-prone area is very difficult." The bank has lived up to its image. Its non-performing assets are less than 3 per cent and it made a profit of ₹104 lakh in 2004-05.

Started by women in the Mann block of Satara district, the bank today has a capital of Rs 86 lakh and own fund of ₹ 99 lakh. It has four computerized branches in Mhaswad, Gondavale, Vaduj and an extension counter in Dahiwadi. These cater to 48,000 account-holders and this figure is increasing by the day.

Bank officers encourage women to become entrepreneurs using their traditional skills like goat rearing, tendering cattle, tailoring or making bamboo articles. They get an ownership stake in activities in which they had previously been labourers.

"Our bank is committed to promoting micro-enterprises. Around half of our customers own micro-enterprises, including tailoring, rope-making and dairies. The other half are street vendors or daily labourers," says an enthusiastic Chetna.

## CUSTOMISED PRODUCTS

The best part is that the bank's products are customized to meet the needs of the women. For instance, short-term loans are offered to women who make daily, weekly or monthly payments to the bank. They select the scheme based on their convenience.

Many women prefer to pay the bank agent daily as they fear that if the money is taken home, it may be snatched by alcoholic husbands. For the same reason, the credit-in-kind scheme was developed. Instead of giving a loan to buy a product, the product is bought by the bank and then lent to the account-holder. For instance, vessels were bought for storage of farm produce.

Although the bank is run by women, it encourages men's participation. Men who invest in a daughter's education or go for joint registration of property are given awards. Today, confident women members operate their own accounts, take loans in their own names, possess assets, own animals and are joint owners of property.

## UMBRELLA OF SHGs

**Mann Deshi Mahila Bachat Gat Federation** was established in 2003, bringing many self-help groups (SHGs) under its umbrella. A non-profit organization aimed at helping rural women become entrepreneurs, it comprises more than 400 SHGs. Five offices have been set up for easier coordination and accessibility.

With the help of the agriculture department, Chetna and her team have also trained women in processing of fruits, vegetables and cashew, vermiculture and other income-generating activities.

About 50 Mahila Krishi Vigyan Mandals have been formed with 50,000 members. They run libraries where members can read about various trades and centres that provide information on market prices of various products and assistance to run small enterprises.

## **BUSINESS SCHOOL**

Another dream project of Chetna's is the business school. Here, you will find a goat herder, bangle vendor, tea vendor, daily wage labour, homemaker and school dropout rubbing shoulders to hone their skills.

The B-school called **Mann Deshi Udyogini**, formed by the women's bank in collaboration with HSBC, aims to empower rural women by guiding them in running small enterprises. The courses, that last from one to three weeks, cover technical skills, finance, marketing and confidence building.

The school has three classrooms. The fees are nominal, ranging from ₹ 150 to ₹ 600. Free counselling sessions are held every Friday. It also has a fully-equipped gym with free membership!

## **WHAT EMPOWERMENT MEANS**

Through all these organizations, Chetna Gala Sinha has empowered women. The empowerment has not only been achieved by helping them improve their earning capacity, but also by definite interventions to improve their health, education and property rights. Apart from loans, women benefit from insurance, pension and saving schemes, including saving in the form of gold.

"If co-operative banks are willing to take the risk and challenge of working with such women and develop innovative products for them, they have the opportunity to empower thousands of new micro-entrepreneurs and develop the semi-urban sector of India's economy at the same time," says Chetna emphatically.

## **IMPACT STUDY**

Since 1997, the mahila bank has directly reached 1,64,251 women and indirectly benefited three lakh families. More than six lakh women have benefited from MVSS's advocacy for women's ownership of household property. More than 17,000 entrepreneurs have been launched by the bank over six years.

In addition, the supply chain of the bank has revved up local employment. An impact study conducted in 2006 showed that 100 per cent of the bank's clients and shareholders reported an average 80 per cent increase in daily income.

Sixty-one per cent reported a substantial improvement in meal quality and 60 per cent reported increase in confidence levels for being able to navigate the commercial banking sector.

A combination of all these factors has led to a 40 per cent drop in migration in Mhaswad and a proportionate decrease in dropout rates of girls from school.

## **MAKING IT EASY**

The mahila bank has partnered with HSBC, SIDBI, Deshpande Foundation, OBC Corporation, UTI, TATA ATG and RBI. Partners are needed to reach economies of scale and build a network and infrastructure necessary so that the women can start micro-enterprises and graduate to small and medium enterprises.

A team of bank staff and field agents ensure 4,500 daily transactions, mobilizing up to ₹ 1 lakh everyday. Field agents travel even 20 km to offer doorstep banking facilities and advice.

Technologies like the simputer have enabled zero error transactions. And, smart cards allow customers in remote areas access their accounts. In 2004, all banking processes were

standardized and automated through a commonly used MIS increasing efficiency levels by 50-60 per cent.

All bank branches keep paperwork simple and minimal. Calculations are done in rounded off figures. In an assessment in 2006, 100 per cent of the bank customers preferred MDMSB over other nationalized institutions due to easy transactions and quick loan disbursements. The average time taken for loan processing and disbursement is just two days!

Most of the staff are local women. Ninety per cent respondents pointed to the staff profile as the reason for preferring MDMSB. All transactions are kept confidential. Mechanisms have been built to reduce risk for the customer. For example, on large loans, the bank uses the husband as collateral.

Due to the above factors, MDMSB's annual growth has been maintained at 40- 50 per cent since 2004. In three years, its client base expanded by 70 per cent.

## **DEVELOPING MARKETS**

Since half of MDMSB's clients are traders – street vendors and labourers with daily earnings of Rs 20-40 -- the bank's income can only grow if women graduate from trading to producing essential local services or launching new businesses.

The bank's business development services include one-on-one mentoring and advice. Farmer kiosks and mobile marketing centres too provide this.

More than 17,051 entrepreneurs have been launched by the bank over six years. Each has generated jobs for other women. The new businesses incubated include dairy cooperatives, tailoring shops, dish TV services, photo studio services, production and sale of framed photographs of local deities and paper cups for consumption of prasad at local temples.

Under the auspices of the bank, training courses in animal husbandry, organic farming and veterinary medicine are held. The bank is the first in the region to initiate life, accident and hospitalization insurance for women. It is also thinking of funding a mahila bazaar run exclusively by women.

Training in alternative vocations have improved the income flow from an average of Rs180 a month to ₹ 1,200. The SHGs have benefited nearly 7,000 families. All the clients are rural women -- 19 per cent from backward castes, 22 per cent from OBCs and 38 per cent from NTs.

In fact, some multinational banks have begun approaching the local women with loans for animal husbandry. The MDMSB is now exploring partnerships with nine NGOs to move into Andhra Pradesh, Karnataka, Goa and Gujarat. It has applied to RBI for licences for multi-state operations.

## **MANY LAURELS**

Chetna was made World Fellow 2002 of Yale University, US. In 2003, she was honoured by Harvard University as Bridge Builder. Earlier, in 1996, she was made Fellow by Ashoka Innovators for Social Entrepreneurship in Washington DC, US. She has also been given the **Jankidevi Bajaj Puraskar Award for Rural Entrepreneurship**. In September 2009 she bagged the Amodini Award conferred by Godfrey Phillips.

The MDMSB won the **International Ashoka Changemakers Innovation Award for 2005** which promotes market-based strategies that benefit low-income communities. The award drew applications from 128 institutions in 28 countries. It also won the **Microfinance Process Excellence Award** sponsored by ABN AMRO Bank and Planet Finance India. In 2006, Vanita

Pise, an entrepreneur launched by the MDMSB, received the CII Woman **Exemplar Award** from Prime Minister Manmohan Singh.

**Women helped through SHGs:**

**Prabhavati Mangrule (55) - sells glass bangles**

**Mangal Suryavanshi (45) - sells cane baskets**

**Muktabai Mane (45) - grinds spices**

**Vanita Pise (30) - makes paper plates and cups**

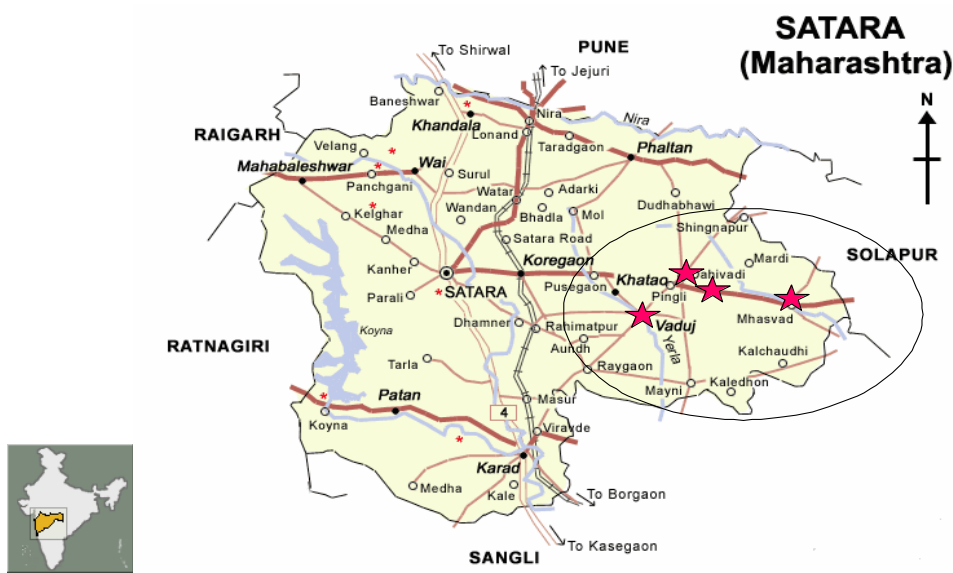
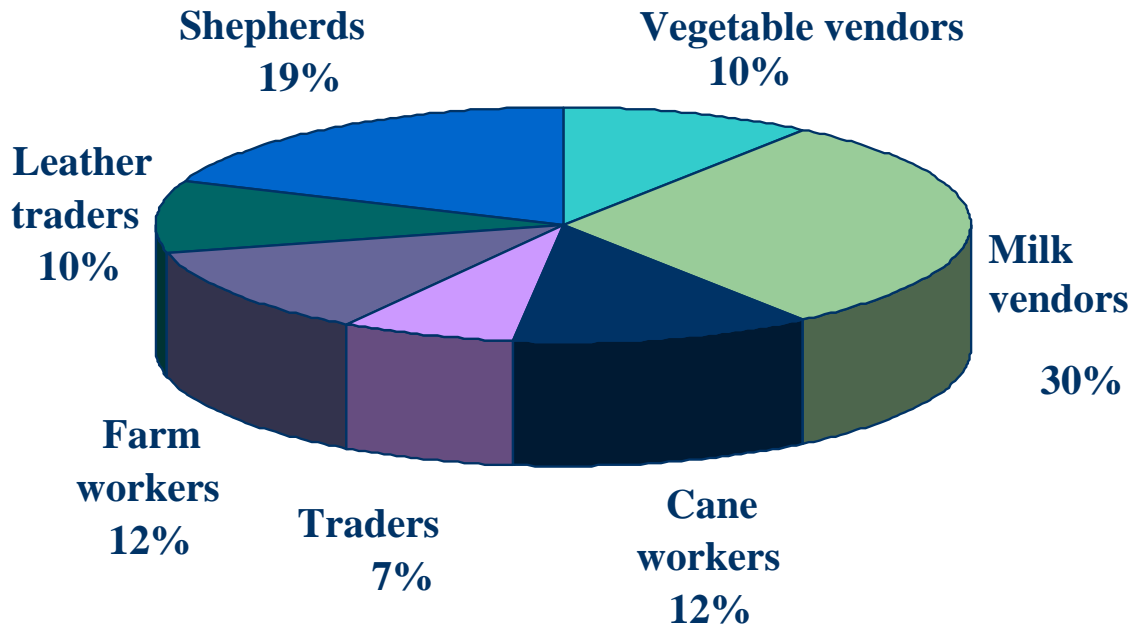
**Vijaya Punekar (55)**

My husband was a tailor. Around 20 years ago, our six-year-old daughter was kidnapped and killed. My husband turned into an alcoholic due to grief. Since then, I have looked after my husband and children single-handedly by working at the tailoring shop. I get more work during the festival season. I was able to fulfill family responsibilities with the help of the Mahila Bank. It gave me loans thrice for personal reasons like my daughter's marriage. I pay an EMI of ₹. 30 per day.

Lakshmi Kikade (34) could never have dreamed of going to a B-school as she had never received formal education. But today, she is a budding entrepreneur with a business management diploma, thanks to the grooming she received at Mann Deshi Udyogini. "I make and sell bags for women in markets like Mumbai," she says proudly.



**CLIENT PROFILE**



Note: The stars represent branch or extension offices



**Contact Details:**

**Ms. Chetna Gala Sinha**  
**Mann Deshi Mahila Sahakari Bank Ltd.,**  
 Mann Taluka,  
 Satara Dist. Maharashtra-415509  
 Email: [chetnavsinha@gmail.com](mailto:chetnavsinha@gmail.com)  
 Website: [www.mandeshi.org](http://www.mandeshi.org)

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## SOCIAL ENTREPRENEURS

### CASE STUDY 3

#### INIR PINHEIRO: TAPPING RURAL TOURISM

*29 Year old, Inir Pinheiro is different. While people of his age are chasing money and power, he is living with his dreams. He escorts weekend tourists to Purushwadi village, a five-hour drive from Mumbai on the Nashik highway. His venture, 'Grassroutes', hopes to transform nondescript villages near metros into viable tourist destinations. His model increases livelihood opportunities for villagers while preserving the environment and local culture. In November 2008, he received a national award - the Karamveer Puraskhaar from I Congo-Kemka Foundation. Here's an account of his adventures with his venture...*

**Q. Tell us something about your background? How did you get interested in the social sector?**

**A.** I grew up in Mumbai in a middle-class household. I have a loving and supportive family. My parents, I believe, have provided me the platform, inspiration, energy and encouragement to endeavour differently.

I remember my father being involved in various social causes and my mother being a very giving person. In college, I began working actively in various youth forums, from local church groups to college associations. In fact, since then I have drawn a lot of strength from the energy of youth and finding means to channelize their energy towards a well meaning course.

After graduating from college, I joined Greenpeace with the mission to 'save the world'. For the first six months, I stood on the streets of Mumbai asking passersby for contributions. Then, for the next 18 months I was part of a team which experimented with mobilizing public opinion and awareness on environmental issues.

During my stint with Greenpeace, I found I had a great connection with the social sector. And, I realized the importance of working towards solutions in a developing country like ours.

**Q. Why do you focus on villages? And, why tourism?**

**A.** I believe India lives in her villages. The lack of livelihood opportunities in rural India has compelled rural communities to exploit scarce natural resources leading to environmental degradation.

It has also led to mass distress migration to urban regions which has led to the degradation of local economies, knowledge systems, culture, traditions and has led to overcrowding in urban areas, with its own set of problems.

I've selected tourism as a means of creating sustainable opportunities as worldover, it has been one of the greatest multipliers of economic development. And, setting up a tourist venture requires relatively less investment. Moreover, tourism provides platforms for exchange of ideas, and culture.

However, tourism has also been the greatest exploiter of local communities. The medium of responsible rural tourism, where the local communities are at the centre of the entire process, ensures the benefits of tourism while minimizing the ill-effects.

**Q. How did you equip yourself for the task?**

**A.** Providing opportunities was the need of the hour. I needed to get wider exposure. I secured admission in Xavier Institute of Management, Bhubaneswar in their rural management programme.

The two-year course broadened my perspective a great deal. It provided me an understanding of the challenges, experiments undertaken, and the learning from them, and also the struggles of individuals, organizations and governments to provide sustainable opportunities.

**Q. Tell us about your venture Grassroutes.**

**A.** Grassroutes, a rural tourism venture, was launched in March 2006. In April, we welcomed our first clients and, in June, our first corporate clients.

Its vision is to 'Indianise tourism' and showcase the true India to both domestic and international tourists. We have a mission to establish a network of over 200 villages across India where tourism is owned, managed and run by local communities. For community managed rural tourism to be a success we followed the principle of 3As. It stands for:

**Awareness:** Local communities were made aware of the various facets of tourism and the potential for development

**Availability:** Opportunities to earn have been made available to them along with skill sets and resources

**Accessibility:** We have addressed various hurdles like infrastructure, management and communication skills, sustained market demand and quality control. Rural communities are able to access information and markets.

**Q. How did villagers take to the idea of rural tourism?**

**A.** Villagers were aware of certain aspects of tourism, especially religious tourism, having gone for yatras themselves, but were unable to see themselves making a livelihood out of tourism. They would ask me naively: "What will we do when tourists come to our village? What will they do?"

Many of their concerns were addressed during our intensive three-month orientation programme. Other questions were answered by tourist feedback and knowledge and experience sharing by the service providers.

**Q. How did the effort begin?**

**A.** Village Purushwadi in Ahmednagar district in Maharashtra was selected as the first location on account of its scenic beauty, a good number of households as well as presence of a small cottage with two rooms and restrooms.

It's perched on hilly terrain where tribal farmers live with their animals in mud-brick houses. There is no electricity or running water. Purushwadi has a population of around 650 and the main occupation is farming.

At the very beginning it was decided to work extensively with village youth and women. Youth - because of their energy and eagerness to work. And, women - because of their diligence and cooperative nature.

We divided the hospitality services into three – housekeeper, cook and guide - and assigned a household for each. They were the village service providers. Guides were points of contact between villagers, tourists and the other service providers.

We wanted to keep the activity homely. The village women cook traditional food, seasonal in nature, on chulas. The food is very simple - roti (made of bajra, jowar, rice, wheat), dal, rice and the occasional vegetable, pickle and onion.

Now, they were faced with the dilemma of what to cook, how much and how to serve. Soon, they refrained from putting too much spice and made tea serving sugar separately in a bowl. They realized that city folk eat less and so wastage has come down.

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## **ZUNKA'S STORY**

Zunkabai is a simple village woman who cooks meals for tourists at Purushwadi. A widow, and mother of four young girls, she used to struggle to eke out a living by working as a migrant labourer and tending to goats for other people.

She was one of the first women to be selected for the community-managed tourism project. To welcome guests she was encouraged to spruce up her appearance and hygiene. The transformation earned her a flood of compliments!

On the first day, she was naturally shy while serving food to the tourist group. However, by the end of the second day, she was comfortable chatting with them.

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### **Q. What's the Grassroutes model like?**

**A.** The Grassroutes model facilitates development of the village as a tourist destination keeping the uniqueness of the village's lifestyle at the forefront. These are the key features:

- Local community is at the centre
- Local traditions, cuisine, knowledge systems, environment, biodiversity, culture and economy are celebrated and promoted
- Market-oriented and profitable
- Marketing and product development of tourism in the village
- Regular monitoring of tourism, local communities and impact
- Robust systems of quality control and upgrading of hospitality services

### **Q. Story-telling and livelihood tours are part of the experience in your model. Tell us more.**

**A.** Grassroutes' story-telling is one of the most ancient forms of passing on knowledge systems. It entertains tourists and gives them a flavour of local folklore. Guides are the storytellers, regaling the visitors with legends and information on culture, social mores, farming practices and other details. They take tourists on nature trails as well as to places of historical and cultural interest. But, it took some time for the village youth to get over their natural shyness.

Once, when a group of tourists was planning a trek in Purushwadi, Dutta, a guide, urged them to undertake a village livelihood tour. On a three-hour hands-on tour, they were made to chop wood, collect firewood, draw water from the well, harvest masoor dal, learn ancient methods of pest management, tend to cattle, fish and generally get an authentic feel of village life. The city-dwellers could swim in rivers and eat tender wheat from the fields. It was a huge success! Now, livelihood tours are an integral part of the rural tourism experience.



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## **GANGARAM'S STORY**

Gangaram is one of the few youths in Purushwadi who has passed class X exam. He may appear an introvert at first, but he soon opens up with a bunch of stories. Like most of the people in Purushwadi, he speaks only Marathi. When Gangaram was appointed as a guide, he was nervous. However, with encouragement and training and constant interaction with groups of tourists, he not only finetuned his communication in Hindi but now attempts the 'Queen's language' too! He cheerily greets tourists with "Good morning" and "How are you?" And, his aspirations have risen.

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### **Q. What has been the impact of your livelihood intervention?**

**A.** For local village communities, our intervention has led to creation of sustainable livelihood opportunities. We conservatively estimate a direct average annual inflow of over ₹. 3 to 4 lakh per village. In addition, we have created auxiliary livelihood opportunities.

The average other income of households increased from ₹. 3,745 in 2001 to ₹. 15,223 in 2008, with almost ₹ 2,000 coming from tourism and ₹. 8,000 from small businesses boosted by tourism. Income from businesses earlier constituted just 12 per cent of other income. Today, it's 51 per cent. Grocers, local transporters, small-time dairy farmers and poultry-keepers have all benefited. Employment has increased by more than 600 mandays till date.

### **Q. How has the tourist experience been enhanced?**

**A.** Visitors are charged ₹ 1,000 for a night stay in the village. The programme promotes tourist enthusiasm, satisfaction and engagement with the locale because the village community is involved in every aspect of stay.

Accommodation is in the homes of villages. Food is served in villagers' homes - traditional, organic food cooked over firewood and eaten with the host family. It's the taste of rustic life and pristine environs that attract city folks.

Ninety-five of our clients are from Mumbai and Pune. Coming close to nature is stress-busting. They experience a sense of belonging and the warmth of a community, even for a short while.

### **Q. What have been the other positive impacts?**

**A.** We have helped in conservation of local culture, traditions, lifestyles, knowledge systems and biodiversity. Other benefits have been that political differences among different groups have been set aside while engaging in tourism.

Pride and self-aspiration due to interaction with tourists has increased and a platform has been created for dialogue between urban and rural communities. Village youth are relearning their traditional knowledge systems, especially on biodiversity. Also, migration rate has dropped.

### **Q. Has it been financially viable for you?**

**A.** In March 2008, we achieved a turnover of over ₹ 1 lakh for the financial year 2007-08. Watershed Organisation Trust plays the pivotal role in funding Grassroutes. But, we are exploring other funding options:

- Increase in revenue at current village destinations
- Generating cash flows through consultancy projects which require our expertise in the field of responsible tourism
- Grant-based funding by approaching government and non-government donor agencies.
- We are currently in dialogue with individuals and social venture funds

I hope to generate ₹ 8 lakh turnover from each village, with a 50:50 profit-sharing between my company and the community. I want to take this to 90:10, with the majority going to the village, as soon as I gain critical mass. I'm being groomed for the challenge by UnLtd, a new incubator for social entrepreneurs already supporting 44 such start-ups.



**Q. How has expansion taken place?**

**A.** We knew the importance of scaling up. Also, the impact of Grassroutes' intervention has mandated that we scale up. After the success at Purushwadi, another village was developed. In October 2008, Grassroutes was registered as a proprietorship with a mandate to form a private limited company in a year's time.

We spent the first three years in building prototype villages. We tend to spend another three to four years to build a prototype network of four to six villages in Maharashtra after which replication of the network in other states would be achievable.

It took two years of capacity building, training and construction of basic infrastructure — water tanks, solar lighting, common toilets, among other things. The infrastructure investment in the village, which remains common property, is ₹ 10 lakh.

We are currently identifying new villages to work with, local NGOs and capacity building organisations to partner with and recruiting people to handle sales and marketing. Getting personnel has been one of the biggest challenges for Grassroutes. Working with freelance consultants has been one way out.

In June 2007, a village tourism committee was formed. The committee, which includes two women members, presides over the initiative. In October of the same year we launched a new product called 'rural learning and living adventure' for city youth and college students.

**Q. What is your message to other social entrepreneurs?**

**A.** India needs change-makers. Being a change-maker is challenging, demanding, lonely and sometimes frustrating. But, if you do decide to endeavour, your journey will be filled with wonder, self-discovery, joy and satisfaction. And, the purpose of every endeavour is not to win, but to get people to join in the movement. I'm a great believer in the power of dreams. Not surprisingly, my two favourite books are, 'My Experiments With Truth' by Mahatma Gandhi and 'A Long Walk to Freedom' by Nelson Mandela.'



**Contact Address:**

**Mr. Inir Pinheiro**

**Grassroutes**

3 Silver Coin, D'Monte Lane, Orlem Malad, West  
Mumbai 400064

Phone No: (O) (R)022-28827540

(M)+91-9969101861

Email: [inir.pinheiro@grassroutes.co.in](mailto:inir.pinheiro@grassroutes.co.in)

Website: [www.grassroutes.co.in](http://www.grassroutes.co.in)

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# **SOCIAL ENTREPRENEURS**

## **CASE STUDY 4**

### **BANDHAN – A BOND OF HOPE**

This is one bond that has sustained and kept hope alive in the hearts of the poverty-stricken in rural areas of eastern India. One of the major causes of poverty in India is lack of access to financial resources. And, that is what Chandra Shekhar Ghosh sought to change succeeding to a great extent.

Around 75 per cent of people in rural India depend on moneylenders. Often, this leads them into a debt trap they can't get out of. By setting up the microfinance institution (MFI) Bandhan, Ghosh's mission was to alleviate poverty by ensuring that the poorest of the poor could access funds at reasonable rates.

Set up in 2002 at Bangnam, 60 km from Kolkata, Bandhan is a committed social enterprise that has brought about amazing change in the lives of the poor in West Bengal and other eastern regions of the country. The vagaries of the monsoon and tense political climate make life particularly tough for people in these areas.

#### **PERSONAL STRUGGLE**

The founder and CEO of Bandhan, Chandra Shekhar Ghosh, himself knew the pain of not having access to credit to meet basic requirements of life. His childhood was filled with hardship. "During my growing years, I used to sell milk door-to-door and manage a sweet shop to earn that extra penny," he relates.

Though his father was based in Tripura, he was born and brought up in Bangladesh. He completed his schooling, graduation and MSc in Dhaka. His first job at Brack changed his mindset dramatically. After that, he worked with different NGOs, started consulting with them and after acquiring experience set up his own consultancy firm. But, he had a problem with NGOs – they were too dependent on grants.

His strong concern to do something for the poor made him identify their needs. To reduce their dependence on village moneylenders, in 1999-2000 he initiated the process of setting up a microfinance institution (MFI).

#### **FACING FAILURE**

In 2001, he selected 10 NGOs which would approach people with loans. He also started capacity building process at the NGOs. But, he met with failure.

However, like a true entrepreneur, he was not a quitter. He believed in taking a calculated risk and tried again. In 2002, he borrowed money from his sister, brother-in-law and other relatives to supplement the money he had earned as a consultant. Ironically, he even had to borrow ₹5 lakh from a moneylender!

Fortune favours the brave! SIDBI recognized his sincerity and commitment and sanctioned a loan of ₹ 20 lakh in addition to ₹. 5.45 lakh as capacity building support. ASA, a reputed MFI in Bangladesh, provided technical support.

In July 2002, the first rural branch of Bandhan started with three staffers, including him. It was a great success. Its micro loan products were a hit and in March 2003, Bandhan's had 1,500 members and had disbursed ₹ 20,99,000. And, believe it or not, 100 per cent repayment was achieved!

## CHANGE OF FOCUS

Initially, Bandhan was born as a capacity building institution focusing on two major issues - poverty alleviation and empowerment of women through promotion, generation and development of income generating activities through easy accessibility of credit.

However, Ghosh shifted the focus to microfinance as he thought it was the need of the hour. "Also, I observed that there was a very high degree of commitment among the poor to repay loans because of their experience with moneylenders who charged exorbitant rates of interest," he explains. For these two reasons, Bandhan became a specialized MFI looking at long-term sustainability.

## SETTING GUIDELINES

Right from the beginning, Ghosh was absolutely clear about how to manage the enterprise. His first task was to prepare a five-page set of guidelines to serve as a manual. It categorically specified what to commit to and what not to.

"I firmly believe that decisions and transparency cannot be compromised. Organizationally, we will be cost-effective but not high-profile as we are working for the poor," he says. Today, these guidelines run into 350 pages and every year certain changes are incorporated in them.

## CUSTOMER-FRIENDLY

From day one, the approach was professional but customer-friendly. Usually, loans range from ₹ 1,000 to ₹ 5,000 for rural clients and ₹ 1,000 to ₹ 7,000 for urban ones. As loans are given to very poor people, repayment is on weekly basis but the weekly loan instalment for Rs.1,000 is just ₹ 25. The loan term is one year and total number of instalments are 45 at 12.5 per cent interest.

Bandhan follows an individual lending policy through group model. That is, loans are given to individual members who belong to a group. For instance, 10 to 25 women of a neighbourhood might get together and form a group. Group meetings are held once a week along with repayment of weekly instalments. The most important aspect of Bandhan's approach is that it's simple in operation yet has an in-built user-friendly system that suits every client.

The lending mechanism is timely and hassle-free. The loans are small and flexible given to the poor without collateral. This makes repayment extremely easy and affordable. Ghosh also encourages repeat loans as well as larger loans.

He provides flexibility in repayment because of public holidays, festivals or for medical purposes. He has a system of effective and constant follow-up along with constant guidance.

## SMALL IS BEAUTIFUL

First, micro loan products were provided for survival purpose. The impact of affordable and timely credit enabled poor borrowers to borrow more money and manage it successfully. As a result, more people took higher amounts as loans. This experience helped Bandhan start **Micro Enterprise Programme (MEP)**.

"They may be poor but they possess the power to decide what to do with the loan. We do not tell them what kind of enterprise they should invest in," says Ghosh.

Almost 80 per cent of the borrowers of MEP were earlier micro loan takers and are now borrowing to expand their enterprises. Loan size in MEP usually ranges from ₹ 20,000 to ₹ 50,000.

## HEALTH COVER

Ghosh also found that a bulk of his clients were spending a large portion of their income on health-related issues. This prompted him to offer microfinance in health products and Bandhan started offering **Microfinance and Health Protection (MAHP)** to any client who had successfully completed two loan cycles. Here, loan size ranges from ₹ 1,000 to ₹ . 5,000 at 10 per cent for one year and weekly/monthly repayment facility.

## **POOREST OF POOR**

The most important learning from the MFI experience was that Bandhan's micro loan products were not accessible to the poorest of the poor. This motivated Ghosh to **Charter into Unventured Frontiers - Targeting the Hard-core Poor (CUF-THP)**.

The two primary objectives of the programme are:

- Livelihood development (income generation, education and health support)
- Social development (community mobilization, awareness and sensitization on social issues)

The target group for CUF-THP is poor women who have neither taken loans from Bandhan nor belong to an SHG. They do not have any active male member. Their children might be working as labourers and the family have no fixed monthly income.

Ghosh provides required credit assistance along with sustainable allowances to meet family expenditure. In addition, Bandhan experts pay weekly home visits to counsel and guide to ensure graduation of the people to micro loan borrowers within 24 months. Moreover, provision is made to educate children of all beneficiaries. They are also encouraged to adopt sanitary practices.

## **MAGICAL NUMBERS**

These numbers speak better than words of Bandhan's success in poverty alleviation and women's empowerment:

**26,500** borrowers are the proud owners of sewing machines

**86,900,700** litres of milk are being annually produced by the Bandhan family

**65 per cent** of borrowers are sending their children to school regularly for a better and secure future

**12,800 women** make their living selling fish while **12,500** do so by trading in rice

Fresh, green vegetables are grown on **21,300** acres by farmers of the Bandhan family

**68,150** women borrowers are engaged in small-scale and cottage industries

**34,000** women own rickshaw vans and **16,000** vans

**17,000** women own grocery shops, **25,000** fruit shops and **5,680** tea stalls

**56,800** Bandhan members sell saris, **5,500** make furniture and **6,250** sell newspapers

Around **12,780** women have utilized their loans for vegetable vending

**40,000** borrowers are in the readymade garment business and **3,200** in the meat business

Around **8,536** make a living cutting beetle nuts into small pieces while **3,455** weave ropes

**SCALING UP**

To achieve his mission of alleviating poverty, while sourcing of funds was important so was management of human capital. According to Ghosh, success of MFIs greatly depends on their human resources. Bandhan’s operations are so standardized that each employee’s role and responsibility is well-defined in the guidelines which ensures clarity of communication across the organization.

<b>THE REACH</b>	
As in June 2009:	
No. of states	: 11
No. of branches	: 780
No. of members	: 1,714,189
No. of staff	: 4,770
Cumulative loans disbursed	: Rs. 2,642 crores
Loans outstanding	: Rs. 771 crores

This enviable expansion is due to Ghosh’s strategy:

- Focus on micro credit and venturing into other development areas only after building a sustainable organization.
- Single-point agenda of making Bandhan a loan-funded organization.
- Cost-effectiveness was put into practice.
- All the benefits of increased productivity were passed on to his borrowers.
- In its first five years of operation, Bandhan slashed its lending rate twice. Its most innovative programme, CUF-THP, reached out to the poorest sections of society.

**ORGANIZATIONAL PHILOSOPHY**

Bandhan’s mission was absolutely clear - reducing economic and social poverty significantly by providing quality, client focused, cost-effective and sustainable financial services. The vision statement states: “Bandhan will be a world-class financial institution serving two million clients by 2010.” Bandhan’s employees deeply believe in its values and this is manifested in their attitude and behaviour.

**BANDHAN’S VALUES**

**C** Cost-effective and simple  
**R** Respect for all  
**E** Exemplary governance  
**A** Accountability, professionalism and discipline  
**T** Transparency and integrity  
**E** Effective teamwork and commitment



## WHAT MAKES BANDHAN SPECIAL?

The reasons why this MFI has been such a success are not hard to find.

1. The first and foremost reason is **visionary leadership** of Ghosh which has created such a centre of excellence. He is totally involved in and committed to his goals. Several times he has faced almost unsurmountable challenges and huge risks. His foresight and innovativeness have been central to his success.
2. **Flexibility in policy** is the second reason.
3. The third is the **experienced governing body** comprising senior professionals with sound knowledge of microfinance.
4. Responsible and **committed staff** at all levels and the organization's emphasis on skill development and capacity building of staff on regular basis has been a vital contributor.
5. **Innovative and client-friendly products** have been a hit among customers.
6. **Promotional activities** to publicize Bandhan's credibility have resulted in catching the attention of investors and civil society.
7. **Standardization** of all policies, processes and infrastructure across branches has ensured transparency to all stakeholders.
8. Strong adherence to the **value system** which includes sensitivity to different cultural and religious norms of members has helped.
9. **Decentralization** is the practice with five-tier management system in place while **simplicity** is maintained in book-keeping and operations.
10. Finally, strong **auditing and monitoring system** ensures financial transactions are on track.

## HALL OF FAME

The renowned international magazine 'Forbes' had in 2008 done a feature on microfinance with detailed analysis of 641 MFIs worldwide. It had ranked the top 50 overall, as well as across various parameters such as scale, efficiency, risk and returns. Bandhan was ranked **first** in India and **second** in the world!

In September 2007, Ghosh was declared Senior Ashoka Fellow and in March 2008, Bandhan bagged the Skoch Challenger Award.

## FUTURE PLANS

By March 2011, Bandhan aims to be a world-class institution reaching out to 3.5 million beneficiaries through a network of 1,500 branches. The number of employees will touch 10,000 and loans outstanding will stand at ₹ 16,468 million.

Recently, Bandhan expanded its services at Delhi as well as Mumbai. As a long-term plan, Bandhan wants to enter Brazil, South Africa, and Afghanistan as these countries are interested in extending similar low-cost services to their poor.

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## REBUILDING LIVES

**Anjaman Gaji Area: Chitragunj-Joynagar**

**Family composition: Husband, 4 sons, 5 daughters**

Today, Anjaman's face beams with happiness. The 39-year-old, who has studied till class VIII, is running a successful sari work and tailoring business with 12 employees to help her.



But, this was not so some years ago. Anjaman's 11-member family was steeped in poverty. Her husband earned a bit, husking paddy but the family could not make ends meet with this income.

When she heard of Bandhan, she approached it for a loan. With the first loan of ₹ 3,000 she bought required materials and started sari embroidery work at home. As her income started rising, she took larger loans and expanded her business.

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### **Parvati Gupta**

**Area: Baranagar**

**Family composition: Husband, 3 children**

When her husband, a rickshaw puller, fell ill, Parvati had nowhere to turn to. She was forced to pull the rickshaw to keep the home fires burning. But, often the family went to bed hungry. She had to pull her children out of school and had no money for her husband's treatment.

Bandhan came to her rescue. The CUF-THP team gave her a grant of ₹ 1,928 to start a plastic business in the local market. With the profit earned she could afford to get her husband medical treatment. He is now back to pulling a rickshaw and her children are back in school. Once hesitant to take any risk, she is now confident of borrowing to expand her business and repay the loans.

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**Source: Bandhan's annual report**

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**Contact Address:**

**Mr. Chandra Shekhar Ghosh**  
**Bandhan**

AB 48, Sector 1, Salt Lake City, Kolkata – 700064

Phone nos. 033– 23347602 / 3015

Fax no. 033 – 2334 4613

Email: [info@bandhanmf.com](mailto:info@bandhanmf.com)

Website: [www.bandhanmf.com](http://www.bandhanmf.com)

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# SOCIAL ENTREPRENEURS

## CASE STUDY 5

### VAATSALYA: HEALTHCARE WITH LOVE

When two doctors from a non-business background get together to set up India's first hospital network in semi-urban India, it makes more than medical history.

Vaatsalya Healthcare is the first private organization in the country which has tried to bridge the gap in healthcare between rural and urban areas with its chain of 20-30 bed hospitals. And, it has proved that low-cost does not mean low-quality.

A 'for-profit' company, it was founded by Dr. Ashwin Naik and Dr. Veerendra Hiremath in 2004. Naik's idea was to attract young doctors to small-town India. With a presence in Karnataka, Andhra Pradesh and Maharashtra, it offers a basket of primary, secondary and preventive healthcare services.

Vaatsalya operates hospitals in Karnataka -- in Hubli, Gadag, Karwar, Bijapur, Mandya, Raichur and Hassan -- and plans to expand to 25 locations in three years. Hiremath named the enterprise Vaatsalya -- meaning motherly love in Sanskrit.

#### CHANCE MEETING

What's interesting is that the two friends had never thought about an enterprise nor were they keen on a social agenda. Also, there was no entrepreneurial background to back them. Naik's father was in service and Hiremath's father was a school teacher.

Roommates at Karnataka Medical College in Hubli, they parted ways when they pursued a masters after MBBS. While Naik went to the University of Houston in the US, his friend studied at Hinduja Institute of Healthcare Management in Hyderabad. Naik worked for 10 years before Vaatsalya was born.

It was while travelling around the country conducting advanced research, that Naik was shocked by the lack of basic healthcare facilities. He bumped into his old pal Hiremath who had specialized in hospital administration. They decided to join hands and founded Vaatsalya.

"We realized that there was need and opportunity to build a profitable, sustainable business. But, initially, raising funds was a problem," says Naik. With the financial support of friends from US, the first hospital came up at Hubli in 2005. The enterprise started with ₹. 75 lakh in its kitty.

#### FUNDING AGENCIES

Looking at Vaatsalya's success, venture capitalist Aavishkaar pumped in ₹. 75 lakh which enabled the organization to expand. Naik also took a loan of ₹ 30 lakh from State Bank of India. In 2006, a hospital was set up at Gadag and soon one started functioning at Karwar.

Aavishkaar and Seedfund invested more than ₹. 6 crore towards adding hospitals at different locations. Switzerland-based Oasis Fund put in \$5 million which will help Vaatsalya get one million customers per year against 1.75 lakh per year now.

## **SKILLED MANPOWER**

Though investors have lined up to support his venture, Naik is still struggling to get doctors to buy into his dream. The duo attracts doctors and other technical staff to work in rural and semi-urban areas by offering salaries plus profit-sharing plans.

Also, their sincerity and commitment towards ensuring that the hospitals are well-stocked with medicines and have up-to-date medical facilities attracts human resources.

## **MAJOR LACUNA**

In the current scenario, while 70 per cent of India's population lives in rural and semi-urban areas, 80 per cent of healthcare facilities are located in urban areas. Villagers have to rush to cities for specialized care when their condition deteriorates. Sometimes, it is too late by then.

This situation is due to three factors:

- Geographical distance
- Socioeconomic distance
- Gender distance

## **CLEAR VISION**

Vaatsalya's vision is to build a sustainable and socially responsible healthcare business. It operates in Karnataka on a hub-and-spokes model through its existing hospitals. Thus, it addresses the problem of geographical distance. People come from villages that are as far as 20-50 km. Instead of going to quacks, government hospitals or more expensive private clinics people prefer to come to Vaatsalya.

Take the case of a young girl with a broken leg who was brought to Vaatsalya by her father. He earned a meagre monthly income of ₹1,500 including agricultural income and pension. Usually, they went to a local quack who charged ₹. 20. In this case, they had visited two doctors previously. "I am happy that my daughter is finally receiving proper treatment," said the relieved father.

To tackle socioeconomic distance, Vaatsalya focuses on preventive care, education and providing high-quality services at affordable cost. It offers basic facilities as well as innovative health plans. As regards gender distance, Vaatsalya has partnered with SHGs and local women's groups. It offers maternal and child health services at all locations.

## **NEED-BASED APPROACH**

The focus is on paediatrics, gynaecology, medicine and surgery. "If a person has a heart attack, we can minimize the risk and send him to an urban area. In the villages we operate in, diarrhoea is more common than cardiac disease," explains Naik.

Physiotherapy, neonatal and chronic care services, not offered in rural private clinics, are also provided. In addition, depending on the unmet needs of the local community specialized services like dialysis, intensive care units (ICUs), diabetology and neurosurgery are added to the service portfolio.

Since poor women in remote villages can't afford to travel to semi-urban locations where Vaatsalya's hospitals are situated, Naik initiated a special training programme for mid-wives.

## AFFORDABLE CARE

Moreover, Vaatsalya is under-priced for OPD and at the lower end of the market spectrum for in-patient care. While a normal delivery at Vaatsalya costs ₹ 5,000, it would cost between ₹. 8,000-10,000 at a private clinic. OPD fee at Vaatsalya is ₹. 50 while a private clinic would charge ₹. 75-150.

Says an agricultural labourer, “I earn just ₹ 30-50 per day. We have come to Vaatsalya from a distance of 20 km for my wife’s delivery. I am very happy with the hospital’s services and can afford the expenses.”

Vaatsalya holds camps in local areas to create awareness about its affordable healthcare services in association with local companies and NGOs. It also conducts activities in schools to spread the message of health like marathons and sponsoring school programmes.

NGOs help identify customers. For example, the organization seeks out cerebral palsy affected patients and arranges for their rehabilitation.



**Moment of Pride:** Ashwin Naik (right) and Veerendra Hiremath, the founders of Vaatsalya Healthcare.

## NO-FRILLS SERVICES

“Setting up one hospital costs ₹ 1-2 crore while operating expenses work out to ₹. 15 lakh per month,” says Naik. Vaatsalya hospitals are set up and run to minimize non-core expenditure and provide ‘no-frills’ services. The following steps ensure this:

- The first decision was to rent hospital properties instead of buying them. Rentals are low in rural and semi-urban areas.
- Similarly, the enterprise saves on wages by hiring non-clinical support staff locally.
- It purchases minimum equipment to reduce start-up costs without compromising on requirements.
- Most of the beds are in the general ward. For instance, a 25-bed hospital would have only four beds in two private rooms.
- Minimum expenditure is incurred on non-medical infrastructure like basic interiors and furniture with no carpeting and air-conditioning.

- Canteen meals are not provided. Instead, the patient's family has access to kitchen facilities to cook.
- Vaatsalya does not own or operate ambulances but sub-contracts such services.

#### **FOUR-PRONGED STRATEGY**

Vaatsalya works in the following ways:

1. Community outreach partnerships with NGOs/SHGs, banks and service providers
2. Arogya healthcare plan for families, communities, SHGs and SSIs
3. Disease awareness and detection plans which include –
  - mother and child health
  - developmental disabilities
  - complications of chronic diseases
4. Rehabilitation centres

#### **EXPANSION PLANS**

Vaatsalya is aiming high. After getting to 20 hospitals in south India, the next milestone is 60 hospitals in five other states! Seeing the acute shortage of medical facilities in semi-urban and rural areas, Naik and Hiremath were sure that establishing of every new hospital would be a social enterprise.

This, in spite of their affordable model. The occupancy rate is between 70-85 per cent while 60 per cent would be sufficient for profitable operations of a hospital.

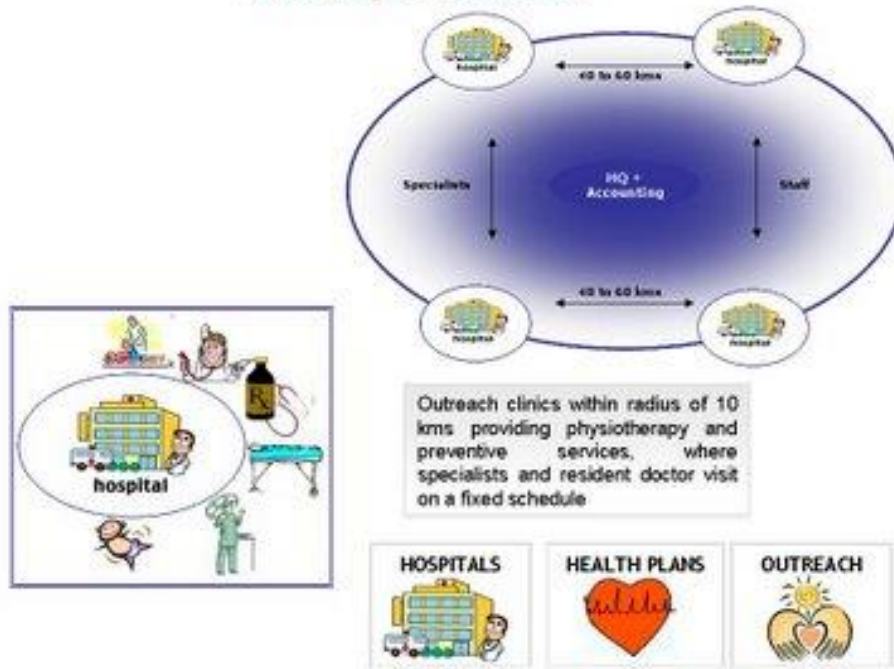
Apart from setting up more hospitals, the organization is planning to offer health insurance services. At present, 90 per cent of healthcare expenses in rural and semi-urban India are not insured. Vaatsalya is also exploring partnering with existing nursing homes and hospitals which are willing to provide low-cost medical care to the rural poor.

“There is scope for 400 Vaatsalya-like hospitals to develop across the country. With the help of facilities we have created we have been able to address up to 70 per cent of the medical needs of the local community,” says an upbeat Naik.

#### **ACCOLADES**

Vaatsalya received the Sankalp Award 2009 for healthcare. It also participated in the Skoll World Forum in the same year. It also bagged the BiD Challenge India 2007 award for the ‘Best Business in the Established Category’ conducted by Netherlands-based organization Business in Development. Vaatsalya also won the LRAMP Award 2008 in the enterprise category.

## Vaatsalya Network



### Contact Details :

**Dr. Ashwin Naik**  
**Vaatsalya Healthcare Solutions Pvt. Ltd.**  
#1, 5th A Block, Opposite Nova Medical Centre /  
William Penn & Barista,  
Koramangala, Bangalore  
Tel: 080 41104652  
Email: [ashwin@vaatsalya.com](mailto:ashwin@vaatsalya.com)  
Website: [www.vaatsalya.com](http://www.vaatsalya.com)

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# **SOCIAL ENTREPRENEURS**

## **CASE STUDY 6**

### **INDUSTREE CRAFT: RURAL ARTISANS GET A BOOST**

Tucked away in a quiet neighbourhood in Bangalore is the office of Industree Craft. The for-profit social enterprise markets trendy laptop bags made of bamboo bark and pencil boxes made of river grass! These are a few of the unique items in its natural fibre collection.

With 40 million rural artisans in India struggling to eke out a living, craft sector development is of vital importance. Unfortunately, government aid is insufficient and people who can impart such skills are few.

Here is where two ingenious women stepped in and set up Industree Craft Pvt. Ltd. (ICPL). The organization, with a turnover of ₹ 4 crore today, is the brainchild of Neelam Chhiber and Geeta Ram. It has played a significant role in promoting, developing and sustaining the craft sector in the country. Industree's mission is to sell products of contemporary design, made by rural artisans, in urban markets.

#### **FINDING HER CALLING**

Belonging to Ludhiana, Neelam, founder-director of ICPL, qualified as an architect and then specialized in product design at National Institute of Design (NID), Ahmedabad. A field trip to Ravi Mathai's 'Jawaja' was a turning point in her life. Her risk-taking temperament made her choose not to work in industry and she opted to specialize in rural craft. "I always wanted uncertainty," says the adventurous Neelam.

She recalls times spent working on a project on craft development in the tribal Bastar area. "I would visit the tribal villages crossing rivers on a bicycle. I would carry food and other basic necessities for people and spend a lot of time in their homes to understand their skills and competencies. That way, I could come up with ideas to help them," she says.

#### **WHAT'S IN STORE**

Neelam has undertaken several government projects for rural craft development. It was during one such project that she met Geeta Ram, who gave her the idea of setting up a shop to sell village craft products.

After graduating in 1986 and eight years of working on projects, Neelam, along with Geeta, set up their first shop in Bangalore in December 1994. That was how ICPL was born. Apart from taking a loan of ₹ 12 lakh, each partner chipped in from their pockets.

Neelam worked full-time at the shop. For the first three years, business was very difficult and the duo learnt valuable lessons. First, that they must target the domestic as well as international market. Second, they needed to specialize in a product that nobody else was marketing or exporting.

#### **NICHE PRODUCT**

Neelam and Geeta identified their niche market – natural fibre craft. The choice of natural fibre made a lot of sense as there was abundance of raw material, artisans were already skilled in weaving it, demand for such products was on the rise and there was good scope for product differentiation. But, the duo was smart enough not to venture into the clothing and fashion sector.

Using river grass and banana fibre as their main material, they produced mats, screens, baskets, handbags, gift boxes, blinds, hats, desk file folders and other articles. Natural, handmade



features gave ICPL products their identity. This is aptly expressed in the company's logo of a hand and a tree printed on each product.

### **VALUE ADDITION**

Having product design expertise, Neelam ensured that the products were high quality with improved product finishing, nice linings and use of fashionable colours which gave ICPL the edge.

An example of this is how they added value to mats that used to be bought for ₹ 400 from suppliers and sold for ₹ 800 in their shop. They only managed to sell one mat per month at that price. Now, the cost of a mat, including additional lining, finishing, colours and design, has declined to ₹ 120 on account of simple mechanization and economies of scales. Now, 1,000 mats are sold at ₹ 350!

### **MIXED STRATEGY**

Neelam realized that setting up more shops was very expensive and devised her own strategy to counter this. She decided to go in for mix of own shops and retail points. Apart from four stores of her own called 'Industree', she created 30 other retail points across India by 2004. Two Industree stores were in Bangalore and one each in Delhi and Kolkata. These shops led to effective recognition and marketing of the brand.

Between 2004-2006, Neelam and Geeta had a partnership with the furniture company 'Design Shop' in Bangalore and Chennai to market their products. But in 2006, Neelam changed tracks again and discontinued the tie-up as she felt partnering with another brand was not good in the long-term for ICPL. To sustain retail shops, the duo added furniture sale in craft shops which generated more revenue.

### **MATTER OF PRIDE**

ICPL's domestic sales promotion was focused on marketing products through trade fairs, advertising in business magazines and through product catalogues. For international sales promotion, they relied heavily on their well-designed website [www.industreecraft.com](http://www.industreecraft.com). They also created a network of export agents in India.

Soon, the enterprise started exporting to more than 15 countries, including those in the US and Europe. It was a matter of great pride when it started supplying to IKEA - the world's largest home retailer. Today, exports form one-third of the company's business.

### **PRIMARY ROLE**

ICPL's major task was creating demand for rural craft. But, Neelam and Geeta realized that only marketing support would not increase the income of rural artisans. A for-profit organization like theirs could not afford the huge costs that reaching out to, engaging and training rural artisans entailed. It was also not eligible for government funds.

Since educating and training rural artisans was crucial for the success of their social enterprise, Neelam came up with the idea of creating a foundation.

## **CRAFT FOUNDATION**

Industree Craft Foundation (ICF) was established in 2000. It provides craft training, skill development and technical assistance to rural artisans. For this, it gets consulting contracts from the government. Artisans get trained technically and for capacity building through self-help groups (SHGs). It also gives design inputs and marketing value addition.

In addition, artisans are equipped with entrepreneurship skills so that each SHG can function as a mini-enterprise, producing and trading goods with Industree. Each group has a leader responsible for managing the SHG's bank account in which payment received from Industree is credited. The group leader distributes payment to members on a monthly basis.

## **MARKET LEADER**

ICPL has become a leader in the market for natural fibre goods, specializing in woven river grass and banana fibre materials in the gift, home décor and furniture segments. It is a member of World Fair Trade Organization and is Fair Trade Certified.

ICPL and ICF together employ nearly 200 people and source products from networks of over 100 producer groups. There is a co-dependency between the two organizations. Total turnover in 2006 was 45 million and the enterprise supports livelihood of more than 5,000 women.

Soon, the need was felt to scale up so that income of rural artisans increased substantially. A social audit report on the company's activities revealed that Industree had successfully increased rural incomes by almost three-fourth.

## **SCALING UP**

But, Neelam and Geeta found several gaps in their current business activity. First, there was no formal mechanism to support artisans investing their own savings in equity and working capital to create an artisan-owned enterprise. Second, working with government programmes was slow and not as per market requirements. Artisans were unable to scale up production in order to achieve economic security and asset accumulation.

Scaling up in the domestic market seemed the best option. The duo realized that the Industree brand needed more visibility and an expanded product line.

Meanwhile, Neelam received a scholarship to attend Santa Clara University's Global Social Benefit Incubator Program which gave her more confidence to scale up. The two partners started scouring for resources. After meeting several social investment financiers, they were convinced that the Future Group of Mr. Kishore Biyani had rich experience in India's retail marketing and was the right choice to support their expansion.

Recognizing the potential of Industree, the Future Group invested \$1.5 million for a 43 per cent equity stake in Industree's for-profit company. Industree's new CEO, Mr. R.S. Rekhi was recruited via Future Group for his commitment to issues of rural unemployment.

## **MOTHER EARTH**

The scaling up of Industree began with the launch of the Mother Earth retail store located in a prime area in Bangalore. Three-storeyed and spread over an area of 10,000 sq. ft., it is the first of 40 stores that are coming in the next five years. Mother Earth markets organic and natural products ranging from textiles and apparel to home décor, food and gifts.

The success of a for-profit social enterprise greatly depends on vision of the owner and commitment of employees at every level. Every staffer knew that it was vital to keep the orders flowing to the artisans.

"For Industree, the key has always been that the product should sell itself," says Neelam.

Staff was kept motivated by sending them into the field to work directly with producers so that they realized the importance of their mission. Moreover, salaries and perks were at par with the private sector. “Our merchandisers play a crucial role in the production chain. They place orders directly with the source and ensure deadlines and specifications are met. I have spent years honing their skills,” says Neelam.

### **MESSAGE OF EMPOWERMENT**

Neelam and Geeta created an organizational culture focused on social impact. “It is integration of social mission and market approach that keeps the staff committed to their work and to the company,” explains Neelam.

“Social impact is one of our competitive advantages. The message to urban customers must not be one of charity but rather one of empowerment,” she adds.

Industree plans to increase its staff by 50 per cent as more Mother Earth stores begin operations. Staff training and cultural orientation to the concept of social enterprise is undertaken after recruitment.



### **SUCCESS MANTRA**

Social entrepreneurs can draw learning from the factors responsible for Industree’s success:

- Clear vision and mission to achieve social objective of increasing rural artisans’ income and standard of living, and providing self-employment.
- Ability to change strategy depending on market trends and learning from failure. When opening a retail shop to provide marketing linkages to rural artisans failed, they launched the ‘Industree brand’.
- Searching for innovative solutions to problems - such as creation of ICF. They could successfully manage both the for-profit and not-for-profit organizations simultaneously to achieve their objectives.
- Our philosophy and policy to make ICPL a Fair Trade Organization is certainly a reason for international success.
- The decision to scale up operations as organizations like Industree cannot survive in the long term without a proper growth plan. Convincing Future Group to take part in the expansion was a masterstroke. Setting up Mother Earth stores is proof that Industree’s journey has only begun.

- The commissioning of social audit boosted their confidence and made them transparent before the public. They also came to know that in spite of increasing profitability, they were not moving away from their social objective.
- Support from all the stakeholders - artisans, NGOs, SHGs, producer companies, bankers, government and customers

In sum, Neelam and Geeta have succeeded by identifying the right product, positioning it well and adding value through good design and quality. They secure repeat orders because of their attention to detail, by ensuring that there are no production faults and that delivery target times are met.

### WHAT THE FUTURE HOLDS

Neelam is exploring potential partnerships with microfinance institutions as well as the possibility of opening an IndusTree-branded microfinance arm to further support enterprise development among rural artisans. She is also considering starting a producer-owned company at village level.

Focusing on exports is the way to go as only then can the company plan large volumes. But, export orders will require significant supply side changes. The producer groups will have to enhance their skills and be able to cope with the tough requirements of export orders. Neelam believes that such a change could only take place through the establishment of a donor-funded project.

The firm has set itself an ambitious revenue target of ₹ 200 crore by 2013. “We are not going to run factories. We are here to design and empower rural producers,” says Neelam emphatically.





**Contact Details:**

**Ms. Neelam Chhiber**  
**Industree Crafts Private Limited**  
No.497 / a. y. Nanjappa Reddy Layout  
8<sup>th</sup> Block, Koramangala  
Bangalore 560 095  
Email: [neelam@industreecrafts.com](mailto:neelam@industreecrafts.com)  
Website: [www.industreecrafts.com](http://www.industreecrafts.com)

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## **SOCIAL ENTREPRENEURS**

### **CASE STUDY 7**

#### **SKG SANGHA: FUELLING CHANGE**

Living in harmony with nature. Synergising its elements with the power of the people is what SKG Sangha envisaged. It realised that while mitigating the present problems of the rural poor, it is vital to look at future environmental impact as well.

That is why the route it adopted was promoting optimal utilization of renewable energy resources by installing biogas plants. Set up by its president, Mr. D Vidya Sagar, in 1993, Sangha focuses on providing biogas which is a cheap, clean, safe, renewable and environmentally sustainable source of energy.

Initially, it operated in Karnataka, Andhra Pradesh, Kerala and Tamil Nadu. Now, the organization is working in West Bengal, Meghalaya and Manipur too. Headquartered in Kolar, Karnataka, SKG generates its own funds.

#### **CLEAN DEVELOPMENT**

Half a million tonnes of carbon dioxide equivalent greenhouse gas emission is prevented every year because of its projects. Sangha develops and implements projects under Clean Development Mechanism (CDM) and Voluntary Emission Reductions (VER).

Other core focus areas are sustainable agriculture, rural industrialisation and solid waste management in villages. By creating employment in villages, it aims to curb urban migration. Also, the idea is to make a village as self-sufficient as possible. Food security is promoted as SKG's activities decrease effects of climate change, increase soil fertility and crop yield and conserve forests.

#### **INDIAN SCENARIO**

Energy is the basis of economic development. In India, 85 per cent of the population lives in rural areas. There, 95 per cent of domestic energy needs are fulfilled by biomass – wood, bushes, agricultural residue and animal manure. The reasons for this are that only 60 per cent of households are electrified, LPG supply is limited to towns and cities and government kerosene supply is less than five litres per household per month. High dependence on fuel from biomass depletes forests. Sustainable supply of firewood from forests and other sources meets not even 25 per cent of the demand. This is what makes Sangha's idea and contribution so significant.

#### **PARTICIPATORY APPROACH**

So far, the organization has been instrumental in setting up 'Deenbandhu' design biogas units in more than 20 districts of South India that benefit over 2.1 lakh people in over 40,000 households. More than 50,000 family size biogas plants have been set up and 95 per cent success rate has been achieved after eight years of installation. More than 2 lakh fuel-efficient wood stoves have been installed as well.

The Central government subsidy to set up biogas plants is being reduced every year and cannot meet even five per cent of the requirement. Sangha is trying to source funds and also set up a revolving fund. Beneficiaries also contribute their might with food for the workers and supervisors, their labour and even construction material like sand, gravel and bricks.

Seeking the cooperation of the community to carry out their programmes has led to an atmosphere of confidence in the villages and ensured that the time schedule is kept.

## **HOW IS BIOGAS MADE?**

Biogas systems take organic material such as animal dung and kitchen waste into an air-tight tank, where bacteria break down the material and release biogas – a mixture of mainly methane and some carbon dioxide.

This non-conventional energy is the answer in rural areas which have easily available biomass materials like firewood, agricultural and animal wastes. India has the highest bovine population in the world. Traditionally, their waste is used as fertilizer and cooking fuel due to the shortage of firewood. Using cow dung as a cooking fuel causes indoor air pollution and also deprives the soil of valuable humus which makes it fertile.

Biogas plants also yield sludge fertilizer, fuel and/or electricity – a valuable bonus. Vermicomposting units are being integrated with biogas plants. The Indian Council of Agricultural Research (ICAR) observed a 20 per cent yield increase when biogas slurry was applied on land.

Big biogas plants are fed with different kinds of feed materials like night soil, restaurant waste, vegetable peels and waste, coffee pulp, cured water, silkworm excreta and non-edible de-oiled cakes.

## **THE OUTCOME**

- A domestic biogas plant saves five tonnes of wood per year per family. This means half an acre of forest per year is conserved. As the life of biogas plants is more than 20 years, each unit will save more than 10 acres of forest in its lifetime.
- The plants set up by Sangha have prevented the emission of 8 million tonnes of greenhouse gases.
- Clean, healthy environment in the kitchen. Women do not have to struggle in smoke-filled kitchens
- Time taken to collect firewood is saved and cooking time reduced
- Children are less prone to respiratory diseases and eye problems
- Children benefit from better food and more time and money can be spent on their education

## **WOOD STOVES**

In households where there is no cattle to feed the biogas plant, fuel-saving cooking stoves are provided. Although, the fuel here is wood, usage is economical – only 50 per cent is needed for the same amount of cooking. The stove model developed by Sangha lasts for several years. There is no smoke or soot in the kitchen and cooking time is reduced. These low-cost stoves can accommodate two pans and have a vent pipe to remove smoke through the rooftops of houses.

## **EMPOWERING WOMEN**

What is interesting is that most of the activities are done through women's societies in order to empower them. Sangha found that many households were headed by women. Women have realized that biogas has improved their quality of life by saving time and preventing health problems.

First, the drudgery they faced in kitchens has been reduced by biogas plants and improved cooking stoves. Second, vermicomposting units have been set up to help them earn more income. Third, SKG also started involving more women to work for the biogas programme in selecting beneficiaries, distributing materials, maintaining stock ledgers and supervising construction.

The Sangha has organized thousands of awareness camps on health, sanitation, organic farming and rainwater harvesting. It has been instrumental in imparting skills to women in cottage industries like tailoring, assembling of solar lanterns, pottery and bee keeping.

### **KILLING TWO BIRDS**

The Sangha realized that it could kill two birds with one stone - provide a sustainable energy source and deal with the problem of solid waste. Exclusive night soil fed biogas plants have been set up in Andhra Pradesh and Tamil Nadu and toilets attached to domestic biogas plants. Biogas plants also treat market, hotel and other institutional waste and silkworm, jaggery and poultry waste.

Dried cane bark and leaves are used to fuel stoves on which sugarcane juice is boiled to make jaggery. Apart from smoke, mud is removed and thrown out in the process. This also creates health hazards to people and animals. Sangha studied the problem and decided to use jaggery waste to make biogas. This fuel can, in turn, be used to cook the juice!

### **WEALTH FROM WASTE**

Poultry litter produces greenhouse gases in huge quantities and emits foul smell. The Sangha derives biogas from this waste too by anaerobic fermentation process. Moreover, the slurry can be used as feed in fishery units.

Waste from dairy farms is also converted into biogas and vermicompost is produced that replaces chemical fertilizer and pesticides in fodder cultivation. Also, the biogas generated will be used for thermal purpose and electricity generation in dairy units.

Non-agricultural waste treated and converted to biogas include waste from food, paper plates and cups, plantain leaves, and such items used in parties and functions. Waste from other commercial establishments like hotels and factories and hospital waste is also treated by the organization.

### **OTHER VENTURES**

**Solar power:** In Karnataka, only 20 per cent of the total electricity supplied flows to rural areas. This meagre supply is extremely unreliable with regard to duration (frequent load-shedding), voltage and access. To overcome this, solar radiation is converted into electricity using solar photo voltaic modules. As a result, low-cost solar-powered lanterns, home lighting supply, solar geysers and cookers are provided to villages. Solar power is also used for street lighting, water lifting and industrial applications.

**Organic farming:** Sangha promotes organic farming and helps build the capacity of small and marginal farmers in this area. Large-scale use of chemical fertilizer depletes soil fertility over time. Use of organic manure and pest repellents can reverse the damaged condition of soil. Farmers are being trained in production of organic manure. Units to convert municipal waste to good quality manure are also being set up.

**Technology:** Technical intervention is essential to improve rural productivity. The Sangha encourages entrepreneurial activity, especially among women, to establish village industries. It also educates people on cost-effective building technology and materials.

**Rainwater harvesting:** Sangha has also installed more than 100 rainwater harvesting drinking systems in schools, hostels and homes for the past several years. In fact, several schools in Karnataka now offer this water to students. Other welfare projects are to spread AIDS awareness and a campaign against the use of gutka and paan masala.



## VARIETY OF PROJECTS

SKG plans to extend its operations to other states and even go international. Training programmes are also an important item on the agenda. It has 50 offices, 300 supervisors and 600 volunteers in addition to its staff. Masons and labourers are employed on a piece work basis and trained by the organization to ensure quality of construction. The list below will give you a flavour of its projects:

- French VER project to install 1,000 composite vermicompost biogas systems for rural households in Hassan district
- Gold Standard CDM project for 10,000 bio-digesters in Kolar
- Organic milk production in Mauritius
- Project with Reserve Bank of India (RBI) to treat ink sludge waste and convert it into useful micronutrient rich fertilizer
- Production of 2,500 tonnes of vermicompost to yield profits for tea gardens and make them organic
- Micro hydro projects in Meghalaya
- Solar lighting systems in Meghalaya and Manipur
- Biogas production from food waste for Sanjeeebani Hospitals in Kolkata
- Rainwater harvesting for use in villagers on mountains of Manipur
- Setting up biogas units in educational institutions.
- Power generation through small capacity windmills in the Western Ghats

## ACCOLADES

Sangha bagged the Ashden Award for sustainable energy in 2007 under the food security category. In 2006, it had received the Sustainable Energy Association Award. The organization also won the Mother Teresa Excellence Award in 2008. Vidya Sagar has been given the Social Entrepreneur Award by Entrepreneurs Forum.



### Contact Details:

**Mr D Vidya Sagar**

**SKG SANGHA (SKG)**

Devarayasamudra Village

Mulabagal Taluk; Kolar District

Karnataka State; INDIA 563 127

**Telephone:** +91-9844160038, +91-8152 225370

**Email:** biogas@vsnl.com, skgsangha@gmail.com

**Website:** [www.skgsangha.org](http://www.skgsangha.org)

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# SOCIAL ENTREPRENEURS

## CASE STUDY 8

### EXNORA: SWEEPING REFORMS

*Nirmal Kissan, 66, founder of Exnora International based in Chennai has transformed South India to a large extent. Looking straight into the eyes of urban ills, filth, ugliness and civic problems, he has come up with novel solutions. "Sparks come to everyone. One must learn to recognize the spark and turn them into a path breaking idea," says Nirmal. Exnora was recognized by the United Nations Conference on Human Settlements in 1996 as one of 100 Best Urban Practices in the world.*

**Q. Tell us about your background.**

**A.** I was born in Kunrathur on October 10, 1943 and grew up in an exceptionally talented and committed joint family. Both my parents were magazine editors. My grandfather's brother, was a highly respected Panchayat Leader. My ancestors were wealthy landowners who donated land to temples, were the first to run buses in Chengelpet district and owned dairy farms.

However, much of the wealth was depleted by the time I grew up to take the reins in my land. I remember I had to go to a moneylender to finance my first scooter!

Although, we are South Indians, my parents gave me a North Indian name justifying his belief that the country is one. I have continued this tradition with my children.

**Q. What about your education and early career?**

**A.** I graduated in Commerce from Pachaiyappa's College in Chennai. I could not study further at that time as I needed to make a living. But, later I acquired a Law degree. When I was 20, I joined Indian Overseas Bank as a clerk.

As a young rural banker I organized Electrification Programmes, trained youngsters in modern techniques of farming and started a Co-operative Dairy Farm.

The Bank's Chairman was very pleased with my work. I was posted in Hong Kong in 1980. I was the only one of 11 colleagues who returned. I could have earned a salary in two years there equal to 20 years in India, but the opportunity to bring about social change was in India. In 1984, I started working at a Chennai branch of the bank.

**Q. What was your 'first spark'?**

**A.** As manager of the Chengelpet branch of the bank, one day I was out recovering small loans. Passing by a potter's hut, I saw a little girl doing her homework in the dim light of a street lamp. This little girl's tenacity to achieve a goal in spite of the disadvantages touched my heart. I call it my first spark.

I went to Tamil Nadu Electricity Board to work out a solution. And, revived a plan where every hut had at least one 40 watt bulb at a subsidized running cost of ₹ 2.50 per month. The cost to set up the supply came to ₹. 25 per hut which I raised with the help of the Lions Club. This venture was a crucial step.

**Q. How did Exnora come about?**

**A.** When I was posted at the Teynampet branch of the bank, I found mounds of garbage which just did not get cleared in the Directorate of Medical Services campus. I organized a 'sweeping campaign' in which all the members of the staff participated. Soon, the campus looked neat and attractive.

The DMS experience created a deep impact on me. I was convinced that people owed a moral responsibility for clearing of garbage. After all, garbage is generated by us.

Chennai was a dumping yard to almost 3,500 tonnes of garbage every month which was burnt on almost 2,000 acres at Kolungaiyur.

So, to involve people in cleaning their environment and improving systems, **Exnora International** was born in November 1988. It stands for formulation and practice of **EX**cellent, **NO**vel and **RA**dical ideas to tackle civic problems.

**Q. What about the conditions where you lived?**

**A.** I settled down with my family in T Nagar. The Street was like a glorified cowshed. There was a row of small houses surrounded by slums which were in an alarmingly unhygienic condition. There were heaps of trash, piles of cow dung, pools of sewage and open defecation. With no option of moving to a better place, I started thinking of how to make my environment cleaner and healthier.

There was an option of getting rid of the over 2,000 slum-dwellers. Instead, I thought of making them partners in my mission of cleanliness.

Today, the same area has become a model in all respects. The slum-dwellers have toilet facilities, underground drainage, tuition centre, lush garden, water collection system and even a gym!

**Q. How did you motivate people?**

**A.** I believe that conscious choice of a substantial portion of the population is necessary for upliftment of any kind. The local bodies were unable to manage waste due to its sheer volume and lack of resources on their part. Exnora's success was in its ability to motivate people and involve them in the sanitation of their area. This became possible by bringing them together through neighborhood communities called **Civic Exnoras**. We were able to make several lakhs of men and women, individually and collectively, work for the cause.

The core problem was the lethargy and indifference of city-dwellers to the plight of the poor. Also, people had to be made aware that the quality of their lives was more in their own hands than that of impersonal bureaucratic bodies.

Neighbours got together and hired rag-pickers who were renamed 'City Beautifiers' at nominal fees to keep the area clean. This way a caring community developed in place of urban indifference.

Civic Exnora's activities include management of solid and liquid waste, rainwater harvesting and recycling. The first venture was at Kamaraj Avenue. The road was cleaned and bins provided at regular intervals. The residents were made aware of their role in keeping the place clean. Since then Civic Exnora has become a household name active in most localities in Chennai.

**Q. How do you fund the enterprise?**

**A.** A sizeable portion of Exnora's funding comes from a motivational and self-improvement course that I conduct in India and abroad. This course is offered under the banner 'Seventh Sense'. I have conducted it since 1990. In this course, I teach how people can open mental locks and overcome mental blocks.

Also, I continue to work very closely with several public and private sector banks. A day-long course offered to a group of 100 people can fetch me anything between of ₹ 2 to ₹ 4 lakh. Support also comes from development associations that back projects on Decentralized Solid

Waste Management (DeSoWaM). Sale of compost and recyclables helps cover the maintenance cost of the Civic Exnoras.

**Q. How have you spread the word on the work you are doing?**

**A.** Exnora has been continuously training elected representatives of local bodies, their officials and workers, NGOs and teachers and students of schools and colleges in several states of India and even other countries.

The Exnora civic movement has been so successful, that it has rapidly spread across entire South India with clubs across Tamil Nadu and the other three southern states. It covers 40 per cent of Chennai city and 75 per cent of suburbs. Its 17,000 street chapters provide clean, scientific garbage collection to around 17 lakh homes.

Having realized their collective negotiating power, many clubs have begun to solve other civic problems, such as sewage, street lighting and water supply through their municipality.

**Q. Tell us about Exnora Green Pammal and Green Cross Vellore?**

**A.** Exnora Green Pammal, launched in 1994, is a unique joint venture of private, public and government participation to improve the environment and promote more environment-friendly sustainable human settlements.

Today, Pammal has achieved source segregation of solid waste, vermicomposting of organic waste, sale of recyclables and restoration of Pammal Lake. Garbage collection is done through street beautifiers with cycle-run waste collection carts. This has generated gainful employment for many. There is no more dumping or burning of the garbage in any of the 21 wards of the Pammal Municipality.

Similarly, Green Cross Vellore (EGC) is another success-story. It started in 1995 as an affiliate of Exnora International. EGC's vision is to "bring about socio-economic change through employment generation based on environmental conservation through waste management."

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**LAURELS**

*Nirmal is considered a world authority on 'People's Participation in Environmental Management'. A powerful motivational speaker, he has addressed meetings in UN bodies, World Bank and US government organizations as also in Indian Institutes of Technology (IITs) and universities. He trains officials of banks, insurance companies and corporates.*

*Indus Entrepreneurs (TiE) honoured him with the Social Entrepreneur of the Year award in 2009. Exnora was judged the Best Environmental Service Organisation by the Ministry for Environment, Government of Tamil Nadu for 2002-03. The Inner Wheel Club of Rotary International featured Nirmal as one of the eight 'Pathfinders' of India in a book, along with Mother Teresa, Sunderlal Bahuguna, Verghese Kurien and Dr. M.S. Swaminathan. .*

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**Q. How has Exnora demonstrated its success as a social enterprise?**

**A.** Exnora is successful because of its:

**Sustainability:** Chennai city alone has 2,000 Civic Exnoras and the annual turnover is ₹ 3.6 crore in the solid waste management sector.

**Replicability:** We believed that it was possible to develop different kinds of replicable models to suit different places and situations. The various prototypes developed by Exnora are replicated in many places today.

**Scalability:** Within six years of launch, Exnora had a distinct presence not only in Chennai but other cities as well. Using the human resource potential of those belonging to all age groups and social strata, the numbers of Civic Exnoras climbed to over 5,000 in Chennai city and in the various districts of Tamil Nadu, Andhra Pradesh, Karnataka and Kerala and a few other states of the country, covering about 30,000 streets and settlements. The focus of scaling up operations has been on the 'waste to wealth programmes'.

Multifaceted wings have been launched like Exnora Bal Sevaks, Exnora Youth Wing, Exnora Women's Wing, Exnora Innovators' club and Exnora Environmental Research Institute.

**Q. What has been the social impact of Exnora?**

**A.** Waste management of an area is under the purview of the local authority. Exnora has brought about the enactment of Municipal Solid Waste (Management and Handling) Rules 2000 through a Public Interest Litigation filed in the Supreme Court. This has provided guidelines for municipal authorities in waste management.

Solid and liquid waste management are handled at three levels: at source; street, colony, area or settlement (centralized) and village or town (decentralized). A fish cart was turned into a trash collection cart which has become a moving icon for trash management throughout India.

Exnora has helped local authorities through consultation as well as partnerships to manage zero waste centres. Also, it has trained people in vermicomposting using flower pots at home, step-by-step bin composting at the community level and fish waste composting.

Moreover, Exnora provides information and direct assistance to communities and disadvantaged groups in the areas of construction, environment, community participation, health and education.

**Q. What have been your other innovations?**

**A.** Some of my other innovations are sky farming (terrace gardening), vertical farming, vertical composting, perennial landfill, synergy composting, Thennai Chennai (on growing coconut trees), 'Teach Reach' (setting up inexpensive tuition centres for slum children) and 'Helmet or Hell mate' (novel campaign on importance of wearing helmets).

**Q. What are your future plans?**

**A.** I am planning to launch a wing called "**Exnora Emissary**" which will enable factories, industrial organizations and workspots to send a candidate, who will be equipped by Exnora, through an intensive training program to facilitate:

- Cutting down of energy consumption
- Minimizing waste
- Conversion of waste to wealth

Secondly, a plan is in the pipeline for women. This arises from my belief that if a woman is taken care of, a family is taken care of and when a family is taken care of, society is taken care of!

**Q. What advice can you offer budding social entrepreneurs?**

**A.** Social Entrepreneurship offers you the best of both worlds. It allows you to serve a particular cause as well as equip yourself professionally, thereby carving a niche for yourself. I suggest that would-be social entrepreneurs equip themselves with knowledge and be aware of the existing patterns in their specific field.

I would also encourage the youth to take up environmental causes as I strongly believe there is no better cause.



**Contact Address:**

**Mr. M.B Nirmal Kissan**

2/12/4, Arihant Majestic towers,

Koyambedu, Chennai-600107.

Tamil Nadu

Phone No: (R):044 24759477, (M) 91 9840034900

Email: [mbnirmal@gmail.com](mailto:mbnirmal@gmail.com)

Website: [www.exnora.org](http://www.exnora.org)

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## SOCIAL ENTREPRENEURS

### CASE STUDY 9

#### SASHA: CRAFTING A FUTURE

*Nemai is a master block-printer who has single-handedly taught young men in his village the art that he mastered thus, opened a world of opportunity for them. From pinning the fabric to the table, marking the layout of the design to deciding the sequence of the blocks, his eye for detail can be seen at every stage.*

*Born in a remote village in the 24 Parganas of West Bengal, Amina is a Kantha artisan whose nimble fingers fly making beautiful designs with needle and colourful threads. Today, her life has moved beyond the needle and thread to include work like organizing workshops, talking to dealers, negotiating terms and learning to run a business.*

Nemai and Amina are just two craftspersons whose lives have changed because of 'Sasha'. When Sasha was established in 1978 in Kolkata, crafts in India were facing hard times on account of the influx of cheaper, sometimes better, machine-made goods. "Artisans were increasingly marginalized and their products trivialized as ethnic and purely decorative," says Roopa Mehta, Executive Director of Sasha.

#### TO THE JOB

The organization came to the rescue of artisans helping them market their products and regain respect for their crafts. It works with hundreds of crafts communities across India so that their skills and creativity find expression, recognition and fulfilment.

Over the years, Sasha has actively helped revive, restore and sustain through managerial and design inputs and creation of markets for Kantha work, tribal crafts, Aari embroidery, leather crafts, scroll painting, block printing, screen printing Ganjifa playing cards, finger puppets, musical instruments like tabla and ektara, bamboo and cane work, dhokra work, ceramics, candles, tie-and-dye, terracotta, stone and jute work, zardozi, and others.

#### HOW IT BEGAN

Sasha's work began with the setting up of 'Sarba Shanti Ayog' (SSA) through which it revived dying art and craft and helped craftspersons make a livelihood.

Set up by the late Subhashini Kohli, its first project was to help market the products of Amar Kutir, a handicrafts unit at Shantiniketan. It helped put up a decent production unit with machinery like ball press, skiving and stitching machines for fabricating leather, thereby improving production. Sasha's designers came up with a large product range of both traditional and contemporary designs. With Sasha's help Amar Kutir's products made their way to markets in Europe, US and Japan.

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#### LAKSHMI'S STORY

"Our products are reaching all corners of the world, thanks to Sasha. Many foreigners come here to place orders for their shops abroad. They give us their own special designs for leather bags, wallets and gift items. Bags made from this kind of leather with embossing and batik are popularly known as Shantiniketan bags" - *Lakshmi Chakraborty, leather craftsperson, Amar Kutir Society for Rural Development, Birbhum, West Bengal.*

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## MILESTONES

- In 1978, SSA was registered and has been working since to develop producer groups and products. Export orders have started to grow.
- In 1981, a Sasha shop was opened opens in Kolkata and exhibitions became a way of strengthening the producer network.
- In 1984, Sasha Textile Artisans Association (which has 35 producer groups) and Sasha Association for Craft Producers were set up. The latter works on the business angle while SSA concentrates on development work.
- In 1990, Ruro Agro Services Association (RASA) was set up to work with agro-based producers. SSA also set up a tribal centre in Phulbani district of Orissa.
- In 1995, Sasha became a member of a worldwide body of fair traders - International Federation of Alternate Trade (IFAT)
- In 2000, Sasha, along with others, promoted Fair Trade Forum (India) and Asia Fair Trade Forum.
- In 2002, it participated in trade fairs in New York, New Delhi and Bangkok. The Bangkok fair resulted in business contacts, understanding trends, business potential and networking.
- In 2004, Sasha Craft Services, a craft producers' collective, was formed. SSA set up Enterprise Development Foundation (EDF) to undertake pilot projects and institutionalize capacity building and business development services.
- In 2005, Sasha Altramerco (SA) was formed as a unique joint venture to develop and market exclusive designs and lifestyle products between India and Italy. It imported crafts from FTOs in South-East Asia, Latin America and Africa. An exhibition of handicrafts, food and herbal cosmetics was held with other FTOs.
- In 2006, it implemented enterprise wide computerization for improved supply chain management. Groundwork for microfinance service for producer partners was initiated. An IT-enabled helpline for artisans was also initiated.

## SIGNIFICANT CONTRIBUTION

Today, Sasha sources from more than 150 groups of disadvantaged women and marginalized producers from rural and semi-urban areas of West Bengal, Orissa, Bihar, Jharkhand and the North-East. The turnover has risen from ₹ 40,000 working with four producers in the first year, to ₹ 8 crore in 2009.

Reviving traditional designs and creating a more equal relationship between craftspersons and their customers has been a major contribution it has made. Artisans have explored local markets and taken part in government sponsored and other exhibitions and suitably modified their products to meet different market needs. Sasha has also created a network among different craft groups in the country so that they could share their skills, experiences and resources and grow together.



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## **ABU'S STORY**

"I am carrying on the work done by my father and forefathers. The embroidery is intricate, so it takes time. Till some time ago, regular work was difficult to ensure because of uncertain market demand. But, Sasha stepped in and changed the course of our future. With Sasha, we have learnt to respect our craft and also ourselves" – *Abu Siddique, member of Kolara Aari Karigar Samiti, Howrah district, West Bengal*

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## **PRODUCTS & MARKETS**

In 2005-06, textile products accounted for 51 per cent of the business, leather contributed 12 per cent, other handicrafts 33 per cent, Rasa Body Care 3 per cent and spices 1 per cent. The share of leather and other handicrafts is growing fast.

Major export destinations are Italy, Austria, US, Australia, UK, Spain and Belgium. Sales in India accounted for less than 10 per cent of the business. In fact, in 2009, 92 per cent of the business was abroad. Sasha had a tie-up with TATA's Steel Junction, a store for lifestyle products in Kolkata. The store kept a separate space for display of Sasha products.

"We try to be good partners of good businesses. Our style of business involves establishing long-term relationships with both buyers and artisans. This model helped us tide over the recession too as there was an established network of buyers," says Mehta.

## **ENTERPRISE DEVELOPMENT**

As far as enterprise development is concerned, Sasha took the following initiatives. It helped Aurobindo Seva Trust, a voluntary organisation situated on the outskirts of Kolkata to form a women's income generation unit in decorative hangings. It assisted, in terms of skill development, product development and market linkages, women's SHGs under 'Sreema Mahila Samity' a leading MFI in Nadia district.

Sasha provided technical assistance to a tribal cluster in Bikna, Bankura in Dhokra crafts. New design concepts, material standardization and fuel-efficient furnace systems were introduced and new, improved products were promoted in the international market. It contributed to substantial scaling up of Shanti Handicrafts, a small leather unit at Habra, by introducing modern techniques, quality control systems, design inputs, costing and managerial practices and buyer-seller interfacing. It helped the setting up of a women's food processing unit at Ushagram starting with gourmet spices. Backward linkages with organic farming cooperatives were established for certified organic ingredients.

Sasha has been instrumental in formation of a crafts producers' company that offers various support services to its members. Nearly 20 crafts groups are associated with this company representing over 500 artisans. Several workshops and training programmes pertaining to financial management have been organized benefiting over 1,000 artisans.

## **EMPOWERING WOMEN**

The company places a strong focus on encouraging women in rural areas to become handicraft entrepreneurs. "Earning independently changes the socio-economic and cultural status of women in rural areas," says Mehta. Sasha has programmes to provide them with financial, technical and managerial assistance. Currently women constitute almost 70 per cent of the total number of artisans associated with the company.

Apart from a fixed minimum wage, artisans are also assisted with overhead cover, insurance, bank loans, savings schemes and assured work throughout the year.

Members of the craft producers' company own 40 per cent of the shares while Sasha owns the remaining 60 per cent. The profits are ploughed back into the business. "We believe that the more we interact with our craftsmen and involve them in decision-making, the better are our objectives realised," says Mehta.

As for scaling up, she says, "Instead of increasing cost by investing in owned stores, we leveraged existing Fair Trade partners," explains Mehta.

## CODE OF BUSINESS

Sasha strongly adheres to the following Fair Trade Standards:

- Creating opportunities for economically disadvantaged producers
- Transparency and accountability
- Capacity Building
- Promoting fair trade
- Gender equity
- Ideal working conditions
- Payment of fair wages
- Protection of environment
- Protection of child rights

Sources: *SMALLCHANGE August 2006, Entrepreneur, October 2009*



Contact Address:

**Ms. Roopa Mehta**

SASHA

1/C Chatu Babu lane

Kolkata 700014

**Phone:** 91 33 22494397 / 22659761

**Fax:** 91 33 22659776

**E-mail:** [sashaindia@vsnl.net](mailto:sashaindia@vsnl.net)

**Website:** [www.sashaworld.com](http://www.sashaworld.com)

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## **SOCIAL ENTREPRENEURS**

### **CASE STUDY 10**

#### **SELCO: HERE COMES THE SUN**

His story may seem like one out of the iconic Bollywood film '3 Idiots'. An alumnus of Indian Institute of Technology (IIT), Kharagpur, Harish Hande acquired a Doctorate in Energy Engineering from the University of Massachusetts. And, headed home in 1993 to provide reliable, renewable, safe and clean energy to unelectrified areas of rural India.

Unlike many entrepreneurs, Hande didn't dream of great wealth or power when he set up Solar Electric Lighting Company (SELCO), a rural solar energy company, in 1995. His company believes that poverty alleviation and better environment are interrelated.

SELCO provides solar home systems giving people a chance to increase their income via sustainable energy by piggy-backing on traditional finance and micro-finance.

#### **THE BEGINNING**

Hande started with one solar-lighting system he bought from left-over scholarship money! He then went to a village television store in Karnataka and asked if anyone was interested in helping him install it. People were, as they were making do with a kerosene lamp or candles.

"In late 1996, I convinced Malaprabha Grameen Bank in Karnataka to finance 100 solar-lighting systems. They probably got fed up with me more than anything else," jokes Hande. He then leveraged this to get the backing of other banks.

Hande and Umesh Rai, a former television salesman, travelled across villages in the state holding demonstrations and convincing people to install the systems. "It was very difficult to make people understand the mechanism of solar panels since the concept of solar energy to generate electricity was a novel one in the rural community," says Rai. Moreover, the systems did not come cheap - around ₹ 15,000 to ₹ 18,500 per unit.

But, from solar lighting and electricity to clean cooking and wireless communications, SELCO went on to empower its customers by providing complete packages of product, service and consumer financing.

#### **PRODUCT**

SELCO sells small-scale, modular solar photovoltaic (PV) systems to households and businesses in villages in Karnataka, Kerala, Andhra Pradesh and Gujarat. The systems can be purchased for individual homes and businesses and do not require connection to a larger network, explains Hande.

A 35-watt solar PV unit consists of four fluorescent 7-watt lamps, lighting for four hours between charges and is also suitable for TVs, radios and fans. The system is rechargeable with a 5-year-life battery and is customized to cater to individual needs. The products include innovative ones like PV-powered soldering irons for TV repair and PV-powered silk looms!

SELCO's equipment is used for lighting, water pumping, heating and purification, communications, computing and entertainment. The company has installed more than 75,000 solar systems in rural areas providing lighting and electricity to over 3 lakh people, says Hande.

## **SERVICE**

The company meets its customers where they live. With its extensive network of service agents it is able to provide at-home design, consultation, installation and good after-sales service. Proximity to customers allows SELCO to better understand their needs, provide efficient service and develop long-term relationships with them.

“We make sure that the region is accessible, at least by a two-wheeler, so that any snag in the solar product can be rectified within 24 hours,” says Rai. The SELCO team checks each system every four months. The service centres are managed from the headquarters in Bangalore.

Each service centre has to be financially viable. Thus, centres are opened only where there is real demand for systems and also where local financial institutions are able to provide customer finance.

## **FINANCE**

SELCO helps its customers finance their purchases. It partners with rural banks, leasing companies and microfinance organizations to provide necessary credit to customers, explains Hande.

SELCO has a ‘lease-to-own’ scheme where customers pay 25 per cent of the system cost as an upfront payment. Then they repay a loan to cover the remaining cost at 12 per cent interest per annum.

Another way in which systems have become affordable for very poor traders is through PV battery-charging businesses. They charge the batteries during the day and hire them out to other traders each night for a rental fee.

## **VARIETY OF CLIENTS**

The company’s clients are street vendors, self-help groups, daily wage labourers, schools, religious institutions, rural households, farms, banks, restaurants, shops clinics and small-scale industries. Apart from rural customers who do not have access to the utility network, SELCO has urban customers whose grid connections are unreliable, says Rai.

A large chunk of customers are women who have begun earning better from the benefits of lighting using earnings from work like tailoring, basket-making or betel-nut shelling to pay back loans they took to buy the unit.

## **BOOSTING INCOME**

By providing lighting, Hande found villagers were able to earn more income. With light now available after dark, they could keep shops open later and stay up at home working on crafts. Some of his customers told him they could now make two to three baskets at night selling them for ₹ 30 each.

This gave him the gem of an idea to link energy service with income generation. He created a business plan for a tribal community in Karnataka with four-year bank loans, under which they would pay for their solar-lighting systems with the proceeds of basket sales.

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A highly skilled carpenter Kumarasiri could not complete his orders in his tiny unelectrified workshop in his house. He was limited by his daylight working hours. After being introduced to solar lighting, he is able to produce higher quality items and his earnings have increased considerably.

Mallika sells fruit from a small kiosk near her house which became quite popular. But, it had to close at dusk due to poor lighting. After getting credit, she bought a solar lighting system and her business is flourishing.

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### **AWARENESS CAMPAIGNS**

The company runs awareness campaigns in rural areas to demonstrate solar home systems. It identifies potential beneficiaries, trains local technicians, installers and service personnel and educates users.

Technologies like solar energy demand little in the way of physical infrastructure – what is important is human support infrastructure. Skilled personnel are needed to introduce, supply, service and finance solar power systems.

Some of SELCO's partners are SEWA Bank, Ahmedabad; Small Scale Sustainable Infrastructure Development Fund (S3IDF), Bangalore; Global Village Energy Partnership (GVEP) and Renewable Energy and Energy Efficiency Partnership (REEEP).

### **TOTAL IMPACT**

SELCO has created strong social and environmental benefits for customers and a larger group of stakeholders. Apart from increasing productivity of clients it has enabled their children to study under better light conditions. The reliability of power supply is a major benefit for customers.

It also partners with farming cooperatives, NGOs and other developmental agencies to leverage the ability to provide products and services to under-served households. By hiring locals on its rolls, SELCO has created valuable employment opportunities.

Also, each solar system installed offsets global warming by reducing more than five tonnes of carbon dioxide through reduction in usage of kerosene. The use of smoky, dangerous kerosene lamps is minimized and owners no longer use and dispose of dry-cell batteries, says Hande.

SELCO firmly believes that solar energy is cheap for the poor as they pay so much more for other forms of energy like kerosene and batteries. It has shown that empowering rural customers can be both economically, socially and environmentally sustainable.

### **ASHDEN AWARD**

SELCO won the Ashden Award for Enterprise in 2005 in recognition of its success in building up, over 10 years, a thriving business which supplies poor people with high-quality PV systems. At that time, it had 170 employees and 25 service centres and had sold 48,000 solar home systems serving around 2.2 lakh people.

The award increased the visibility of the company among microfinance institutions. It has also used part of the award money as down payment guarantee of customers. It also set up a small innovation department at its head office.

All the components of the PV systems are manufactured in India. SELCO had problems with the quality of CFLs. So the company set up a sister concern to manufacture CFLs and change controllers. The company grew despite a 47% increase in the price of small PV modules in the world market as a result of enormous demand in Europe and Japan. The company wants to reach a further 2 lakh customers by 2010.

*Sources: Down to Earth, October 2001, ipsnews.net. Forbes.com, The Earth Report, TVE.org*



Contact Address:

**Dr. H Harish Hande**  
**SELCO**

# 742, 15<sup>th</sup> Cross, 6<sup>th</sup> Phase,  
J P Nagar, Bengaluru 560 078 ; India

Email: [harish@selco-india.com](mailto:harish@selco-india.com)

Website: [www.selco-india.com](http://www.selco-india.com)

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# **SOCIAL ENTREPRENEURS**

## **CASE STUDY 11**

### **SERVALS: BURNING DESIRE TO SUCCEED**

This senior citizen started a post-retirement venture that is lighting up the lives of many women in rural India. Parthasarathy Mukundan's company Servals Automation produces and markets Venus Burners for kerosene pressure stoves. The burner creates more heat, uses 30 per cent less fuel and lasts twice as long.

Nationally, around 10 million kerosene burners are bought every year. Mukundan also turned some village-based self-help groups (SHGs) into entrepreneurial cells to drive his social enterprise. "It was a difficult task. It was like trying to make an elephant dance," said the veteran.

Mukundan introduces his company as a "for-profit organization that's also a social enterprise." His aim is to touch as many lives as possible while making his firm a successful and profitable entity.

#### **EARLY YEARS**

Mukundan belongs to Cuddalore in Tamil Nadu and is the eighth son of his parents. After studying in the district high school, he completed his B.Com in Chennai and joined the sales department of Kilburns company where he worked for seven years. Being creative by nature, he made several innovations for his company. During those days he felt the need to support enterprise. He identified a few products and helped enterprises market their products.

In 1970 with the support of partners he started 'Servals – Service with Values'. Another enterprise called Surmount Enterprise was started after three years to manufacture material handling equipment. A third venture was set up to provide printing services.

Feeling the need to network among existing small-scale industries he formed Small Industry Management Association and contributed substantially for 20 years. Mukundan was also instrumental in creation of Rural Innovation Network (RIN). In 2002, with the support of RIN he first developed the rain gun, specially designed to irrigate land efficiently.

#### **SOCIALLY RELEVANT TECHNOLOGY**

The Venus Burner is a socially relevant technology with income, safety and health benefits to people who live close to or below the poverty line. People can save money spent on kerosene as the burner uses less fuel. Moreover, there is reduction in pollution and respiratory diseases as the consumption of fuel is lower.

The burner was the invention of V. Thiyagarajan, a site engineer and grassroots inventor in Tamil Nadu. He was convinced of the social and economic benefits of the product and was looking for support to manufacture and market his innovation. He approached Mukundan for this purpose and the latter agreed.

The first thing Mukundan did was find funding and venture capitalist Aavishkaar stepped in. Aavishkaar obtained a 49 per cent stake in the Venus Burner venture and Servals kept the remaining 51 per cent. The venture capitalist attempted to provide advisory services and hands-on help in terms of marketing and sales and tried to professionalise the operations of the company.



## **PRICE IS KING**

Though the energy efficient Venus Burner was competing with inferior products it did not sell initially as the price was high. Also, the light weight of the burner caused many prospective buyers to view it with suspicion and dismiss it as a flimsy device.

The price issue was sorted out by making the stove not from brass but a different material. The introduction of a 'bundy tube' (a type of double-walled low-carbon steel tube) also reduced the price of the burner to ₹ 26. At the same time, price of copper, key material used in other burners, rose. The price of other burners too rose making the Venus Burner the most economical solution in the market.

Soon, demand exceeded supply leading to expansion by Servals. And, Mukundan made plans to expand production to other states and to South Africa (where they won a competition for innovative energy-efficient stoves sponsored by British Petroleum), Indonesia and Bangladesh.

## **TSUNAMI KIT**

After the Tsunami of 2004, Mukundan volunteered to use his expertise to recommend an energy-efficient stove to be used as part of the relief kit. S. Thiagarajan, Regional Manager of the National Small Scale Industries Corporation (NSIC), was an acquaintance of Mukundan and knew about the Venus Burner. He was convinced about the burner's merit and used his influence to adopt it as a part of the relief kit.

This resulted in the government placing an order for 1.3 lakh burners to be manufactured, fitted into the stove and placed in the relief kit within three months. This order presented some challenges in terms of large-scale manufacturing but Servals was able to overcome them. More importantly, it provided the much-needed fillip to the business and brought in operational revenue that they could then use to grow and sustain their business.

## **BIS BOOST**

The Bureau of Indian Standards assigned a thermal efficiency rating of nearly 67 per cent to the burner as against the minimum benchmark of 55 per cent. This provided added visibility and legitimacy to Servals. In addition, the BIS also initiated a move to change the India standards for burners to fix minimum thermal efficiency at 60%. This move benefited Servals' burner at the expense of less efficient competitors.

## **NGOs & SELF-HELP GROUPS**

Mukundan's home state Tamil Nadu has more Self-Help Groups than most states at 2 lakh. He believes that NGOs must add value and become self-sustaining.

The burner was just part of the story. "My dream is to create grassroots marketing entrepreneurs who will have enough training in the product, after sales service and general commercial knowledge to market a host of products to provide urban facilities to rural areas," he said.

## **NEXT LEVEL**

A study for USAID and Care International found in 2006 that most of the groups in India were formed by other sponsoring NGOs, governments or banks as a means of providing services in rural communities and assisting poor people access credit. A survey found that only 21 per cent of the groups were involved in commercial enterprises. Half were viable though the earnings were low.

Mukundan wanted the SHGs to help the borrower reach the next level of being a small or medium enterprise. His plan was that they would work under a franchise model and undertake business activities under his direction and focus on profits. Part of his sales and manufacturing is through



these groups and NGOs. In one village, he says his production facilities and sales using SHGs, motivated and coordinated by an NGO, have created employment for 100 people.

### **CHOOSING PRODUCTS**

Mukundan's success appears to be based on choosing products that are not fashionable, but genuinely needed and useful. He is interested in simple things for which he can provide effective support at a corporate level.

He has bundled a group of products that use 'a decentralized production and centralized marketing model' that include the burner, sanitary napkins, a rain gun (an irrigation sprinkler), a portable lighting system and a plant oil stove. The rain gun reduces the need for flood irrigation, uses water more scientifically and is almost half the price of imported guns.



### **PLANT OIL STOVE**

The idea is to identify plants whose oil could be used as domestic fuel with some additives, encourage their plantation and provide crushing and storage facilities. The objective is to provide an alternative to kerosene in villages and control deforestation caused by use of firewood.

It took three months to make the stove. "It was the beginning of achieving rural energy independence," says Mukundan. According to sponsors L-Ramp (a joint venture by RIN and IIT-Madras) it was the market viability and social impact of the project that prompted it to fund the initiative.

### **KEEPING IT SMALL**

Mukundan has tried to build a low-capital model without heavy manufacturing and marketing overheads. The company has been able to function with just a 12-member team.

Servals put into place a model with Trust for Village Self-governance, Koothambakkam to manufacture kerosene burners providing rural employment opportunities. The company provides all the materials and knowhow while the NGO uses its place and people. The marketing model uses SHGs as marketing partners. This requires extensive work at the grassroots level.

### **CORNERSTONES FOR SUCCESS**

The Success of the Venus Burner is the result of the perseverance of a competent entrepreneur, favourable environment and the existence of ties between parties.

Mukundan had the knack of persuading people, ability to make innovations and garner support of government. His experience of manufacturing and running small industries on energy efficiency also proved invaluable. He was also persistent about overcoming bottlenecks.

The inclusion of the burner in the Tsunami relief kits and certification by BIS were key factors behind success. The financial and advisory services provided by Aavishkaar were also a crucial factor. Technologically advanced burner and a good network with experienced wholesalers to increase sales was another turning point.



**Contact details:**

**Mr. P Mukundan**  
**Servals Automation Pvt Ltd.,**  
5/1, (Upstairs)  
Balaji Nagar 1<sup>st</sup> Street,  
Eekatuthangal,  
Chennai- 600 097  
Phone: 64577181, 64577182  
Fax: 044-45540339  
Email: [saplmds@gmail.com](mailto:saplmds@gmail.com);  
[mukundanpa@gmail.com](mailto:mukundanpa@gmail.com)

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## SOCIAL ENTREPRENEURS

### CASE STUDY 12

#### LOCOST: CARING FOR THE POOR

*If you think of one of the most common reasons poor families are caught in the debt trap, you will come up with healthcare costs. Often, when a member falls ill, expensive medical treatment eats into the meager savings of a family forcing it to take loans at exorbitant rates of interest.*

*LOCOST (Low Cost Standard Therapeutics), based in Vadodara in Gujarat, was set up to tackle this problem by making essential medicines for those working with urban and rural poor in India. To make available good quality medicines at affordable prices even in remote areas. Here is the story of Chinnu Srinivasan, the man behind Locost, and his company in his own words...*

#### **NO BUSINESS BACKGROUND**

I got the idea of manufacturing low-cost medicines for the weaker sections while working as a volunteer with a rural health initiative. After discussing the matter with a few friends I decided to set up Locost.

I do not belong to a business family, but the idea appealed to me. In August 1983 we registered Locost as a company. I borrowed ₹ 30,000 from a friend and started manufacturing medicines.

I obtained orders and started supply but was not satisfied with the progress. To take up overall control and increase activity level I shifted from Delhi to Vadodara.

Originally, I had plans to work near Ranchi along with my wife in the area of rural development. Instead, I shifted to Vadodara. For six months I worked alone, but from April 1984 I started contract manufacturing with another loan of ₹ 15,000. In 1985, I started manufacturing through loan licence method.

#### **INSPIRATION**

The inspiration for starting Locost was a tablet making unit in Karnataka. I was motivated by its progress and profits and developed the confidence to start a similar venture. I have learnt a lot from missionaries. Maintenance of health equipment in a rural area is a big problem and I started a special course for that purpose. I also wrote a book on healthcare management for the benefit of people. From 1984 to 1993, the company continued manufacturing under loan licence.

I firmly believe that the purpose of my education is to provide service to the public. That's why I wanted to be a physician. But, fate had other things in store. Born in 1952, I did BSc and MSc in physics from IIT Kharagpur. I took my father's advice and worked in a bank for a while. I even joined IIM, Bangalore but was not been enough to complete the course.

Our professors used to motivate us to take up rural development and I visited several NGOs in Delhi. I joined one of them for a salary of ₹ 800. That's where my tryst with the social cause began.

## **NO MARKETING DEPARTMENT**

Locost has no marketing department. As the company was created for a specific purpose, we have not recruited medical representatives to market our products. We distribute medicines directly through rural health centres and target rural and urban government hospitals where we supply medicines only for poor people.

The company does not have dealers or agents and does not believe in retail marketing. It has covered almost all the states and is creating depots in every state which it expects will be sustainable.

Locost does not aspire to be a multinational and does not require additional space for expansion. Recent annual sales were around ₹ 3 crore. Voluntary work helps the sector know about Locost, but only 10 per cent buy from the company. Even NGOs run by doctors expect branded medicines. The company also faces problems on the transportation and distribution front, especially in rural areas.

## **INNOVATIVE EXPERIMENT**

LOCOST is an innovative experiment to show that good quality medicines can be made and marketed at viable, low prices. The company makes more than 60 essential medicines in 80 formulations (liquids, capsules and tablets).

The correct use of medicines and education of both medical practitioners, who prescribe medicines, and the end-users are major concerns of LOCOST. Its education cell focuses on imparting education and training cell on rational use of medicines. It brings out a Gujarati monthly 'Apnu Swasthya'. It has also brought out the Gujarati versions of 'Where there is No Doctor' and 'A Lay Person's Guide to Medicine'.

LOCOST is also active in pharmaceutical policy advocacy at regional and national levels. Its partnership, as respondent, in an ongoing case in the Supreme Court has resulted in the elimination of several categories of harmful and irrational drugs.

## **COMPANY'S STRENGTHS**

The company's strengths are its production of generic essential drugs, quality consciousness, social accountability, ethical dealings and education and advocacy of rational therapy and a people-oriented drug policy.

LOCOST has also handled project exports and technology transfer to a neighbouring country for a major bulk drug project.

Voluntary organizations like **LOCOST** that are into business operate under twin compulsions: to be 'business like' and to adhere to the ethos of a voluntary organization, and in our case, of a non-profit trust.

## **DRUG SAFETY**

Any business has to make what it considers safe, ethical products. In drugs, safety is a relative issue. No drug is free from side-effects. In some drugs, certain new side-effects and adverse drug reactions are known only as time passes.

As an ethical group one draws upon accepted standard sources of national/international expertise. At the same time one benchmarks available expert information with practical field experience.

At a first level, in drawing up a list of drugs for production, one takes recourse to standard essential drug lists like that of World Health Organisation (WHO). The list also depends on local community requirements.

Being an ethical drug manufacturer means you make only essential generic medicines. You are spared from innovating new fixed dose combinations that tend to mislead uninformed customers. Again among essential drugs, one makes only what current scientific and clinical experience considers rational.

### **ANOTHER CONSTRAINT**

In the case of LOCOST, another constraint is that it supplies medicines only to those working with the poor. This, in principle, means only NGOs and social action groups. The poor mostly use the government sector. But till date, the company has not made any dent in the government sector.

Increasing sales and maximising utilisation of capacity is desirable for another reason: we reach out to more of our target market segment. But, this in turn affects the size of our operations: from a small-scale industry we become medium-scale.

### **PRICING AND WAGES**

On the whole our pricing should be less than the market prices of drugs, otherwise it undermines the very rationale and logic of our existence. We have claimed that good quality medicines can be made at prices less than market formulations. Is low pricing of medicines sustainable on a long-term basis?

What then should our workers get? At the least, they cannot get less than the official minimum wages. These minimum wages do not buy a decent house, good education for children and decent quality of life. We need to work out salary levels that can at least help a worker enjoy middle-class lifestyle.

### **NEED FOR SURPLUS**

Moreover, surplus is necessary for funding depreciation, for ploughing back into capital investments in the future and to inspire confidence in bankers, funders and one's own workers. Nobody is going to subsidise a loss-making concern for long. Adequate surplus can also ensure lower interest burden in the future which in turn means lower costs of manufacture.

How much profit/surplus to make is also determined by other requirements like allocating money for research, education and product development. In LOCOST's case, research and education is independently funded. We do not do any product development.

These are some of LOCOST's current research priorities – study of manufacturing processes, occupational health hazards, drug laws, pharmacy management issues, pricing, partners' experiences, analysis of advertisements, study of drug information in the market and ayurvedic preparations.

## QUALITY CONTROL

The pharmacopoeia often sanctions a 10 per cent tolerance limit. Manufacturers are known to save on costs by making formulations at the lower end of the limit (a 500 mg tablet of, say Paracetamol, would contain only 451 mg of the active substance). Legally, a 451 mg Paracetamol still passes in quality control.

The other area of quality control is to actually do all the tests specified in the pharmacopoeia.

## OUR VALUES

- Promotion of good quality generic drugs and rational therapy
- Promotion of health education
- Influencing national/state level health policy with a priority on drugs

Specifically, the following should be sought to be implemented in five years to the extent possible:

- \* Reduction of salary differences between highest and lowest paid levels
- \* Empowering workers to take decisions
- \* Financial decisions must be taken after considering quality, price and market constraints.
- \* Partner profile: Continue as is for two years and then re-examine any necessity for change in reaching out to newer consumer segments.
- \* All activities geared towards rational therapy

## QUESTION OF ETHICS

There are ethical issues in promotion, labelling and marketing of drugs; ethical dilemmas in concurrently manufacturing and marketing drugs from other systems of medicine; issues generic to the NGO paradigm of organisation; ethical issues related to lobbying, public advocacy and our attitudes to the government; ethical issues in the liberalisation versus regulation debate; issues of human rights in the manufacture, marketing and use of pharmaceuticals and gender issues in the choice, manufacture and marketing of drugs.

At the heart of these dilemmas are questions of method in science, and of the nature of development and what they together do to human cultures. Unless one makes some progress in these issues, consistency of means and ends, one of the pillars of ethics, would not be achieved. With it, drug production, low-cost or otherwise, does appear to be a bit of a flawed system.

### Contact details:

**Mr. Chinnu Srinivasan**

**Locost**

1st Floor, Premananda Sahitya Sabha

Opposite Lakadi pool, Dandia Bazar

Baroda 390 001; Gujarat, India

Ph:+ 91-265-2413319; 91-265-2340223, (M) 9998771064

E-mail us: [locostbrd@satyam.net.in](mailto:locostbrd@satyam.net.in)

Website: [www.locostindia.com](http://www.locostindia.com)

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# **SOCIAL ENTREPRENEURS**

## **CASE STUDY 13**

### **EMPOWERING CHICKANKARI WOMEN ARTISANS**

#### **1.1 Early childhood and family background**

Ms. Runa Banerjee was blessed with being born in an affluent family in Allahabad. While her paternal grandfather was a high court judge, her maternal grandfather was a well known doctor in the state. Their family held a large amount of property in Allahabad. Family had a legacy of social work as her grandmother as well as her mother was into serving the society. She belonged to a big family with five brothers and 3 sisters. She did her schooling and further college from Lucknow itself.

She was born and brought up in a Brahmin family, so when she decided to work for the marginalized and the Muslim community, her decision came as a shock to her parents and relatives. Runa was sensitive to the poor right from her childhood.

#### **1.2 The birth of new idea/opportunity for social change**

After completion of her studies, she along with her friend Sehba Hussain visited Garhwal Himalayas and there she saw the misery that people were facing. This strengthened her resolve to work for the poor and deprived.

In 1979, she became a part of a UNICEF sponsored study which focused on understanding the situation of Chikan artisans who were leading a miserable life. Study was about getting facts on the real life situation of these women artisans and this exposed Ms. Banerjee to the struggles of these artisans. But the study was simply focused on accumulating data and the approach of her colleagues, to details, was insensitive.

She therefore, dissociated herself with the study but continued her connection with these marginalized women. She decided to dedicate her life to the upliftment of these struggling women and their families.

#### **1.3 Define the social issue**

There were over 40,000 chikan artisans in and around Lucknow, leading a miserable life as they were being exploited by the middlemen. They were not getting their due payment for the Chikan embroidery they were doing manually. The women artisans worked with wages as low as 75 paise to ₹ 5 for a high standard embroidery. They and their children were illiterate and everyone in the family had poor health standards as they lived in acute poverty and unhygienic conditions. Children were the worst sufferers. For family's survival, extra earning became a need and the children were dragged to work to fulfill this need.

#### **1.4 The strategy**

It took a series of interactions with artisans to understand their problems and convince them to become self-reliant. Runa's first initiative was to start SEWA school, for the children of artisans, at a nominal fee of ₹1 per child. This instilled faith in the artisans towards Runa's noble intentions.

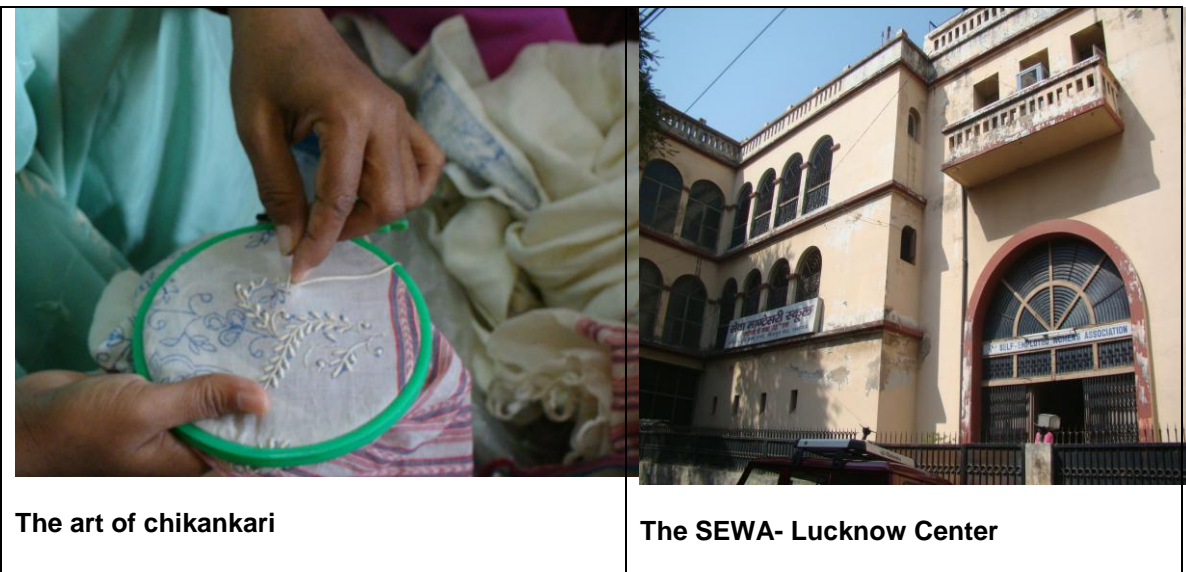


## 1.5 Need for an Organization

Having won the confidence of these women, Runa employ these women and provide them with constant source of earning. Also then exploitation by women, had started showing an adverse effect on their chikankari work. An ancient special art was on the verge of being lost. So, Runa decided to form an organization of these women artisans to begin with.

In 1984, Thirty-One women came together to register an organization of women artisans under the 1860 Society's Registration Act for "CHIKANKARI." "Self Employed Women's Association" (SEWA – Lucknow) was thus formed with the major agenda of doing away with the middleman and to address the market needs directly.

SEWA faced a perennial problem of lack of funds. But the spirit of this group of women was so high that they decided to pitch in from their own pockets and this is how ₹ 8000 was collected to buy clothes from a whole seller in Chowk, Lucknow. As the movement started gaining momentum and artisans started flocking SEWA, established traders started feeling threatened. This led to intimidation of the artisans and physical attempts to stop them. But as SEWA was becoming popular as an organization which provided fair wages for the work, artisans' spirit could not be tapered by the attempts to stop their surge ahead. There were other methods employed to create hurdles. False service tax complaints were filed against SEWA which it proved wrong with ease. Ms. Banerjee was also given death threats but she continued with her attempts to shape up the organization and the zeal and determination continued to reap significant rewards.



Runa also tried to enhance her knowledge about Chikan embroidery by conducting extensive research on designs and traditional blocks. Her team also interacted with traditional karigars and came up with some good inputs.

Runa also had to face the wrath of several families in her efforts to organize women but gradually she could carve her path and established SEWA as a trustworthy fair pay organization.

## 1.6 Scaling up process

Once the basic set up was in place and the concept of SEWA had gained momentum among the Chikan artisans, it was time for SEWA to scale up its operations.

Training centers were set up to involve experienced artisans to teach novices about various stitches. Instead of a single artisan doing the entire process, workers were divided according to



their skills. Separate departments were set up for fabric cutting, stitching, block-printing, embroidery, washing, finishing and pricing. Experienced artisans voluntarily started playing the role of accountants and supervisors.

Marketing what was being produced was the next big step. Having decided that the organization will solely depend on its own income for sustenance, it was important that the finished goods found the best buyers in the market. The city of Lucknow was already crowded with Chikan garments. SEWA's work was fine and exquisite. It was also paying its workers better wages. Both these factors made its garments more expensive. So, it was important to find the right positioning for its products.

In 1985, with a few women kaarigars, Runa decided to register the organization with the Cottage Industry in Delhi. She carried Chikan garments worth 35,000 at that time. The entire stuff was sold out and SEWA registered its first profit. This greatly boosted her confidence and also confirmed that SEWA's product had a large market in the Metros.

This was followed by annual exhibitions in Delhi and Mumbai which became an instant hit with the elites, and middle/upper middle class started flocking the exhibitions to get a share of SEWA's produce. SEWA also opened its first outlet in Lucknow's up market Hazratganj area in 1985.

But if there was an halo of success around SEWA, problems were also all around. Fake brands started coming up in hordes. Other makers started misusing the brand name SEWA and also started copying SEWA's products.

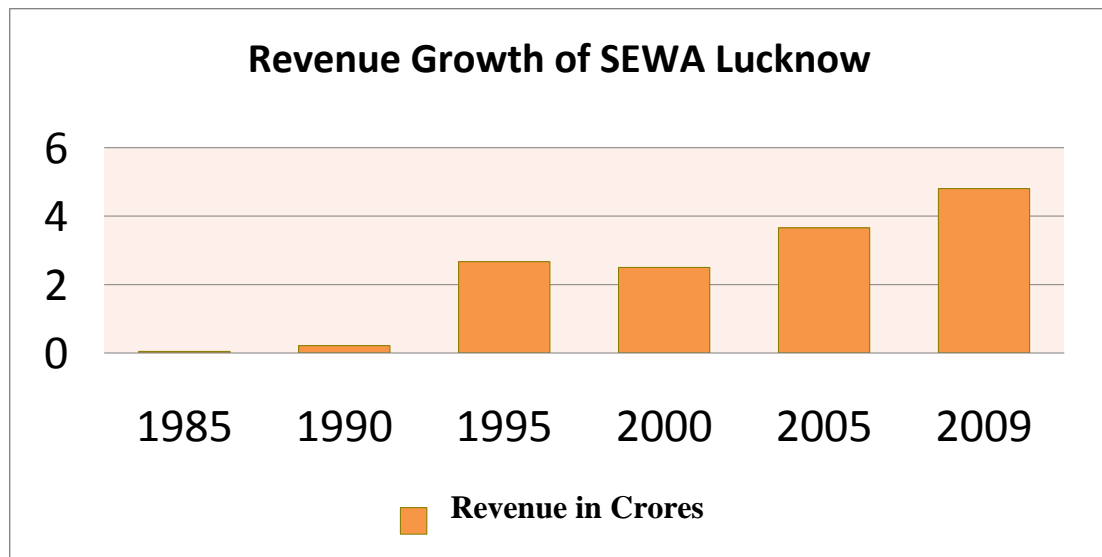
What actually put SEWA on a high growth path was a grant from a German organization EZE that gave ₹ 50 lakhs for three years (1989-91). EZE also paid salaries of 18 staffers and donated a car. Then came help from Ethel Grant, renowned social worker and wife of James Grant, Global Chief of UNICEF. This grant of 27 lakhs in 1990 was bequeathed by Ethel to SEWA and was donated by James after the former's death. It helped SEWA raise its office building from where it operates today and provides vision and direction to so many women.

Since then, SEWA has not looked back. To find markets in big towns, SEWA began participating in fashion shows organized by Femina in Mumbai featuring exclusive the bridal wear collection. This has helped give a fillip to their marketing campaign and enabled SEWA to bag big orders. SEWA also got support of celebrities like Shah Rukh Khan and Shabana Azmi who became good marketing symbols for the movement.

SEWA has stormed the international arena by participating in the Silk Road Campaign in Washington, MACEF-AUTUMN-2003, Milan, Brides of the Orient in Melbourne as well as holding exhibitions in Barcelona and London. 75%-80% of the annual turnover of SEWA comes from these exhibitions which are attended by internationally known fashion houses. Thus, the process has been set in place and SEWA's calendar is busy round the year with exhibitions taking place in major domestic centers like Delhi, Bombay, Bangalore, Calcutta, Chandigarh, etc and also at major international centers like London, Paris, Italy, Australia, etc.

Constant efforts made by SEWA to reach out to its target audience in various ways has reaped rich rewards. The sales turnover of SEWA has been on a rise since its establishment and Ms. Banerjee is confident that in the current year, it will reach the 5 crore mark.

The road travelled by SEWA.



#### 1.7 Achievements at a glance

Greatest achievement for SEWA and for Ms. Banerjee has been the reach that this movement has attained. An initiative which started in a small room in Lucknow has reached out to nearly eleven districts of Uttar Pradesh and it has been positively affecting the lives of nearly 7500 women artisans who have been working with SEWA.

The eleven districts covered in Uttar Pradesh are

- Lucknow
- Barabanki
- Unnao
- Balrampur
- Shravasti
- Behraich
- Aligarh
- Gorakhpur
- Lakhimpur
- Raebareilly
- Sultanpur

The map below shows the geographical impact created by SEWA.



Ms. Banerjee also takes pride in the fact that SEWA works at optimum productivity. Workers rarely take leave. They work with such zest that most consignments are ready well before time.

With success have also come several awards of state, national and international recognition.

### **YASH BHARTI AWARD**

In recognition of SEWA Lucknow's contribution to providing employment to marginalized women, Ms. Runa Banerjee, General Secretary SEWA Lucknow was conferred with the prestigious YASH BHARTI AWARD in 1992 by the then Chief Minister of U.P. The award carried a personal award of ₹ 1 Lac, which was donated to the organization to make a beginning of establishing a corpus of various unmet needs viz., a pension fund for aging workers and for the school building.

### **PHDCCI AWARDS: 2001**

In recognition of SEWA LUCKNOW's contribution for empowering chikan artisans by providing employment to deprived women. Ms. Runa Banerjee, was awarded the PHDCCI Award 2001 for outstanding contribution to Social Welfare in December'2001 by Hon'ble Shri L. K. Advani Union Home Minister, Govt. of India, New Delhi. The award was given by the PHD Chamber of Commerce and Industry, New Delhi.

### **FICCI Ladies Organization Award (2003-2004)**

In recognition of SEWA Lucknow's contribution for empowering chikan artisans by providing employment to marginalized women. Ms. Runa Banerjee, CEO was awarded the FICCI Ladies Organization Award for outstanding women social worker 2003-04 by Hon'ble Ms. Hema Malini, Member of Rajya Sabha, Government of India, New Delhi. The award carried an award of ₹ 25,000/- which was donated to the organization.

## Special Reorganization by State Women Commission 2005

In recognition of SEWA Lucknow's contribution towards empowering women in the state of Uttar Pradesh, Ms. Runa Banerjee CEO of the organization has also been given special recognition by State Women's Commission (SWC) 2005

## Nominee for Nobel Peace Prize 2005

Ms. Runa Banerjee CEO of the organization along with a grassroots Chikan (Hand Embroidery) Instructor Ms Nasreen Bano have been nominated for the Nobel Peace Prize 2005. Both are nominated for their substantial contribution towards fighting for peace and justice for marginalized community especially for women.

## 1.8 Your Future plan of action

Ms. Banerjee feels that she has been successful in developing a good second line of leadership in her organization and is not worried about its sustainability. SEWA-Lucknow has been very successful in providing its artisans with a consistent livelihood option.

She wants to bring all Chikan artisans in the country on the same platform so that their products can be marketed more efficiently. She understands that despite their skills they are unable to get their due because of lack of good marketing skills.

Apart from this, she has been turning SEWA's focus on areas like integration of various embroidery arts, such as; chikankari and Bhuj embroidery.

On a personal front, she now wants to move over to a new area of work. She wants to put her efforts in creating an old age home which provides the old people with a decent and comfortable life.

## 1.9 Advice to would-be social entrepreneurs

"It's very important to understand the commercial viability of the project one takes up. Any craft which is saleable is a good choice to focus on and start the enterprise. Understand what people want, focus on meeting those needs and serve the best possible quality. It is equally important to understand the problems faced by people whom you are helping and enable them to come to terms with the commercial advantage of the project. Provide training and groom their skills continuously and keep them motivated by making them a part of the enterprise. "



Contact Details:

### Ms Runa Banerjee

C-842, Mahanagar, Lucknow.

Phone No: (O) 0522-2743309

(M) +919415102206

Email: sewa\_lko@rediffmail.com

### Name and address of the Organization:

Self Employed Women's Association (SEWA-Lucknow)

474/1KA/4, Brahm Nagar,

Near Shia P. G. College, Sitapur Road,

Lucknow-226007

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