

FROM POVERTY TO PROSPERITY – A CASE OF SOCIAL ENTREPRENEURSHIP IN AN INDIAN VILLAGE

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Kuthambakkam village is about 40km from Chennai in Tamil Nadu in the south of India. 55% of the population are *Dalits* (lower castes). In a country where collective finger pointing at politicians, anguishing at the slowness of democracy and ridiculing India itself are fashionable, Mr. Rangaswamy Elango, a native of Kuthambakkam, is an object lesson. He is an engineer for whom the outer world lay open but he chose to evangelize village-centered development through “Gram Swaraj” (the autonomous village). Today, Kuthambakkam is considered a model village, thanks to the initiative taken by the NGO, Trust for Village Self Governance (TVSG) and its founder trustee Mr. Rangaswamy Elango. TVSG is a registered charitable trust focusing on establishing local self governance in villages using panchayats (village self-governance) as a means.

Kuthambakkam has a population of 5000 people in 1040 households spread over 70 hamlets. There is only one Muslim family and about 4% Christian. *Mudaliars*, *Naidus*, *Vanniars*, and *Yadavas* are the other major castes. Until a few years ago, there was great poverty, considerable violence inflicted on the lower castes, widespread illicit brewing, illiteracy and unhygienic living conditions. 35% of the population were involved in illicit liquor brewing and there was a notable lack of infrastructure

Despite all this, Mr Elango opted to return to his native village.

He was born a *Dalit*, a section of people who have many justified grievances against Indian society. He had choices enough to stay away from the rough and tumble of politics, as most educated Indians are wont to but instead he chose politics as the means to lead Kuthambakkam to prosperity. He chose to foster village-centered

development. He is a family man with longing for his loved ones, but he lives a solitary life for his cause.

Rangaswamy Elango was born on 12 November, 1960. Despite being *Dalits*, Elango’s family owned some land and his father was a government employee, so they were reasonably well-to-do, but as a *Harijan* or *Dalit*, young Elango grew up amidst squalor and hopelessness. *Harijans/Dalits* are treated as untouchables because of their supposedly inferior birth. Drunken brawls, wife beating, rampant poverty, the desperate wails of women and children, illiteracy and unhygienic living conditions were common in the houses near his every night. An academically inclined Elango could not quite shut these out nor ignore the filth as he picked his way to his school.

“At lunch, I saw my classmates had nothing to eat”, he recalls.

As he grew up, he realized that there can be no individual happiness if there is misery all around. A good student, he pursued Chemical Engineering from AC college of Technology in Chennai, but he never forgot the harsh realities of his village. He gathered some friends and formed a youth club, stuck up wall posters with reformist messages, organized study groups, gave special tuitions and tried a number of other heart-achingly inadequate activities. He seems to have intuitively understood the importance of human development but was lost for a platform.

In 1982, he was appointed by OIL India as a campus placement and posted at an exploration site in Orissa. However he quit his job and joined the Center for Scientific Industrial Research in Chennai so that he could be closer to his village. In 1994, he devoted himself fully to the village. He

speaks feelingly of his wife, Sumathi Elango. "I can't estimate her contribution to whatever I have done. She has been the bread winner for the family for over a decade."

Trying to arbitrate and settle disputes among the villagers and counseling erroneous young men could only take his work so far. Somewhere along the way he felt the need to be empowered sufficiently to tackle the daunting task he had set himself. Even as he was contemplating choices, Panchayat Raj (village self governance) legislation came as boon for him. Not many Indians are sufficiently aware of the impact of the 73rd Constitutional Amendment spear-headed by Rajiv Gandhi (then Prime Minister of India) in 1993. It sought to create totally self-governing villages with far reaching powers. A plenary of village people (Gram Sabha) was mandated to meet every quarter and elections to the office of the Panchayat President (Sarpanch) were mandated for every 5 years. The intention was to create village level republics. Tamil Nadu ratified this in 1994 and elections were announced soon after.

Elango threw his hat in the ring and won the election in 1996. He had two objectives:- to create jobs and to create hope.

One of the first measures he initiated was to build toilets in all homes. He felt this would go a long way in the true empowerment and liberation of women. The next logical steps were to provide housing for all communities (castes), maintain water bodies to provide safe drinking water, provide sanitary facilities, ensure effective disposal of solid waste, recycle water, develop greenery, promote smokeless stoves (*chulas*), ensure basic education for all and help the youth develop constructively to become responsible citizens.

On the outskirts of the village was a factory that polished granite slabs. It had a huge disposal problem with its random off-cuts. It was willing to pay for them to be carried away. Engineer-President Elango was delighted and so he employed local labor and built a drain that had smooth granite mosaic walls. The "colony" drained fast down the slick 2 km-long works. Of the

budgeted INR 1.5 million for this project, Elango spent just INR 0.4 million, half of which went in wages for local people. But the specification was to build the drain with rubble from a nearby hill. He had violated 'prescribed norms'. In other words, he had deprived transporters of their ferrying opportunity and contractors of their civil works. Vested interests worked overtime. Elango was suspended from office under section 205 of the Tamilnadu Panchayat Act (TNPA).

He was devastated. He thought he had made a novel environmental, economic, and development statement, but he had been thrown out and humiliated for his pains. He went into a deep depression. He thought of quitting. During this time, his wife gave him the Tamil version of the book by Gandhi, "My Experiments with Truth" called "Sattiya Sodhanai". The book taught him a lot. He understood the mind of a dogged man who had faced much greater odds. Within a few days he approached the Secretary to Government to convene a plenary session of Kuthambakkam. On 10 January, 1999, 1300 people gathered and Elango defended himself. The Government sent an order revoking his suspension. "I understood Gandhi that day", he says. "First be truthful, then be fearless".

There has been no looking back since then. Elango was re-elected with a huge majority at the end of 5 years. Officials backed his approach of cutting out contractors and employing locals instead. As he created jobs, the liquor menace receded. He had always paid above the market average, currently Rs. 70/- per day and most revolutionarily precisely the same for women. Much like Gandhi, he offered to suffer the consequences of his conduct, but insisted that his actions were just. The law, he said, must serve justice above all.

He mastered the TNPA and availed every scheme for the village. He acted as an efficient conduit between his people all available opportunities.

Kuthambakkam has a vast lake that irrigates 1400 acres. Agriculture is practised in a further 700 acres which are rain fed. Water conservation has long been a part of its

heritage. Elango's leadership continues this tradition.

One of the housing concepts that the Tamil Nadu government promoted was "Samathuvapuram" (The Harmony Estates). The idea was to get different castes and religions to live together in a campus of about 50 dwellings each. Over 150 came up all over the state. Most were shoddily built buildings, mockeries left to fast buck, contractors in cahoots with local leadership. Elango demanded and got a say in the design and execution. He got HUDCO (Housing and Urban Development Corporation) to design a soulful campus. Local soil was pressed by people into mud blocks to build the houses. The community hall was designed to be an activity center where now vocational courses and village businesses are run. Of the INR 8.8 million, that the project cost, over a fourth was spent on wages for villagers. More was saved by using local materials. Villagers assimilated many cost effective building technologies. Houses in this Samathuvapuram are about 40% larger than elsewhere and are better designed. So it is with all activities in Kuthambakkam. Extensive water management works, processing of agricultural produce, collective businesses run by women - all emphasize local involvement.

Elango's economic thinking is deeply influenced by Dr. JC Kumarappa, a fervent nationalist who worked closely with Gandhi. He earned his doctorate from the USA and wrote "The economy of permanence".

Elango said, "If you bring in the contractors, you are exporting jobs". He got a door-to-door survey done in the village and found that the village consumed INR 6 million worth of goods and services every month. To his astonishment, he also discovered that nearly INR 5 million of that can be produced at village level. Since then he has been evolving the economic theory of village clusters. In simple terms, about 7 to 8 villages form a free trade zone. They identify and produce goods and services without overlap. They consume each other's produce and the money remains and is invested in human development. He is building village federations now. He has an

appropriate technology development center in the village. Over 21 schemes are ready. The District Collector is talking of granting budgets of INR 50—60 million to each cluster.

Elango is deeply influenced by Gandhian philosophy. He believes that the country needs production by masses and not mass production. This belief coupled with the zeal to execute things has helped turn the village into a place for entrepreneurship and self-governance. The village produces a few things which it tries to sell in Chennai, 40 km away. Most of the things sold are "unfinished products", such as harvested crops, un-pasteurized milk, nuts for oil, etc. They are sent to places like Ambattur village, to be processed, packaged and transported back to Kuthambakkam. Typically, there is a 100% markup in price in that process. Usually we think of ourselves as only consumers of finished goods, but there is no reason why we cannot be the buyers of the unfinished goods as well as the processors who make the finished goods. In the same move, middleman costs can be eliminated, and we can find employment through new economic activities. From this come self-reliance and a sense of pride and independence. Thus evolves the Gram Swaraj or Autonomous Village.

Today, people are astir all over Kuthambakkam. Everyone is busy at some task or the other. The streets are clean, the fields are green and strangely, in these times of drought, ducks are cavorting in its ponds. We find young men from this village on swift motorbikes racing out of the village on errands.

On the same lines as Gram Swaraj, a dairy processing unit has been set up. Employment in such a unit requires a steady inflow of milk. It was figured that 150 animals distributed to 70 families (each woman needs at least two cows, so she can continue her economic activity even when the yield from one is low), could help those families make Rs.1800/- a month even if the milk yield were low (3 to 4 litres a day). The dairy creates a base for related economic activity, thus a few people can be employed sealing packets, a few more vending, a few more keeping the units clean and so on.

When the need to send one economic activity out of the village is removed, there are other activities that can also be indigenized.

Since 1996, Kuthambakkam has seen the laying of link roads to concrete roads, the installation of street lights and overhead tanks, well built houses and above all the banishing of illicit brewing.

Over time, Kuthambakkam has changed and is now a place that is able to provide jobs as well as decent living standards.

During his trip to USA, Elango was invited to be a guest speaker at the first Serve India Forum (www.serveindiaforum.net) conference and there he narrated the story of Kuthambakkam as "how villages lost their self-organizing capacity after colonialism, how the amendment of panchayat raj showed a new way towards self-reliance and self-sufficiency".

When Elango speaks of his village, his pride is unmistakable. Kuthambakkam is not your ordinary Indian village, one that is quickly imagined in the urban mind as a combination of deprivation and squalor. Today the village has paved roads, integrated housing for Dalits and non-Dalits, even a self-sustaining village economy. Elango says, "This is how our society ought to be unlike the mindless chaos that characterizes our larger cities and towns. It is my belief that Kuthambakkam will serve as a model, one whose social and economic achievements are so obvious that people will clamor to replicate it elsewhere in the country". Several cottage industry units employing village men and women produce a range of products such as first-aid kits, soaps, kerosene stoves, and eco-friendly bags. Cottage industry adds value to the local produce before it is marketed. For example: investment in oil expellers and the soap industry has proved more profitable than selling raw groundnuts through middlemen. Those once involved in the illicit liquor industry have discovered that they can be engaged in profitable economic activities in the village itself: bricks made from clay, husk and cement according to an Elango formula are popular because of their insulating properties. This village meets its

own needs as well as the demand for such bricks from neighboring panchayats. Fly-ash, previously discarded as waste material by the lignite industry, is now used in the manufacture of roofing tiles and slabs, and in the lining of canals.

In 4 years, Elango developed Kuthambakkam into a model village with the full co-operation of the Gram Sabha. His objective was to prove that even with limited powers, the Panchayat can change the face of a village in just 5 years.

The annual revenue of the Panchayat was INR 0.3 million in 1994-95 but rose to INR 1.24 million by 1997-98. The value of works executed increased from INR 40,000 to INR 0.48 million, the amount spent on the construction of buildings from INR 20,000 to INR 1.62 million and expenditure on road maintenance from INR 67,000 to INR 1.06 million. He succeeded in mobilizing local resources and talent and ensuring people's participation through contributions in the form of labor.

One of his notable achievements is that he motivated a large number of people, who had earned their livelihood as illicit distillers, to contribute their labor for development works. By employing innovative methods, he cut down expenditure on several projects. (For instance, hand-made bricks were used to build houses and cut granite blocks were reused to construct a drainage system). He is at present mobilizing funds to open a high school in the village in order to bring down the school dropout rate. The tiny panchayat has computerized its administration.

Another of Elango's innovative ideas was his design for street light fittings. He adapted these fittings for use with low wattage bulbs which reduced the Panchayat's energy bills for street-lighting by over 60%. The manufacturers of the bulbs were not too happy about the use of their bulbs for outdoor purposes. They tried to persuade Elango to stop the practice but he persisted. Eventually they came back to him with a request that he use their logo on the fittings which are manufactured indigenously in the village itself. Elango refused. For him the political integrity and freedom of the people

was more important than easy money. The policy of putting people first paid off in many ways.

Elango's master-stroke was an effort to remove the caste divide by using a subsidized housing scheme: The Panchayat has built semi-detached houses for 100 families. Each family has to raise only INR 10,000 (a little over US\$200). The remaining INR 25,000 comes by way of a government subsidy. There is one condition attached: in each semi-detached unit, one family is Dalit and in the adjoining unit the family is of another caste. This is working wonders for integration and erasing the caste divide.

Looking ahead, Elango plans to network 10 to 20 villages comprising around 60,000 people, based on a barter system. The objective is to help every family earn about Rs. 5000/-(INR) per month. He prefers to call this not poverty alleviation but prosperity generation. Recently ITC showed interest in sourcing incense sticks from the village for its *Mangaldeep* brand. Exim bank has offered to support the construction of sheds for this. The Shriram group gave INR 0.3 million to the TVSG trust, of which INR 0.1 million was a financial grant and the rest an interest-free loan.

Because he is building these potential income-generating activities from the ground-up, Elango is constantly seeking funding. He spends a great deal of time writing proposals and establishing an extensive network of people both in India and abroad. Help has come from Chennai-headquartered Indian Overseas Bank (IOB), which recently launched "IOB Sampoorna" – a comprehensive village development scheme at Kuthambakkam and neighboring Padur villages. The bank also announced loans for about 900 families based on a DIR (differential interest rate) scheme of 4% to construct toilets. It also introduced a Smart Card with which customers in the villages could transact without visiting the bank. A bio-metric identification device ensures security for the transactions.

The government has decided to pick 112 "honest" panchayat presidents in the next four years at the rate of one from each of the

28 districts a year and help develop their villages on the Kuthambakkam pattern. Elango is motivating hundreds of panchayat functionaries through visits, lectures and consultations.

Elango needs to be widely known. Just fifty more Panchayat leaders like him across India are enough to act as centers from where sustainable village development can radiate in all directions. He has been invited by the United States of America and the United Kingdom to study local governance as well as share his experiences on local self-governance. He was recently been awarded an Ashoka Fellowship and also an award from the Shriram group honoring social contributors. However Mr. Elango does not seem to be carried away by these honours. He is very conscious of the tasks that he has to carry out in the next five years.

To begin with, 40 rural enterprises in 20 villages were identified to provide employment opportunities to the locals. Elango's evowed aim now is to replicate the Kuthambakkam model in 200 villages by 2011.

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