

How Can Corporate Houses Contribute to Capacity-Building in Rural Areas? A Note in the Indian Context with Special Reference to North-East India

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Abstract

The growth in Indian economy so far has not been associated with equal socio-economic development of all sections of society, though the Government and its machineries are working to make development inclusive. In this context, the role of private corporate sector becomes crucial. With the liberalization, privatization and globalization of India's economy, the private corporate sector has already started to play a key role in economic growth. Along with its usual operation in the domain of business, contributions to the capacity building and socio-economic development of the nation through corporate social responsibility has evolved as an important part of business strategy among some of the major corporate giants operating in India. Such initiatives can be decisive if planned and executed properly for the cause of rural development. This paper reports on the present status of corporate initiatives in India and their limitations. It also suggests how such initiatives can spread across rural and economically backward places. The paper discusses how the unexplored potential of the North Eastern Region can be effectively exploited by business houses through proper capacity building and optimum utilization of local resources.

Introduction

The main problem faced by any developing nation is the inadequate growth of its economy, both qualitatively and quantitatively. The Indian economy, often cited as an emerging and vibrant economy, faces the same problem. Even after sixty-three years of independence, the nation still faces the problem of poverty and deprivation. The widening gap between rich and poor and between urban and rural sectors has been worrying the nation for a long time now. During the initial phase of planning up to the sixties, more than one out of every two Indians lived below the poverty line. In the nineties, the figure dropped to a little over one out of every

three. Though the planners were able to reduce the level of poverty over the decades, the gap between the privileged and underprivileged did not show any downward trend.

Since 1991 the growth rate of the Indian economy has increased manifold. However, the uneven spread of growth and the consequent exclusion of the poorer section of society in the stake of development have created social tensions which are often manifested in increasing extremist activities. The eleventh plan has correctly pointed out such weaknesses in the growth and has called for strategies to include the excluded in the process of development. This is inclusive growth which implies equity in the allocation of resources and ensuring benefits accrue to every section of society. The aim is to provide the majority of citizens with access to basic facilities such as health, education and clean drinking water. Governments at different levels have to ensure the provision of these services. Does this complete the concept of inclusive growth? In order to exploit the benefits of economic growth to the fullest and improve the quality of life, one has to have the capacity and capability to use them. Is the Government the only agent responsible for capacity building? It is not. India has been a mixed economy for a long time now. So the important role of the private corporate sector can never be ignored.

Corporate investment in any developing nation especially in its priority sectors is always crucial because the performance of these sectors eventually becomes the determinant of its growth and development. For instance inadequate infrastructure is one such sector. Over the last two decades, public-private combined investment in infrastructure has increased manifold in India. With a sixth of the world's population, India is the largest democracy and ranks among the fastest growing

economies. From the beginning of the plans, the public sector gained prominence and played a decisive role when the economy started growing. This trend continued till the 1980s and even beyond. The share of the public sector in GDP was just 8.4% in 1960-61, increasing to 21% in 1980-81. The share was around 25% during the last phase of the decade. Since the 1990s, however, the trend has started to change. With the advent of a new economic policy, the role of the public sector has been redefined in many respects. In this era of economic reforms, the private sector has started to emerge as an important determinant of the economic development of the nation.

During the past few years the private sector in India has ushered in significant development in terms of both investment and its share in the gross domestic product. The major areas of success are transport and financial services. While the issue of unemployment has been rocking the Indian Parliament for a long time, the onus of finding a solution now lies with the private corporate sector along with the usual government initiatives. By generating employment opportunities, it will be possible to strike directly at the roots of poverty. Within the rearranged framework of the economy, the private sector has started to be perceived as an effective instrument for creating jobs.

The Prime Minister, Dr Manmohan Singh, in his foreword to the Eleventh Plan said: "Planning in a market economy which is becoming increasingly integrated with the world is bound to be different from what it used to be in earlier years. Much of what used to be done by governments including, especially, the establishment of production units producing manufactured goods and commercial services is now being done by the private sector. India is blessed in having a long tradition of private entrepreneurship and the private sector has responded magnificently to the new opportunities opened up by economic reforms. However, this does not mean that the role of the government must shrink. On the contrary, the government must play a much larger role (Vol. I, p.iv)". This is a clear manifestation of India's perception of the role to be played by corporate houses. Besides the usual profit

motive, business houses need to play a constructive role and improve the standard of living of all citizens.

Corporate Social Responsibilities to ensure Adequate Capacity Building in the Society:

Recently, corporate social responsibility has emerged as an essential ingredient of the social policy of the corporate world. India is among the top five Asian countries to lay heavy emphasis on Corporate Social Responsibility (CSR) disclosure norms. According to Social Enterprise CSR Asia's Asian Sustainability Ranking (ASR), India is in the list, while Australia is first. The World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." According to the European Commission "Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders." The basic objectives of CSR activities in developing nations are different from in developed countries. While in the USA, CSR is used as a strategy for existing in society, in developing countries it incorporates the socio-economic development of the community, which can essentially complement governmental efforts. CSR is thus a form of good governance with socially responsible investments.

During the last two decades, after the LPG model was introduced in the Indian economy, a drastic change was noticed in the relationship among the Society, State and Corporate world. The evolution of the relationship between corporate houses and society, though slower than the desired rate, has transformed a benevolent coexistence of the two to one where the main binding force is their mutual interest. The concept of CSR is not new to the Indian corporate sector. What *is* new is the approach to all the activities. CSR activities can be instrumental in capacity building especially

among rural folk. Such effort is strong in the Information Technology (IT) sector with a relatively younger workforce that wants to contribute to a better society, though other sectors are also putting in efforts. Most are working on issues related to children and education. They try to take technology to the grassroots level and bridge the gap between the privileged and underprivileged. Assocham's 'Eco Pulse Study' on CSR for 2009-10, released in June 2009, revealed that over 300 corporate houses have identified 26 different themes for their CSR initiatives. Community welfare tops the list, followed by education, environment-awareness and health facilities in rural areas. For example, Infosys contributes up to 1% of its profits every year through the Infosys Foundation, a not-for-profit trust. Anand's CSR includes comprehensive community development. The organization is working sincerely against Child Labour. Aptech Limited has a long history of participating in community activities. To spread education among all sections of society throughout the country, especially the underprivileged, Aptech promotes links with leading Non Governmental Organization (NGO)s throughout the country. One such organization is the Barrackpur-based NGO – Udayan - a residential school for children of leprosy patients in Barrackpur, West Bengal that was established in 1970. Avon has set up Mata Kaushalya Devi Pahwa Charitable Hospital to serve rural people. Recently the hospital took a special initiative to generate awareness of female children in society. CISCO provides quality networking equipment to different NGOs. The Social Initiatives Group (SIG) of ICICI Bank Ltd works to build capacities among the poorer section of the economy. ITC has been working with and for Indian farmers for a long time. ITC's 'e-Choupal' initiative has been successful in spreading information to remote areas. ITC helps poor tribals to make their wastelands productive. It empowers rural women by helping them evolve into entrepreneurs. It also provides infrastructural support to make schools exciting for village children.

Abalambana (support), the CSR arm of Satyam Computer Services Limited, aims at transforming the quality of life among the urban population. It works primarily for the

disadvantaged sections in all cities that have Satyam's offices. Larsen & Toubro (L&T) has set up a Construction Skills Training Institute (CSTI) in Chennai to promote Construction Vocational Training (CVT). CSTI imparts free, basic training to the rural poor in carpentry, masonry, bar-bending, plumbing and sanitary, scaffolding and electrical wireman trades. CSTI has also set up a branch at Panvel, Mumbai. The Chennai and Panvel branches together provide training to about 300 candidates annually. The success of this training-initiative shows that the adoption of systematic training techniques can generate skilled personnel in the shortest possible time and utilize the potential of rural youth.

Meeting the Challenge of Inadequate Spatial Spread in Corporates' Social Initiatives and Consequent Under-utilization of Resources: A Special Case of North-East India

The main limitation facing such corporate initiatives is its inadequate spatial spread. For instance, ITC's social activities mostly remain confined to UP, Bihar, MP, AP, Karnataka and MP. ACC Limited restricts such activities to Rajasthan, HP, MP, Jharkhand, Maharashtra and AP. The CITI Group mainly operates in AP, TN, Karnataka, Kerala, Maharashtra and MP. Goodearth Education Foundation's activities are confined to Rai Bareilly district in Uttar Pradesh. Hindustan Lever Limited works in Gujarat, Maharashtra, UP, Bihar, Jharkhand, WB, Orissa, MP, Chhattisgarh and Maharashtra. India Aluminium Company Limited operates in Silli block, Jharkhand. Shriram Fertilisers and Chemicals' area of operation is mainly Kota, Bundi and Jhalawar districts in Rajasthan. Tata Iron and Steel Company (TISCO) works in MP, Bihar, UP, Gujarat, Maharashtra, Karnataka, Orissa and WB. Public Sector Undertakings like the Steel Authority of India Limited (SAIL) operate in Maharashtra, AP, MP, Karnataka, Bihar and Jharkhand.

The major recipients of the benefits of corporate social activities in India are Maharashtra (36%), Gujarat (12%), Delhi (10%) and Tamil Nadu (9%). Business houses must now make similar efforts in other economically backward regions. Many of these places are endowed with tremendous opportunities that can be explored optimally for the mutual interest of both business

and society. As a case, the North-Eastern part of India is one of the most backward regions of the nation, mostly dominated by the tribal population. The process of development started late in this region and the people there still face exclusion from many aspects of development, though the government both at the center and at state level, has tried its best to overcome the problem. Underdevelopment still persists. Because of the difficult topography, hilly terrain and consequent inadequate communication and transportation network, and also because of problem of insurgency, the private corporate sectors' presence is negligible here. However, with significant investment in infrastructure by the government and by an international agency like the World Bank and also with a revolution in information technology, the problem of communication has been largely overcome. Still a lot remains to be done. However, the effective solution lies in the economic development of the region. Rural industrialization can be an appropriate means. This is not a new concept. 'Operation Flood' or the 'White Revolution' – the successful scheme to produce milk and dairy products - was a rural development program started by India's National Dairy Development Board (NDDB). It set an example of rural transformation. The scheme was very successful in Punjab, Haryana, Gujarat and Madhya Pradesh. The production of milk and milk based products increased significantly in these regions. But the scheme never penetrated backward regions like North East India. Industrialization will be effective if local resources are fully exploited. The entire region is endowed with a huge mineral base. However, capacity building among the tribesmen of the region is what the need of the hour is. The corporate world through its CSR initiatives can do here what it has done in other parts of the country.

If literacy level is assumed to be an indicator of learning capacity, then the literacy profile of the region is interesting. As per 1991 census, the literacy rate of the North Eastern Region was 58.09% while at the national level it was 52.2%. In 2001 it was 69% in the North Eastern Region and 70% at all-India level. Mizoram has the second highest literacy level in the country. Its overall literacy increased from 82% in 1991 to

89% in 2001 and during the same period female literacy increased from 79% to 87%. The proportion of literate population in Assam increased from 53% to 64% and female literacy increased from 43% to 56%. In Manipur the increases were from 60% to 69% and from 48% to 60% respectively and in Meghalaya from 49% to 63% and from 45 to 60% respectively. In Nagaland, the increases were from 62% to 67% for overall literacy and from 55% to 62% for female literacy. In Arunachal Pradesh, in 1991 the overall and female literacy rate estimates were 42% and 30%. In 2001 the estimates stood at 55% and 44% respectively.

The North East is among the poorest regions in the country. The per capita income at Rs. 12407/- is less than the national average of Rs.17978/- (2001-02). The states are dominated by tribals and the region has 35.13% of the population living below the poverty line which is much higher than the national average of 26.1% (2000-01). The main occupation is cultivation with a great deal of hidden unemployment. The concentration of poverty is thus more among this section of the population. The region has one of the highest rates of unemployment in the country. In 1999-2000 it was nearly 12% against the national average of 7.7%. However, the tremendous potential of the people here cannot be ignored. They have a long tradition of making beautiful handicraft products. In the past, craft-items were bartered for food items like salt. Handicrafts include weaving, cane and bamboo work, smithy, pottery, woodcarving and carpentry. The same trend is still continuing. However, these goods are now marketed to provide a livelihood. Weaving is a common economic activity among all the tribes. The loom is prepared with bamboos by the user himself. It is simple in its construction and smaller in size than those used in other parts of the country. Normally the female members of the family weave clothes. Different tribes have different traditional dresses. Along with the dress materials, the women also prepare traditional bags. The expertise of some of the tribes can be cited here as example of their inherent talents that, if used properly, can play a very positive role in eradicating economic underdevelopment in the region.

The tribal population of the Monpas living in and around Bomdilla and Tawang in Arunachal Pradesh has a rich weaving tradition. They produce shawls, mats and carpets, which have vast market across the country. The Apatanis and the Nishis use indigenous dyes, prepared from creepers and local plants to colour thread. Nishi women produce blankets, loin coats, skirts and waist bands. They use cotton fibres and fibres made of vegetation. The tribal women in Mishmi and the Khampti women are also experts in weaving. The Mishmis mostly produce loin and waist cloths, jackets, aprons, coats, shawls, bands and belts. The Singphos produce high quality turbans and handbags. The Tangsas weave beautiful handbags. The Wanchos make cotton blankets. The Noctes grow indigenous cotton and are also skilled weavers.

Cane and bamboo are common forest products. The tribal people make extensive use of these in constructing their abodes, making furniture, utensils etc. Cane and bamboo are also used for making items such as bows and arrows, bamboo jugs and cane hats for the people belonging to Adi tribe; cane belts and cane mats to the Apatanis and cane bags to both Apatanis and the Nishis. The Nishis also produce cane-made ornaments like bands and rings for women, and bamboo made baskets for various purposes. The smoking pipes of the Mishmis, bamboo rain shields, cane hats of the Noctes, the grass necklaces of the Wanchos, raincoats, armlets of Singphos and other items are also noteworthy handicrafts. The handles of the traditional daos (a chopper with a haft) and swords of different tribes are also made of bamboo.

The black smiths are another class of craftsmen. All the tribes produce knives, daos, swords, spears, arrowheads etc. The Apatanis produce iron bracelets as well as iron implements. The Khamptis are well known for extraction of minerals and smelting of iron. The gold smiths make ornaments, sacred bells and silver smoking pipes. The silver smoking pipes are mostly produced by Gallongs. The Singphos and the Mishmis are specialized manufacturers of muzzle-loading guns. Some of the people are engaged in wood carving and carpentry.

However, in this work only a few tribes have so far been able to venture. The Wanchos, Monpas, Sherdukpens, and Khambas are experts in producing different types of masks. The theme of the masks is, on many occasions, Lord Buddha. The Singphos make tobacco pipes, drinking mugs and carve twisted snakes, dragons and other monsters in wood. Many tribes make wooden effigies of the dead. Often the effigies are carved from a single bit of log. The Monpas make paper with the pulp procured from local paper tree. These are normally very rough and are used by the Buddhists for their religious books. The Khamptis, Singphos and Wanchos carve in ivory, horns and bones and make ornaments from these items. The Singphos and the Wanchos produce tea with the help of locally produced tea leaves. The Noctes produce salt from the local salt-water wells and springs.

Besides human resources, the region is also rich in natural resources. Agro-forestry accounts for 26 % of the forest cover of India. The region is the largest producer of bamboo. It is also the world's single largest tea growing region with over 16% share. The yields of cash crops like sugarcane, ginger and potato are more than that of some of the traditional crops. Sugarcane and potato have local markets. Ginger is produced in equal intensity in the plains as well along the hilly slope. The region produces huge quantities of ginger. These areas also have surplus production in oranges, small cardamoms and cardamom capsules. However, in the absence of any proper communication network, the cultivators in these remote areas face difficulties taking the crops to the market. The region produces premium quality jute and silk, and does well in horticulture and herbal-growing.

The profile is indeed encouraging. The corporate world, as part of its social initiative, can infuse commercialization and professionalism into the production process and through adequate skill development in marketing, it can enable the local economy to reap the benefits of globalization.

In terms of availability of minerals, the region is India's oldest source. It is also a major source of petroleum and natural gas with national shares

of 16% and 8% respectively. Other major mineral resources include coal, limestone and dolomite. The region has the largest hydel power generation potential in the country – approximately 60,000 MW. As part of its social responsibilities the industrial houses can also arrange training and skill formation among educated youths in the way that Larsen & Toubro do in Chennai and Navi Mumbai or Tata Motors does for the local community around its plant sites. An entrepreneurship development program can be initiated so that local resources can be optimally used and the region can move towards industrialization.

Another important aspect that can be considered is the mass scale production of horticultural crops. These can generate enough revenue for all the states in the region and can even earn foreign currencies if commercialized properly. These crops can also be preserved and processed. The export of agricultural and processed food products from the country has been consistently on the rise. The major export destinations for such products include West Asia, North Africa, Western Europe and North America.

Concluding Remarks:

In spite of achieving an inspiring growth rate over the last two decades, deprivation and exclusion is still rampant in Indian society. To prevent such asymmetric development and ensure inclusive growth, basic education and basic health facilities must be extended to every corner of the country. With the increasing importance of the private corporate world in the present economic scenario, the responsibility for ensuring the targeted inclusive growth has to be shared by both the government and the private corporate sector. However, the mere creation of jobs does not complete the role of the private sector. It also needs to share the responsibility of capacity building among underprivileged sections of the society. Facilitating education and basic health services and imparting professional training are some of the activities many private organizations in India are already engaged in. But such activities face the limitation in their spatial spread. Thus the problems faced by a large section of Indian population are still being ignored.

The persisting backward status of the North-Eastern region in terms of development is an outcome of such ignorance. As an off-shoot, the region has become an open field for various anti-social operations including wide spread insurgency activities. Such underdevelopment not only creates obstacles to the progress of the region but also poses a serious threat of destabilization to the entire nation. It is true that the Indian government has been putting in continuous efforts to create an environment conducive for business through removal of a large part of infrastructural and communication bottlenecks in the North-Eastern part of the country. Yet the presence of private corporate houses is very low in the region. An effective government policy in this respect can lure the corporate world into the region and spread its presence both through business ventures and through social activities. The objective of the social activities must be capacity building with adequate training for the semi-skilled and unskilled manpower. It should not only address the problem of inefficiency and rawness of the local work force but also cater to the needs of business houses to get the required skilled manpower from within the locality. If the industrial houses set up production units there, it will have a multiplier effect on employment and income generation. It will then be possible to strike at the root of poverty, which in turn will definitely put a check on all anti-social activities. Thus, the synergetic efforts of both public and private sectors can usher in a golden era of growth and economic development in India when people from every corner of the country will have their share in the fruits of development, thereby ensuring a truly inclusive growth of the economy.

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