

RURAL NON-FARM SCHEMES OF NABARD- A STUDY OF RURAL ENTREPRENEURSHIP DEVELOPMENT PROGRAMME

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ABSTRACT

Rural Non-Farming activities have become of primary importance in the changing contemporary times, because of many reasons. The reason being, the employment growth of the farm sector has not been consistent or of a reliable outcome, wherein rural non-farming activities play a major role in creating employment in the population. This study covers the role of NABARD in implementing REDP. It analyse the performance of REDP in Telangana region. The main purpose of conducting Rural Entrepreneurship Development Programmes (REDPs) is to promote entrepreneurship and create self-employment avenues in rural areas. The programme also provides gainful employment to the surplus labourers in agriculture and land-less labourers with a view to supplement their income.

Keywords: NABARD, Rural Non-Farming, REDP, Employment

INTRODUCTION

Agricultural operations do not provide continuous year-round employment. However, the rural non-farm sector (RNFS) not only absorbs more labour but also has the potential to even out seasonal and disguised unemployment through an appropriate mix of farm and nonfarm activities. Further several studies reported that RNFS has the potential of engaging the available workforce productively for the development of the country which provides additional income to families living in rural areas and helps to reduce poverty. Recognizing this, the National Bank started extending refinance for the development of RNFS since 1985-86. The National Bank also conducts evaluation studies periodically to refine its policy towards the sector.

NABARD introduced REDP in 1990 as a major promotional initiative aiming at enterprise and employment creation in rural nonfarm sector (RNFS). The major objectives of REDP are to develop entrepreneurship and activity oriented skill among the educated unemployed rural youth. The programmes are conducted through Entrepreneurship Development Institutes / Voluntary Associations/Non Governmental Organizations for providing sustainable employment and income opportunities in rural areas. NABARD provides promotional assistance to such agencies and Rural Development Entrepreneurship Training Institute (RUDSETI) to successfully implement REDPs.

The present study reveals that REDP is as an efficient instrument in creating income and employment opportunities for the rural youth especially for women in rural and semi-urban areas. The programme not only rediscovered the economic potentials in the traditional art but also brought life to artisans. It also supported the families with a supplementary income. The added advantage of REDP is that there are large varieties of activities that can be covered

under the training programme. It can be organized at any place and can be designed to suit any type / kind of target group. REDPs are designed differently for different target groups. The programme is very flexible so that it can be designed according to the need. Most of the REDP activities are low investment-requirement enterprises. That is why without credit or other financial support the trainee could take up some micro entrepreneurial activities. Of course, sometimes the requirement of working capital and opportunity cost restricts the number of the trainees.

REVIEW OF LITERATURE

Chand Prem, Rao Sulakshana, Subash S.P, and L.Malangmeih (2018): The non-farm employment in rural India was gaining momentum due to the growth in economy resulting in economic diversification. Gender disaggregated employment of workforce reveals a strong bias against female workers. Casualisation of labour was also highest in female workers. While landless and marginal rural workforce was shifting to non-farm employment, the medium and large farmers were still dependent on agriculture for occupation. The lack of skills and technical knowledge appear to be the main barrier for rural workers from entering the non-farm sector. Hence, only the educated and skilled workforce in agriculture is moving out to non-farm sector. These transformations are bringing new challenges to agricultural sector. One possible solution could be labour intensive enterprises for rural employment generation.

Choudhary Shyamal (2017): The RNF sector in developing countries has played an important role in providing employment to the rural poor (especially to women), supporting income diversification and alleviating poverty. Looking ahead, this sector has the potential to absorb the growing rural labour forces in developing countries by creating new non-farm enterprises and thus providing gainful employment, especially to young people. While the recent expansion of microfinance may help the RNF sector by reducing credit constraints, the effect of microfinance on RNF growth seems to be mixed. Microfinance can have positive effects on existing businesses; at the same time, it may have a limited effect on business start-ups and new employment creation.

OBJECTIVES OF THE STUDY

The objective is to study the role of NABARD in facilitating Rural Entrepreneurship Development Programme and study the role of REDP in creating the rural unemployed youth as Entrepreneurs.

METHODOLOGY

The present study is confined to study the Role of NABARD in facilitating REDPs in select districts of Telangana Region, such as Medak, Mahabubnagar. The study period is from 2008-2018. The study is based on both primary data as well as secondary data. The primary data was collected from the beneficiaries of the REDP scheme. Secondary data was collected from published information, such as Books, Journals, Articles, News Papers and Internet. Stratified sampling method is adopted for the study. Total sample size is 400. It consists of 400 for REDP's beneficiaries, out of 2040 beneficiaries from 68 REDP's.

NABARD and Rural Entrepreneurship Development Programme - An overview

Rural Entrepreneurship Development Programme (REDP) is one such programme given priority in developing economies to promote entrepreneurship as also self employment

avenues in rural areas. It also provides gainful employment to surplus labour in agriculture sector as well as to landless labourers with a view to supplement their income. Problems of unemployment and underemployment are widely prevalent in developing countries like India. The promotion of Non Farm Sector (NFS) through inculcating entrepreneurship among rural youth plays the crucial role in redressing such problems. It is viewed that even though agriculture provides maximum income to rural communities, rural development is increasingly linked to enterprise development. Since nation's economies are more and more globalised and competition is intensifying at an unprecedented pace, it is not surprising that rural entrepreneurship development is gaining its importance. It is the forces of economic change that must take place in many rural communities to survive.

Recognizing the importance of the Rural Non-farm Sector (RNFS) in the faster economic development of rural areas, NABARD had taken a number of initiatives, both with refinance support and promotional assistance, for development of this sector. Of these, Rural Entrepreneurship Development Programme (REDP) is a major promotional initiative, which aims at developing enterprise and creating employment opportunities in rural areas.

Procedure of Selection of Agencies: Rating System

- Rating system for implementing agencies for assessing its abilities for conducting REDPs is in vogue since April 2003 and is based on the parameters like (a) number of years for which organization is working, (b) types of activities undertaken, (c) maintenance of accounts, (d) financial soundness, (e) basic infrastructure and (f) manpower, etc. Besides, weightage was given to implementing agencies having their own training infrastructure, experience in organizing similar programmes, rapport with bankers and other agencies, including association with NABARD in the past. Field studies revealed that there were over estimation for parameters.
- Capability of agencies, financial soundness, man power, project implementation and infrastructure are required to be bi-furcated into sub parameters in order to reduce subjectivity from rating system. This makes the system more comprehensive. More weightage needs to be given to activities in which the agencies are involved and their relevance for which REDP was sanctioned. Identification of Agencies.

Three Distinct Phases of REDPs

As per NABARD guidelines, REDP comprised three distinct phases, viz. Pre-training; Training and Post Training. Details of phases are:

Table-1
Three Distinct Phases of REDPs

Phase I	Identification of activity and venue, Identification of Master Craftsman, Selection of Candidates, Coordinating with Banks, Formation of Selection Committee and Formation of Project Monitoring Committee
Phase II	Duration is of 6-8 weeks, Skill up gradation, Exposure visits, Knowledge of supporting agencies and schemes, Preparation of project and maintenance of records and Management of resources
Phase III	Follow up phase is for a period of minimum 2 years, Credit linkage, and Giving extension support to trainees for setting up of units

Source: NABARD Annual reports (2008-2018)

The study revealed that all the implementing agencies conducted REDPs in select states in three phases. In the first phase the concerned NGOs / DAs in all the select-states identified activity on the basis of available information like Potential Linked Credit Plan (PLP), District Credit / Block Plan. Once this identification part is over, the implementing agencies select the venue and the master crafts man who will impart training to the candidates.

NABARD's Grant Support for REDP's

NABARD provides grant assistance to various agencies subject to the following terms and conditions:

- The grant assistance for conduct of the programme is released in seven installments subject to the submission of Monitoring Reports.
- Pro-rata reduction in grant assistance is made in the event of drop-out of trainees.
- Assurance of LDM is to be obtained for providing bank credit to the trained entrepreneurs.
- Items of expenditure include pre-training, training and post training expenses. Grant assistance to be used exclusively for items of expenditure sanctioned and not for any capital expenditure.
- The agency to refund the balance amount of the grant which was either not required or could not be utilized for the programme.
- The selection committee is constituted comprising officials from banks, DIC, NABARD and NGOs. Trainees to be in the age group 18-35 yrs.
- The agencies to provide necessary physical facilities and faculty support for the training programmes. The agency arranges the follow up of the successful trainees in small groups for a period of 2 years.
- In the follow-up meetings, DDM of the concerned district to be present to review and monitor the progress.
- The agencies have to adhere to the standard syllabus prescribed by NABARD.
- The trainees to be given exposure to marketing through direct sales experience.

Utilization of Grant Assistance by Implementing Agencies

All the implementing agencies of the selected REDPs utilized grant assistances as per items of expenditure (pre-training, training and post-training). None of sample REDPs was sanctioned capital expenditure. The grant assistance for conduct of the programmes was released in seven instalments to all implementing agencies undertaking REDPs. These agencies submitted satisfactory Monitoring Reports in advance and got the installments.

Post-Training Follow up / Escort Services

By escort services, it was meant that agencies were to follow up with the trainees, banks and others to ensure that the trainees got loan/financial assistance along with others hand holding services for setting up of units. As per the guidelines, a Project Monitoring Committee (PMC) is required to meet on a quarterly basis for monitoring the progress of the REDPs and for providing guidance handholding to the trainees. Further, as a requirement of the programme,

the implementing agencies (IAs) have to provide handholding and escort services to the trainees for at least two years by closely associating with the trainees.

NABARD monitors the efforts of the facilitators in this respect. A set of pre-designed formats is given to the facilitating agencies at the time of sanction of the REDP and they have to periodically submit the feedback on the settlement of the trainees in the prescribed format. Twenty five per cent of the grant assistance, in fact, is released only after ensuring that the satisfactory escort services are provided to the trainees.

Monitoring System for REDPs

A Project Monitoring Committee (PMC) ensures proper implementation of the programme and monitors the progress of the programme. Although, Project Implementation Monitoring Committee consisting of DDM, LDM, OIC, Bank Officials was formed, representatives of DIC and Line Departments did not attend the meetings. Apart from this, the REDPs were also monitored through monitoring formats which contained data on number of trainees, profile of trainees (gender, education & social status), establishment of units with and without bank finance, etc. Besides, the DDMs were required to submit two returns after making on site visit to the venue of REDPs.

Table-2
Candidates Trained/initiated different Enterprises - Year wise

Year	REDP	Trained	Settled	Percent
2008-09	3	90	43	47.78
2009-10	4	120	67	55.83
2010-11	6	180	94	52.22
2011-12	5	150	96	64.00
2012-13	5	150	62	41.33
2013-14	7	210	98	46.67
2014-15	8	240	116	48.33
2015-16	9	270	120	44.44
2016-17	10	300	142	47.33
2017-18	11	330	197	59.70
TOTAL	68	2040	1035	50.74
CAGR	16%	16%	18%	

Source: NABARD annual reports (2008-2018)

Table-2 show that year wise number of REDPs conducted, candidates trained and candidates settled has been presented, it revealed that the number of REDPs increased from 3 in 2007-08 to 11 in 2017-18 with a compound annual growth rate (CAGR) of 16 percent. During the same period, while the candidates trained grew at a CAGR of 16 percent, the candidates settled grew at a higher CAGR of 18 percent indicating that the performance of REDP in terms of the settlement rate has been improving over the years.

Table-3
Status of REDP (2008-2018)

Districts	REDPs	Trained	Settled	Percent
Medak	18(26.47%)	540	234	43.33
Nizamabad	1(1.47%)	30	18	60.00
Mahabubnagar	26(38.24%)	780	374	47.95
Rangareddy	5(7.35%)	150	98	65.33
warangal	1(1.47%)	30	15	50.00
Adilabad	1(1.47%)	30	16	53.33
Nalgonda	16(23.53%)	480	280	58.33
Khammam	0	0	0	0
Karimnagar	0	0	0	0
Total	68(100%)	2040	1035	50.74

Source: NABARD annual reports (2008-2018)

Table-3 shows that district wise analysis of the progress of REDPs during 2008-2018, showed that there was no any systematic distribution of REDPs conducted during the period under study. Majority of REDPs was conducted in Mahabubnagar (38.24%) and Medak (26.47%) districts followed by Nalgonda (23.53%), Rangareddy (7.35%), Nizamabad, warangal and Adilabad districts had conducted only one REDP. As against this, Khammam and Karimnagar districts had not conducted any REDP. The reason for such unequal distribution of REDPs across districts/regions was because of the presence or absence of more number of training establishments centers across the districts.

It is observed that the total settlement rate of trained candidates (50.74%), while Rangareddy (65.33%) and Nizamabad (60.00%) had more settled percentage during the period under the study.

Table-4
Progress of REDP in Telangana

Year	Number	Of (2)		Of (2)	
		Incentive based	Non incentive based	Technical	Non technical
2008-09	3	1(5.88%)	2(3.92%)	1(7.14%)	2(3.70%)
2009-10	4	1(5.88%)	3(5.88%)	1(7.14%)	3(5.56%)
2010-11	6	2(11.76%)	4(7.84%)	1(7.14%)	5(9.26%)
2011-12	5	1(5.88%)	4(7.84%)	2(14.29%)	3(5.56%)
2012-13	5	2(11.7%)	3(5.88%)	1(7.14%)	4(7.41%)
2013-14	7	1(5.88%)	6(11.76%)	2(14.29%)	5(9.26%)
2014-15	8	2(11.7%)	6(11.76%)	1(7.14%)	7(12.96%)
2015-16	9	3(17.65%)	6(11.75%)	2(14.29%)	7(12.96%)
2016-17	10	2(11.7%)	8(15.69%)	1(7.14%)	9(16.67%)
2017-18	11	2(11.7%)	9(17.65%)	2(14.29%)	9(16.67%)
Total	68	17(25.00%)	51(75.00%)	14(20.59%)	54(79.41%)
CAGR	16%	8%	18%	8%	18%

Source: NABARD annual reports (2008-2018)

Table-4 shows that the aggregate position of REDPs sanctioned in Telangana is presented. During the 10 year period between 2008-09- and 2017-18, 68 REDPs were sanctioned. Of the 68 REDPs only 25 percent were incentive based and the rest were non-incentive (75%). About 20.59 percent of the total REDPs were technical based and rest 79.41% were non-technical REDPs. This had been so as NGPs mostly preferred non-technical REDPs to technical REDPs. During the last 10 years period (2008-18), while the non-incentive REDPs grew by a CAGR of 18 percent, the incentive REDPs grew by a CAGR of 8 percent, as NGOs did not prefer incentive REDPs on account of the lower amount of grant support offered on this scheme. Similarly, the non-technical REDPs grew by a CAGR of 18 percent; the technical REDPs grew by a CAGR of 8 percent. This might be the result of the institutionalization process of REDP initiated by NABARD.

Table-5
Performance of REDP in Telangana

Years	REDP	Sanctioned	Released	Percent
2008-09	3	1,60,256	95,820	59.79
2009-10	4	1,85,369	1,28,400	69.27
2010-11	6	2,62,456	1,88,600	71.86
2011-12	5	2,20,258	1,47,500	66.97
2012-13	5	2,30,258	1,18,500	51.46
2013-14	7	3,59,245	2,52,400	70.26
2014-15	8	3,86,584	2,63,200	68.08
2015-16	9	3,96,924	2,83,564	71.44
2016-17	10	4,29,854	3,20,420	74.54
2017-18	11	7,33,701	4,56,200	62.18
Total	68	33,64,905	22,54,604	67.00
CAGR	16%	18%	19%	----

Source: NABARD annual reports (2008-2018)

Table-5 shows that analysis of year-wise progress of REDPs revealed that the number of REDPs increased from 3 in 2008-09 to 11 in 2017-18 with a compound annual growth rate (CAGR) of 16 percent during the last 10 years. While the amount sanctioned increased from Rs. 1,60,256 in 2008-09 to Rs. 33,64,905 in 2017-18, the amount released grew from Rs. 95,820 to 22,54,604 during the same period. The sanctioned amount grew at a CAGR of 18 percent; the amount released grew at a CAGR of 19 percent.

SUMMING UP

The rural non-farm schemes of sample district of NABARD in Telangana region from 2008 to 2018 observed that, out of 129 programmes, 37 (28.68%) programmes are sanctioned to Mahabubnagar district, followed by Warangal district 36 (27.90%) units, so on. The reason for such unequal distribution of non-farm schemes across district was because of the absence of more facilities. It is observed that the number of REDPs increased from 3 in 2007-08 to 11 programmes in 2017-18 with a compound annual growth rate (CAGR) of 16 percent.

The candidates trained grew at a CAGR of 16 percent; the candidates settled grew at a higher CAGR of 18 percent during the last ten years.

It is observed that the total settlement rate of trained candidates is 50.74 percent, while Rangareddy 65.33 percent and Nizamabad 60.00 percent had more settled percentage during the period under the study. The aggregate position of REDPs sanctioned during the 10 year period between 2008-09- and 2017-18, 68 REDPs were sanctioned, out of the 68 REDPs only 25 percent were incentive based and the rest were non-incentive (75%). About 20.59 percent of the total REDPs were technical based and rest 79.41% were non-technical REDPs. The non-incentive REDPs grew by a CAGR of 18 percent, the incentive REDPs grew by a CAGR of 8 percent. The non-technical REDPs grew by a CAGR of 18 percent; the technical REDPs grew by a CAGR of 8 percent. This might be the result of the institutionalization process of REDP initiated by NABARD.

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