

**Second Biennial Aotearoa New Zealand International Development Studies  
Network (DEVNET) Conference**

**Poverty, Prosperity, Progress**

**Case Study of a developing Nation on  
Prosperity & progress through partnerships between Government,  
Business, NGOs and Civil society.**

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The concept of progress encompasses growth in all walks of life – it covers economic, social and political development. It is believed that economic growth alone could provide the force that could trigger off development and would get rid of issues like poverty & unemployment from the Society. This is possible when, economic growth & prosperity does not merely affect the income, standard of living and purchasing power of people but also relates to other facets of human life like – education, health, social status and provide an automatic solution to larger problems like poverty and unemployment.

In this process of economic growth & development, the objective is not merely to increase FDI, GDP or reduce fiscal deficit & foreign borrowing, or increase an individual's income but also enable successful individuals at micro level to become support systems for others. World Bank's 3-point programme for attacking poverty highlight the same philosophy:

- ✓ Promote material opportunity by providing the poor with jobs, credit, proper infrastructure, schools, health and sanitation services.
- ✓ Facilitate empowerment by offering poor access and responsibility by making public administration, legal institutions and delivery of public services effective and accountable to all citizens; promoting the participation of the poor in political processes and local decision making and removal of social and institutional barriers based on gender, ethnicity and social status.
- ✓ Enhance security by reducing risks faced by the poor due to economic instability, natural disasters, ill health, disability and personal violence.

With limited options, poor people end up in any economic activity however unproductive or unremunerative. Thus the problem and challenge for India and other developing nations is not only about creating jobs, but also about creating remunerative jobs thus tackling unemployment & disguised unemployment. Many programmes were initiated to overcome this acute problem economic inequality and poverty by both public and private sector. Unfortunately, the schemes did not yield sustainable results.

It is in this backdrop, Bharatiya Yuva Shakti Trust (BYST) was launched in 1991, in India in partnership with Corporate Sector, Ngos and civil society to nurture the entrepreneurial dreams of the economically underprivileged youth of India. BYST has transformed the latent energies of the Indian youth into a creative and dynamic force through an innovative entrepreneurship development program. Thus it aims not just at self-employment but also to spark the entrepreneurial spirit in youth to convert "job-seekers into job-creators."

### **BYST's Target Group**

Economically & Socially underprivileged young people with no formal education background but should be functionally literate.

Age group: 18 – 35 years

Special focus on women – targets 50% of its beneficiaries

Skilled youth with some business idea and no alternate source of income

### **BYST provides twin support to unprivileged young people of India:**

#### Financial

Loans up to Rs. 50,000 without seeking collateral & guarantor for start-ups and business expansion.

Leverages loans of Banks & Financial Institutions BYST considers only businesses that are environmentally sustainable and which are not harmful to society's well being.

#### Business Mentoring – effective tool for business development services

Mentoring is a unique feature of the BYST model.

According to the dictionary, a mentor is a trusted Counsellor or guide - a tutor, a coach. The word mentor first appears as a character in Homer's epic "the Odyssey". Mentor was the teacher of Telemachus (hero's son) and guides Telemachus art of ambushes and deadly hazards to win him back the throne of Ithaca from many conspirators.

In India, Mentoring can be traced back to its roots in the 5000-year-old "Guru- Shisya parampara. A hundred years ago Narendra Dutta, a young lad from Calcutta, enjoyed the close personal guidance of Shri Ramakrishna. Narendra used to say, "Shri Ramakrishna is the only person, who from the time he met me, believed in me. Even my mother and brothers did not believe in me. It was his unwavering trust and love for me that bound me to him forever" His guru, Narendra Dutta felt was entirely responsible for his transformation from a inquisitive young lad into Swami Vivekananda.

The World Bank states the following: 'Social Capital refers to the institutions, relationships, networks and norms that shape the quality and quantity of a society's social interactions. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together.' Families, communities and firms are key sources of social capital for economic and social development. Mentoring activity involves these three sources of social capital that promote the success of the entrepreneur.

Small business owners, as well as executives from large companies volunteer time to perform one of the basic fundamental role that of a business adviser. Start up ventures need advice in critical business areas but they are at an early stage when their in-house expertise is limited and they can't afford to pay a high priced consultant for narrow expertise.

Mentors provide advice on technical, financing, marketing, legal, insurance and a host of other issues. Mentors also provide individual counseling, business skill training and education.

## **Other Services provided by BYST**

### **Support services**

BYST provides various support services to its entrepreneurs by means of training programmes, in various business related aspects (marketing, accounts-keeping, best practices, customer care etc.). Entrepreneurs also get an opportunity to interact, share experiences and learn through various forums such as BYST get-togethers, entrepreneur-mentor meets etc.

### **Services to hi-fliers**

BYST has made attempts to help the entrepreneurs who have established their businesses successfully and need additional help to expand. These services include motivation in terms of the annual JRD award and additional loan from the banks.

## **BYST – A unique Tri- sector Partnership Model**

- **Educational Institutions, NGOs & Civil society:** BYST networks with NGOs, Vocational training Institutes, Entrepreneur Training Institutions and small-scale industry associations to raise awareness and spot entrepreneurial talent at the grassroots level. These groups are involved at various stages – selection, screening, developing viable business proposal and overseeing the state of business.
- **Corporate sector:** Large Indian businesses and top MNCs provide funds, infrastructure and management support. The partnership is not limited to providing infrastructure and financial support to the organization. It also involves – business volunteering in regard to mentors, technical evaluators, trainers of business development & management, selection panel members etc. The Confederation of Indian Industry (CII), provides overall managerial and infrastructure support whereas Escorts Ltd. provides rural programme support in India. The business community provides assistance through contributions to the Corpus Fund, Sponsorship of events, professional assistance, direct operational linkages and mentoring.
- **Government:** The partnership with Government involves advocacy for policy changes in village & cottage, tiny and small sector of India to create a more conducive environment for their growth & development. Working with financial sector to develop innovative financial models for this sector.

## **BYST – Impact on economic prosperity of underprivileged people of India**

- Over the last 10 years BYST has catapulted over 550 Job Seekers into Job Creators providing employment to 3500.
- Generating an annual turnover of Rs.110 million.
- 10% of the entrepreneurs have become millionaires. Entrepreneurs who have achieved an annual turnover of Rs. 1 million and more.
- 15% of the entrepreneurs have provided employment to over 20 people.
- Successful Women entrepreneurs act as a role model in their community.

- Loan recovery rate of 95% with only 5% failure rate.
- Businesses ranges from traditional industry (garments, food products, handicrafts etc) to hi-tech businesses (plastic moulding, computer education centres, software programming, automotive components manufacturers etc). Services like: catering, Desktop publishing, Television repairs etc.

### **Socio Economic Impact on Young Entrepreneurs success on the society**

- a. 60% of entrepreneurs' families are actively involved in supporting them running their business successfully. The family plays a major role in the success of these young achievers especially in the case of women entrepreneurs.
- b. 80% of the entrepreneurs have envisioned their businesses to grow thus providing employment to more people. They had desired for independence, recognition & development and have a high degree to being socially responsible businesses.
- c. 95% of entrepreneurs have experienced an upward growth in terms of increase in business contacts, knowledge & confidence, financial stability, quality control & production and marketing outlets.
- d. Health: 70% of entrepreneurs & their family members now utilize private health services (which are expensive) as compared to 50%. 30% entrepreneurs & their family use government facilities as compared to 50% earlier. This shows 20% have shifted to more expensive health services.
- e. Education: 100% entrepreneurs now had their children educated in the formal manner as compared to 67% before they started business activity. 100% entrepreneurs have their children going to private schools as compared to 50%. The expenditure incurred in private schools is more, which the entrepreneurs are now able to afford. The total expenditure on education has increased for 70% of the entrepreneurs.
- f. Training for self: 70% of entrepreneurs improved their skills by enhancing their business management skills.
- g. Recreation & social functions / festivals: Although time spent with the family more or less remained same but mode to recreation shifted to newspapers, outings, Televisions etc but 80% of entrepreneurs have increased their expenditure and time on festivals and social gatherings.
- h. Standard of living: 90% of entrepreneurs have reported an increase in the average monthly income of the family thus raising their standard of living. 80% of entrepreneurs added materials possessions like vehicle; land, electrical appliances, furniture and household articles. 60% of entrepreneurs moved into bigger houses of their own.
- i. Social Status: 90% of entrepreneurs have experienced a marked increase in their recognition and status in society thus leading to their all round personality development. Only 10% of entrepreneurs did not find any change in their status.

- j. Family Status: the interaction patterns of 50% entrepreneurs have become more democratic & participative, for 40% it remained the same and for 10% it has changed to more autocratic and dictatorial.

### Young Entrepreneurs Give Back To Community

80% of entrepreneurs have provided information & motivated others to make similar efforts in their lives and have also helped others in receiving financial assistance by referring them to similar organizations. They have also become mentors, established peer networks, community role models and involved in participatory training.

#### **a. BYST Entrepreneurs as Mentors**

Inspired by the guidance given by their mentors, BYST entrepreneurs have now come forward to become mentors and contribute to strengthening BYST entrepreneurs. Some BYST entrepreneurs themselves have technically evaluated other prospective entrepreneurs. This growth in the levels of their participation - from beneficiaries to active participants in the programme has been achieved within a span of 5-6 years. BYST is confident that in few years from now these enthusiastic entrepreneurs will ultimately serve in the entrepreneur selection panels.

#### **b. Peer Network**

Experienced entrepreneurs are enlisted in BYST panels to provide peer support and contacts to fellow entrepreneurs. For example in Chennai, the entrepreneurs doing sub-contract work to the many small and medium industrial units have formed an informal network (facilitated by BYST mentors and staff) whereby they are able to withstand the adverse effects of the Industrial Recession sweeping through many regions of India.

#### **c. Role Models**

BYST entrepreneurs have become role models in their communities. For example in the rural programme in Haryana, young Shailender has become a role model to his peers in Seekri Village. He goes around the village, meets the young people and motivates them by sharing his experience and how he has succeeded in his small business - flour mill. Many rural youth who were groping in the darkness have found a leading light in young Shailender who had risen from among them and has now succeeded.

#### **d. Participatory Training**

BYST entrepreneurs participate in experimental learning processes, which provides them a holistic support. They take part in simulation exercises, role-plays and focus group discussions, wherein they share their experiences and motivate many aspiring underprivileged entrepreneurs to avail BYST support. BYST entrepreneurs have also provided counseling support to their peers who face emotional stress and depression as a result of set backs in their businesses.

## **Impact on Government Policies**

- Blanket permit by leading national bank to entrepreneurs supported by BYST without security or collaterals.
- For the year 2000-2001 budget, the Indian Finance Minister permitted all banks to give loans worth Rs. 0.5 million to start-up businesses without collateral & security.
- Government of India started a similar program – Prime Minister Rozgar Yojana (PMRY) for young people.

## **Impact on NGOs & Voluntary Organizations**

- Started Programmes aimed at economic empowerment for alleviating poverty. More emphasis placed on skill development training especially for women at grassroots and in rural areas.
- Became more responsible for the all round development of the community rather than implementing a program

## **Role Model**

### **International Outreach:**

- First developing country model with tri sector partnering, provides orientation /training to
  - Africa: Namibia, Uganda, Ghana, Kenya, South Africa, and Mauritius.
  - Asia: Sri Lanka, Nepal, Bhutan, and India.
- Founding member of the International Association of Youth Business Trusts
- Focus project by the Global Partnership for Youth Development, a World Bank project.
- Partnerships with UK and US MNCs.

### **National Outreach:**

- BYST has replicated its model in three regions of India in five centres.
- Vision is to replicate the BYST model of Youth Entrepreneurship and expand outreach to underprivileged young people throughout India. Established its first franchisee model in Mumbai with Godrej Group.
- Mentoring model of BYST is being replicated by Corporate Sector (Public sector undertakings), Non-profits (NGOs) and educational institutions (Fashion institutes, polytechnics etc).

## **VISION**

- To help realise the entrepreneurial dreams of under-privileged youth across India.
- Generate a dynamic environment for entrepreneurs.
- Become a role model for a support network for the tiny / small enterprises sector in developing countries.

To achieve this vision , BYST has set itself the following objectives for the next 10 years:

- Set-up 50 programmes across the country.
- Over 10 years, BYST wants to cumulative create 2,50,000 – 5,00,000 jobs.