

Exploring Scope of Social Entrepreneurs and Postal Banking in Smart City Project

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Abstract

Since long, in India, social entrepreneurs have made a large contribution in the development of the country. It is a sheer tradition which they have followed perhaps taking the reins from freedom fighters, who have equally contributed even by sacrificing their lives for the country. It is possible only in India that, someone just rises up from a non-descriptive background and decides to devote his/her life to the development of the society.

The smart-city mission project is a new idea (under the Ministry of Housing and Urban Affairs) which involves initially developing 20 cities and reaching up to 90 cities with a total outlay of Rs.189155 crores. The project includes Retrofitting, Re-development and Green city development. This is the first time that such a big program is based on the spirit of competition and co-operative federalism.

Local social entrepreneurs can play a major role in the execution of smart city projects, although they may not have played a role, while conceptualizing the smart-city project. This kind of an initiative, allowing social entrepreneurs a role in smart city project, can also be treated as a gesture of honor, from the government, to social entrepreneurs towards their un-relented past contribution in the growth of the country. For a country like India, which is geographically essentially a rural economy, where even today, almost 50 per cent of the big company's (HUL, P&G, ITC) revenue comes from rural sector, rural development remains the key issue in the country's growth. The rural market being scattered across @6.3 lakh villages; the model of social entrepreneurship has been found to be effective in creating the necessary social impact.

Currently there are limited Mainstream/Commercial funding options available for a Social Entrepreneur. The researchers propose the Postal Banking as an effective source of financing to them.

Key Words: Smart City, Social Entrepreneur, Postal Banking

Introduction:

Development of SMART cities offers business opportunities worth billions of dollars to companies in each and every sector. A total of Rs.80 billion (USA\$14 BILLION) has been approved by the Indian cabinet for developing 100 smart cities and rejuvenation of 500 others. For the smart city mission, Rs.480 billion (US\$7.1 BILLION) and for the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) a total funding of Rs.500 billion (US\$74 billion) has been created.

It is in this context, that the role of social entrepreneurs and postal banking, both catering to the development at grassroots level needs to be examined.

Who is a social entrepreneur?

Social entrepreneurship is exercised where some person or group-1)aim(s)at creating social value, either exclusively or at least in some prominent way.2)show(s)a capacity to recognize and take advantage of opportunities to create that value(envision).3)employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and /or distribution social value 4)is/are willing to accept an above-average degree of risk in creating and disseminating social value and 5)is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social ventures.

The single most important of these criteria is the first in that it serves, conceptually, to distinguish social entrepreneurship from other forms. There is no exact way of fixing the border below which the importance of social goals fails to qualify something as social entrepreneurship. It is a commitment to providing social value that marks the divide between social and other forms of entrepreneur. All of the characteristics mentioned above are characteristics that may be had to a greater or lesser degree. Some are specified to be 'greater than average 'in amount, but there is no way of indicating exactly the point, at which this qualifying standard is reached or exceeded. As in the case of the social aspect of the target concept, this list represents a catalogue from which particular users of the notion will choose somewhat selectively both, as to what they include and how they weight the factors. Arguably, this variability simply reflects the absence of sharp boundaries in trying to define the phenomena.

Objectives:

1. Exploring the scope of Social Entrepreneurship for Smart Cities
2. Understanding the funding options of Social Entrepreneurship
3. Examining Postal Banking for Institutional Finance for social entrepreneurs to help them create the impact in Smart cities.

Research Methodology

Exploratory Research based on Secondary Data and intuitive discussions.

Literature Discussion

It is easy to assume, and the literature often seems to reflect this assumption, that social entrepreneurship is exercised by individuals. As Thompson (2002) has reminded us, it would be a mistake to accept this generalization. Entrepreneurship is best thought of as an extended activity which may well be carried out by a team or a group of people (Stewart,1989). Others have pointed out that, entrepreneurship may find a place in cultural settings where collective, rather than individualistic thinking prevails(Peterson,1988). Peredo(2003; Peredo & Christman,2006)actually describes a situation in which plausible to speak of a community, acting collectively to exercise an entrepreneurship which is plainly social in many of its aspects. To be an entrepreneur may therefore mean being an individual, a member of a group, or an organization who/which carries out the work of identifying and creatively pursuing a social goal.

All above makes a significant contribution to understanding the complex phenomenon of social entrepreneurship as directing organizational activity toward the achievement of social purposes.

Social entrepreneurs are generally individuals with innovative solutions to society's most pressing problems. They are ambitious and persistent, tackling major social issues and offering new ideas for a wide scale change. Rather than leaving society's needs to the government or business sector, social entrepreneurs find, what is not working, and solve the problem by changing the system, spreading the solution and persuading entire societies to take new leaps.

Social entrepreneurs as individuals often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both-visionaries and ultimate realists, concerned with practical implementation of their vision above all else. Each social entrepreneur presents ideas that are user-friendly, understandable, ethical and engage widespread support in order to maximize the number of local people that will standup, seize the idea and implement it. In other words, every leading social entrepreneur is a mass recruiter of local change makers-a role model proving that, citizens who channel their passion into action can do almost anything.

Over the past two decades, the citizen sector has discovered what the business sector learned long ago. There is nothing as powerful as a new idea in the hands of a first-class entrepreneur.

Historical examples of Leading Social Entrepreneurs-

- 1)Susan Anthony(US)-Fought for women's rights in the US, including the right to control property and helped spearhead adoption of the 19th amendment.
- 2)Vinoba Bhave(India)-Founder and leader of the Land Gift movement, he was instrumental in redistribution of more than 70 lakh acres of land to aid India's untouchables and landless.
- 3)Florence Nightingale(UK)-Founder of modern Nursing, she established the first school for nurses and fought to improve hospital conditions.
- 4)Margaret Sanger(US)-Founder of planned parenthood federation of America, she led the movement for family planning efforts around the world.

5)John Muir(US)-Naturalist and conservationist, he established the National Park system and helped form the Sierra Club.

6)Jean Monnet(France)-Responsible for the reconstruction of the French Economy, following world war II, including the establishment of the European Coal and Steel Company(ESCS). The ESCS and the European common market were direct precursors of the EU.

India's top 8 social Entrepreneurial Heroes-

1)Mahatma Gandhi-rightly called the Father of Nation, dedicated his life, first to get freedom from the Britishers, in non-violent ways and secondly to establish a free society based on values of truth.

2)Dr. Varghese Kurien-Father of the India's Milk Revolution-dedicated his life to improving the standard of living of poor farmers, by providing them an alternative source of income by buying their milk, and further giving them their rightful position, by giving membership/ownership of the co-operative thus formed.

3)Anilkumar Gupta-IIMA professor and founder of Honeybee Network-Dedicates his life to creation of sustainable social entrepreneurship by using Technology extensively, at the same time spreading this message through his students at IIMA.

4)Dr. Venkatswamy-founder of Arvind Eye Hospitals-realizing the need of cheaper eye care in rural India, dedicated his life to providing it through a chain of hospitals, all over the country and providing the same quality of eye care. It has even caught the attention of foreigners now, coming to avail these facilities from India.

7)Sunil Bharti Mittal-founder Airtel-having started from a background of a bicycle spares shop, becoming the top mobile service provider, in the process changing the traditional almost non-reachable rural landscape into a vibrantly urban connected landscape, thus bridging the typical gap between Bharat and India. (recently gave @7000 crore plus for philanthropy).

8)Sam Pitroda-father of IT revolution-Once an advisor to the then prime minister of India, the father of India's IT revolution has totally changed the rural landscape of communication, in the meantime also creating job opportunities for small retailers in rural India, thus overall improving the knowledge and lifestyle standards of ruralites.

Different Types of Social Enterprise Models and How They Raise Funds

An initial assessment of the SE financing landscape indicates that, the key sources of capital for SEs are non-institutional debt, equity (mostly self-finance), Institutional debt, and grants. The key sources of equity in the SE space are early stage impact investors or entrepreneur's capital (both equity and debt). Traditional private equity investments in SEs are rare, and are largely limited to the more developed sectors such as Microfinance, Health, and Agribusiness. This is primarily due to the fact that, since the markets are developing, business models are just starting

to show proof of success of the concept, hence transaction costs are high for investors, plus there is limited data available to help understand the space.

‘The Beyond Profit India Social Business Survey’ revealed that, there is a clear divide between those that have access to mainstream and/or commercial funds and those that rely on personal connections and grants/donations to raise money. The ratio is about 50/50. The Survey further stated that, Forty-five percent of respondents obtained funds from commercial sources whereas 21% of respondents source their funds from personal connections such as family members and friends; another 21% rely on grants and donations from charitable organizations.

Role of Postal Banking in Funding Social Entrepreneur

India has the largest number of post offices in the world. At the time of Independence, there were 23,344 post offices in the country, mostly in Urban areas and some larger villages. The number of post offices as on March 31, 2000 was 1,54,551 of which 1,38,149 post offices were in rural areas, which amounts to 89.38% of the total. The Department of Posts, because of its wide reach is utilized by other departments of the central government and state governments to perform several functions on their behalf. The India Post has already started with Payment Bank. A gradual evolution into full-fledged banking is in the pipeline. Considering the fact that Social Entrepreneurs emerge from rural, semi urban backgrounds, what they require is micro finance and small term loans at comparatively low rates of interest. The commercial banks operating in a much competitive environment refuses to indulge in these unprofitable ventures to a large extent. Here is an opportunity where a full-fledged postal bank can foray and tap the untapped market. Small Term loans, Working Capital loans and Cash Credits with lower interest rate margins and flexible repayment options may be designed to fund the social entrepreneurs in their ventures and offer them the comfort of sound institutional finance.

Suggestions:

1. Schemes to benefit social entrepreneurs may be included in the smart city convergence scheme.
2. Local entrepreneurs need to be identified in the scheme of Startup India Stand-up India
3. Innovation and incubation centers should be established in each smart city were in local youth who have ideas smart city SPV will incubate their ideas like T-HUB in Telangana.
4. Use of ICT in branding and marketing like tie ups with e-tailors like amazon, flip kart etc. to be encouraged. Flipkart already has ‘Flipkart Kaarigar ka Dwaar’ for Varanasi weavers.
5. Full-fledged conversion of post offices in to banks must be pushed so that they can concentrate funding similar ground level projects in the area of SE.

Conclusion:

Although smart city as a concept deals with primarily the urban area of the country, if we closely look at the first 20 cities taken for implementation, we find that many of them are Tier 2 or Tier 3 cities, which are located somewhere in between the typical village and a big city. Traditionally, India’s social entrepreneurs have either started their work from rural area or are working in rural areas, hence they are largely aware of the ground level issues in rural development. Hence they could be made as a major stakeholder in smart city projects mission. Their expertise in running

the social movement with bare necessities may help the smart city project either save money or help complete the project within shorter duration of time, which either way saves the project cost. The conceptualization of full-fledged postal banks can definitely aid social entrepreneurs further.

Let us hope the social entrepreneurs get an opportunity to be associated with smart city projects first, subsequently Postal Banks will provide them the funding, thereby making sustainable development possible in smart cities and the tertiary area of adjoining rural pat.

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