



## Role of Nabard Through REDPs/SDPs For Entrepreneurship Development in Rural India

### KEYWORDS

NABARD, Rural Entrepreneurship Development Programme (REDP)/Skill Development Programme (SDP), Unemployed rural youth

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### ABSTRACT

The majority of the over 300 million people living below the poverty line in India live in rural areas. Unemployment rate in India has increased. It is 2% in rural areas and 3% in urban areas in India. The problem of unemployment continues to persist in rural areas. NABARD has been implementing numerous promotional programmes for reducing the rural unemployment. In order to generate employment in rural areas, it was felt necessary to develop the entrepreneurial skills of the rural youth. Rural Entrepreneurship Development Programme (REDP) and Skill Development Programme (SDP) is a promotional programme supported by NABARD to motivate and train educated unemployed rural youth, to set up their own enterprises. REDP/SDP is transferring the skill of business to the poor and needy. In spite of many efforts, the NABARD still has the target to increase the efforts for the development of unemployed rural youth. An attempt has been made to analyze the progress of NABARD assistance to the REDPs/SDPs for the development of entrepreneurs in rural India in this paper. The paper is prepared on the basis of secondary information from annual reports of NABARD and other related sources.

### Introduction

NABARD provides grant assistance to eligible institutions for conducting capacity building programmes for rural entrepreneurs like REDPs and SDPs. The objective of Rural Entrepreneurship Development Programme (REDP) is to develop entrepreneurial and activity-oriented skills among educated unemployed rural youth, Skill Development Programmes focuses on persons in rural areas looking for avenues for wage employment or livelihood opportunities. It also envisages to develop, upgrade or diversify existing skills of trainees / prospective entrepreneurs.

NABARD have conducted 130 Skill and Entrepreneurship Development Training Programme (SDP & REDP) with an assistance of Rs.69.71 lakh in 2010-11. More than 3,500 rural youths have been trained in these programmes out of which 65% to 70% are women. The activities vary from basic tailoring, weaving and handicraft items to specific service related activities like mobile repairing, computer software with DTP, electrical appliances maintenance, driving and mechanical repairing, motor winding and pump set repairing. During the year 2011-12, as on 30.10.2011, Rs.107.46 lakh assistance has been provided for promotional programmes and Innovative Projects.

### Financial Assistance – Components

NABARD provides promotional assistance to select agencies to meet the recurring expenditure in conducting REDP. Under institutionalisation of REDP, the select institutions are provided with need-based capacity building support and long-term assurance by way of continued financial assistance, for conducting REDP. Some of the major items that are covered under grant assistance include:

- Cost of pre training survey
- Publicity
- Selection of candidates
- Inauguration and valediction
- Rent for training hall
- Reading material for trainees
- Stationery, tool kit
- Stipend in exceptional cases
- Raw material

- Hire charges, electricity charges
- Honorarium for trainer-motivator, guest faculty, coordinator
- Exposure visit of trainees
- Overhead cost

### Rural Entrepreneurship Development Programme (REDP)

REDP is one of the important Non-Form Sector (NFS) promotional programmes supported by NABARD for creating sustainable employment and income opportunities in a cost effective manner for the benefit of educated unemployed rural youth. REDP's objective is to develop entrepreneurial and activity-oriented skills among unemployed rural youths willing to set up small/ micro-enterprises by assisting Voluntary Agencies (VA)/ Non- Governmental Organisations (NGO)/ Development Agencies (DA)/ RUDSETIs etc. with good track record in conducting REDPs.

### Features and Coverage of REDP

REDP comprises 3 distinct phases, viz., pre-training, training and post-training phase. The success of the programme depends on the strict adherence to these phases.

### Pre-training phase:

Detailed survey for identifying potential business activities/ market, publicity, awareness creation and motivational campaign, Coordination with various agencies - especially banks, Govt. Dept.. Formation of Selection Committee, Project Monitoring Committee, Selection of trainees etc.

### Training phase:

The duration of the programme is 6-8 weeks. Training module comprises : Achievement motivation, Opportunity identification and guidance, Knowledge on supporting agencies and schemes, Preparation of project reports/profiles, Management of resources (men, material, money), Marketing aspects, Book-keeping/Accounting. In case of technical/ activity based REDP, inputs on technical aspects/ skill development/appropriate technology will be included. Case-studies on potential activities, field visits, practical work, visit to successful units, etc., to be integral part of training programme.

### Post-training phase:

Facilitating credit linkages for setting up units and Escort services to trainees for at least two years.

NGOs, Voluntary Agencies, Development Agencies and RUDSETI type institutions are eligible for REDP. NABARD provides promotional assistance to capable agencies with good track record and professional competence to successfully implement REDP. With a view to accelerate the process of REDP and to achieve the desired objective at a faster pace, NABARD has initiated the following steps:

#### Institutionalisation of REDP:

In order to have a focussed direction in the implementation of REDP, NABARD has decided to forge long term collaboration with 3 or 4 selected VAs / NGOs in each State.

#### Technical REDP:

With a view to ensure setting up of units as well as their successful management, it has been decided to encourage Technical / activity based REDP. Consequently, select ITIs have also been included as eligible institution for conducting REDP.

#### Incentive based REDP:

To ensure continued follow-up/ monitoring and escort services to the trainees, an incentive scheme has been evolved whereby the REDP implementing agencies will be suitably rewarded with cash incentives based on the number of trainees setting up their own units, preferably with bank loan.

#### Progress and impact

Progress and impact of NABARD grant assistance under REDPs/SDPs and coverage of unemployed rural youth for entrepreneurship development in rural areas in India is as shown below in the Table 1:

**Table 1: Progress of NABARD Grant assistance under REDPs/SDPs and Unemployed rural youth covered for the last Five Years (2008-09 to 2012-13)**

Details/Year	2008-09	2009-10	2010-11	2011-12	2012-13
Grant Assistance (Amount in Crore)	13.03	10.48	12.33	13.09	5.03
Number of REDPs/SDPs	2,083	2,627	3,327	9,852	334
As on 31 <sup>st</sup> March, Cumulative Grant Assistance (Amount in Crores)	60.39	71.10	83.35	96.45	101.35
REDPs/SDPs (Numerical Value)	(11,905)	(14,532)	(17,859)	(27,711)	(28,045)

Unemployed rural youth covered (Cumulative number in Lakhs)	3.00	3.63	4.36	6.93	7.16
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Source: Compiled from the Annual Reports of NABARD

#### Inference:

From the above Table 1, it is understood that the REDPs/SDPs position as on 31 March 2009, 2010, 2011, 2012 and 2013 as under:

- During 2008-09, 2,083 REDPs/SDPs were supported benefiting 0.50 lakh rural youth and involving grant assistance of Rs.13.03 crore. As on 31 March 2009, the cumulative grant assistance of Rs.60.39 crore has been extended for conducting 11,905 REDPs/SDP covering 3.00 lakh persons.
- During 2009-10, 2,627 REDPs/SDPs were supported benefiting 0.62 lakh rural youth and involving grant assistance of Rs.10.48 crore. As on 31 March 2010, the cumulative grant assistance of Rs. 71.10 crore has been extended for conducting 14,532 REDPs/SDP covering 3.63 lakh persons.
- During 2010-11, 3,327 REDPs/SDPs were supported benefiting 0.73 lakh rural youth and involving grant assistance of Rs.12.33 crore. As on 31 March 2011, the cumulative grant assistance of Rs. 83.35 crore has been extended for conducting 17,859 REDPs/SDP covering 4.36 lakh persons.
- During 2011-12, 9,852 REDPs/SDPs were supported benefiting many rural youth and involving grant assistance of Rs.13.09 crore. As on 31 March 2012, the cumulative grant assistance of Rs. 96.45 crore lakh has been extended for conducting 27,711 REDPs/SDP covering 6.93 lakh persons.
- During 2012-13, 334 REDPs/SDPs were supported benefiting many rural youth and involving grant assistance of Rs.5.03 crore. As on 31 March 2013, the cumulative grant assistance of Rs. 101.35 crore has been extended for conducting 28045 REDPs/SDP covering 7.16 lakh persons.

#### Conclusion

NABARD is playing a very prominent role in the process of developing entrepreneurs in rural India. For generating self-employment and wage employment opportunities in rural areas, NABARD has been supporting Rural Entrepreneurship Development Programmes (REDP) and Skill Development Programmes (SDP) since the early 1990s. According to the survey report of NSSO, Unemployment rate per 1,000 population is at 27, while it was 25 two years ago. As on January 1, 2010, the number of unemployed was 9.8 million. By January 1, 2012, it has increased to 10.8 million. Thus, the problem of unemployment continues to endure in rural areas. Almost half-a-century of entrepreneurship development efforts by NABARD have reduced unemployment in rural areas. So far, 7.16 lakh persons have been covered under the programme under 28,045 REDPs/SDPs. Last year, only Rs.5.03 crore has been sanctioned by the NABARD under REDPs/SDPs. However, the NABARD has to increase the efforts in entrepreneurship development in reducing the unemployment problem in rural India.

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