

## Settlement of Entrepreneurs: An Endeavour of RSETI

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### Abstract

Rural Self Employment Training Institute, popularly known as RSETI, is managed by banks with active co-operation from the Government of India and State Government. To mitigate the unemployment problem the Institution has been set up to ensure necessary skill training and skill up gradation of the rural below poverty line (BPL) youths. RSETI concept is based on RUDSETI (Rural Development and Self Employment Training Institute), a Society established jointly by three agencies i.e. Syndicate Bank, Canara Bank and *Sri Manjunatheswara* Trust based at *Ujire* in Karnataka. Almost in every district (now in 585 districts) in the country RSETI has been established. The Lead Bank in the district takes responsibility for establishing and managing it. Based on field cases two beneficiaries' cases are presented here portraying how they have been benefitted after training and earning income as provided with proper backward and forward linkages.

**Keywords:** Below Poverty Line (BPL), Bank, Trainee and RSETI

### Introduction

#### About Rseti

RSETI, popularly known as Rural Self Employment Training Institute RSETI is managed by banks with active co-operation from the Government of India and State Government. To mitigate the unemployment problem the Institution has been set up to ensure necessary skill training and skill up gradation of the rural below poverty line (BPL) youths. RSETI concept is based on RUDSETI (Rural Development and Self Employment Training Institute), a society established jointly by three agencies i.e. Syndicate Bank, Canara Bank and *Sri Manjunatheswara* Trust based at *Ujire* in Karnataka.

Almost in every district in the country RSETI has been established. The Lead Bank in the district takes responsibility for establishing and managing it. The Government of India provides one - time grant assistance, up to a maximum of Rs. 1 crore for meeting the expenditure on construction of building and other infrastructure. After successful completion of the training, they are provided with credit linkage assistance by the banks to start their own entrepreneurial ventures (<http://nird.org.in/rseti>). It is pertinent to mention that there are 585 RSETIs in the country as of April 2016. Trainees are divided into two categories – 70 percent Below Poverty Line (BPL) and 30 percent may be Above Poverty Line (APL). The number of trainees in general may be in between 25 and 30.

#### Infrastructure

The common minimum infrastructure of each RSETI are:

- 2-3 classrooms with toilet facilities (separate for women and physically challenged friendly).
- Two workshops, two dormitories with bath facilities.
- Adequate physical infrastructure for training, administration, hostel, and staff quarters etc.

#### Programme Structure & Contents

Each RSETI generally offers 30 to 40 skill development programmes in a financial year in various trades. The

programmes are of short duration ranging from 1 to 6 weeks and as an example few are listed below:

- Agricultural Programmes – agriculture and allied activities like dairy, poultry, apiculture, horticulture, sericulture, mushroom cultivation, floriculture, fisheries, etc.
- Product Programme – dress designing for men and women, incense sticks manufacturing, football making, bag, bakery products, leaf cup making, recycled paper manufacturing, etc.
- Process Programmes – two wheeler repairs, radio/TV repairs, motor rewinding, electrical transformer repairs, irrigation pump-set repairs, tractor and power tiller repairs, cell phone repairs, beautician course, photography and videography, screen printing, domestic electrical appliances repair, computer hardware and DTP.
- General Programmes – skill development for women
- Other Programmes – related to other sectors like leather, construction, hospitality and any other sector depending on local requirements.

Mention may be made training programmes are decided by the Institute i.e. RSETI based on the local resource situation and potential demand. A uniform standardized curriculum is developed and circulated among the institutes.

The certificate issued by a RSETI to trainee is recognised by all banks for the purposes of extending credit to the trainees, meaning RSETI trained rural youths are free to access any scheduled bank's loan.

In this section two cases of beneficiaries are presented who after getting training from RSETI could settle in their life by earning income. Both are from Andhra Pradesh and the RSETIs are managed by Andhra Bank. The cases pertain to 2016 portraying recent data. It may be mentioned that there are 15 RSETIs in Andhra Pradesh and from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2016 altogether 77,706 youths were trained, of which 52,061 (67 %) were settled ([rsetmonitoringcell.org](http://rsetmonitoringcell.org) 2016). It is pertinent to mention that of the 52,061 trainees settled altogether 43,451 were settled through self-employment and rest (8610) were provided with wage

employment. Further, for the interest of readers the definitions of self and wage employment programmes as defined by NSSO 55<sup>th</sup> Round are mentioned below:

**Self-employed:** Persons who operate their own farm or non-farm enterprises or engaged independently in a profession or trade on own account or with one or a few partners are deemed to be self-employed in household enterprises. The essential feature of the self-employed is that they have autonomy (i.e., how, where and when to produce) and economic independence (i.e., market, scale of operation and money) for carrying out their operation. The fee or remuneration received by them comprises two parts – share of their labour and profit of the enterprise. In other words, their remuneration is determined wholly or mainly by sales or profits of the goods or services which were produced. Self-employed persons can be further categorized as own – account workers, employers or helpers in household enterprises.

**Regular salaried/ wage employee:** These are persons who work in others' farm or non-farm enterprises (both household and non-household) and, in return, receive salary or wages on a regular basis (i.e. not on the basis of daily or periodic renewal of work contract). This category includes not only persons getting time wage but also persons receiving piece wage or salary and paid apprentices, both full time and part-time.

**Casual wage labour:** A person who is casually engaged in others' farm or non-farm enterprises (both household and non-household) and, in return, receives wages according to the terms of the daily or periodic work contract is a casual wage labourer.

Muhammad Yunus, the Nobel laureate, in his book *Banker to the Poor* has highlighted some advantages of self-employment over wage employment.

1. The hours are flexible and can adapt to fit any family situation. It allows people to choose between running a business full-time or part-time when they need to meet crises, or to put their business on hold and work full-time for a salary.
2. Self-employment is tailor-made for anyone who is street-smart and has many acquired from books and technical schools. This means the illiterate and the poor can exploit their strengths, rather than be held back by their weaknesses
3. It allows a person to turn hobbies they enjoy into gainful employment.
4. It allows individuals who cannot work well in a rigid hierarchy to run their own show.
5. It offers a way out of welfare dependency, not just to become wage slaves, but to open a store or start a manufacturing business.
6. It can help those who have found a job and are still nonetheless poor.
7. It gives those who have just been fired from a job moral support to start a business before they become depressed and isolated.
8. It gives the victims of prejudice who would not be hired because of their colour or national origin a chance to earn a living.

9. The average cost of creating a self-employment job is ten, twenty or hundred times cheaper than creating an employment job.
10. It helps isolated poor person gain self-confidence, step by step.

#### Case 1

Smt. *Adapa Kalpana* (34 years, belongs to OC) hails from *Dharanikota* village of *Amaravathi mandal*, Guntur district of Andhra Pradesh. She as house wife (studied up to 10<sup>th</sup> class) was also involved in tailoring to supplement income to the family and was earning a meagre monthly income of Rs.4000 per month. Her husband was working in a finance company. To scale up income, she decided to start fashion designing. Accordingly, she joined RSETI, Guntur sponsored by Andhra Bank in July 2013 and subsequently in October 2014 she started her own venture under the banner of "M/S *Lakshmi Venkateswara Fashion Tailors*" at *Dharanikota* village with an investment of Rs.2 Lakh by availing bank loan of Rs. 40,000 from the State Bank of Hyderabad under MUDRA Scheme and the balance amount of Rs.1.60 Lakh was invested by her own savings. During 2016 as reported by her net monthly income on an average was Rs. 15000. Further, she provided employment to one person also and trained six members in tailoring activity. She expressed her gratitude towards RSETI, Guntur sponsored by Andhra Bank for the training imparted to her which immensely changed her economic life.

#### Case 2

Sri. Ch. *Veera Brahmaiah* aged 35 years (OBC) is resident of *Amaravathi* town of Guntur District. He studied up to 10<sup>th</sup> class and also completed ITI. His father was an agriculture labour and his earning was too meagre to sustain a family. In order to support his father, *Veera Brahmaiah* undergone Electric Motor Rewinding training in February 2006 and after working here and there he started his own venture under the umbrella of M/s *Krupa Jayam Electricals* at *Amaravathi* in April 2015 with a sum of Rs. 2 Lakh – Rs. 30,000 as bank loan from Andhra Bank, *Amaravathi* and rest his own investment. He could earn a net monthly income of Rs 40,000 as reported in April 2016 which changed his life to a great extent and economic hardship scaled down substantially.

#### Conclusion

As is evident from the discussion that two are the cases out of 43, 451 where economic lives have been changed because of RSETI's training as well as micro-credit. Prof Muhammad Yunus in his book "Banker to the Poor" has mentioned that micro-credit may not be a cure-all, but it is a force for change, not only economic and personal, but also social and political".

#### References

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