



Igniting Thoughts of Tomorrow

RURAL MANAGEMENT

WeChat

Mr. Seshan Srinivasan
Assistant General
Manager, NABARD



.....
Rural Management - It's
Real Meaning



Featured

Market Potential
And Challenges

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November 2013



OUR VISION

“To nurture thought leaders and practitioners through inventive education”

CORE VALUES

Breakthrough Thinking and Breakthrough Execution

Result Oriented, Process Driven Work Ethic

We Link and Care

Passion

“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind’s eye needs to be nurtured and differently so.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



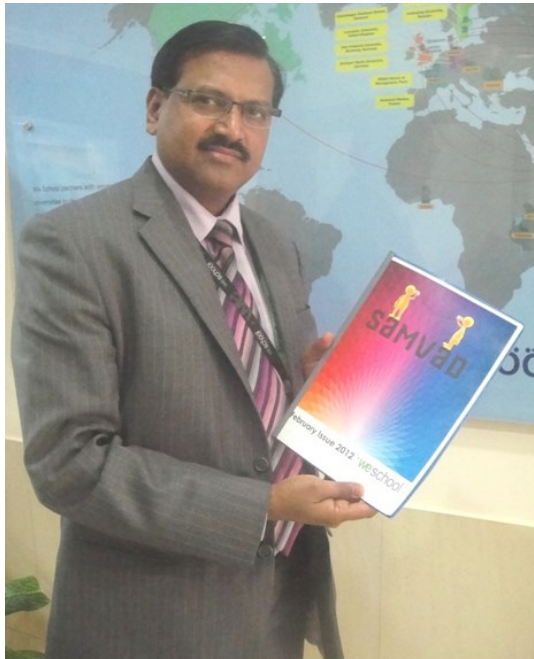
**Prof. Dr. Uday Salunkhe,
Group Director**

Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

Prof. Dr. Uday Salunkhe,
Group Director



Prof. Dr. Uday Salunkhe introducing the first issue of Samvad

OUR VISION

“To facilitate exchange of ideas that inspire innovative thought culture”

MISSION

**To Dialogue
To Deliberate
To Develop
To Differentiate**

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dear Readers,

Greetings from Team Samvad!

It gives me and the entire Samvad Team immense satisfaction to bring to you the latest issue of Samvad on the theme "Rural Sector".

India's Rural Sector is currently undergoing a steady change with penetration of technology and innovative solutions spreading its wings across entire length and breadth of the country. A Recent study shows that rural India spends more than what Urban India does. And with a population of around 833 million in rural region, the managers of the future cannot afford to ignore this huge market having a big potential waiting to be explored. India's rural markets have become a powerful economic engine. The rural multiplier effect is what excites policy-makers and business leaders alike.

To give you more insights on a career in this sector, we have Mr. Seshan Srinivasan (Senior Manager having almost 30 years of experience in NABARD having expertise in Rural Credit System), a distinguished personality in the Rural Sector. Hope the interview adds lot of value to your reading.

The featured article is an in-depth overview of Rural Management and it gives a better understanding of the rural sector and helps the reader visualize the rural sector in a more concise manner.

We are thankful for all the wonderful comments, compliments and suggestions for improvisation by you all and we are striving for the best. We hope with this issue we provide you with different perspectives on this sector. We will be happy to hear if you personally wish to enter this sector or have a vision to bring about a disruptive change at the grassroots level. It's time we ignite our thoughts in to actions for a better tomorrow.

Hope you will like reading this issue. Feel free to give us your feedback.

Read Better to know Better...!!!

Best Regards,

Aniruddha Kulkarni

Editor

Samvad- Igniting thoughts of tomorrow

Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Ravi Vaidee** for his help in selecting the best Marketing articles. He is part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Malliya** and we thank her for choosing the most relevant and informative articles.

We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Anjali Joshi** and Operations Section by **Prof. Kavita**. We thank them for choosing the best articles

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.





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An Interview with Mr. Seshan Srinivasan

By: Team Samvad

(Senior Manager in Nabard having close to 30 years of Work Experience in Nabard who has worked in several departments of the bank including Rural Credit)

1. Please share with us how has your Professional Journey been in terms of learning and development as an Individual right from your first organization to your current role as Assistant General Manager of National Bank for Agriculture and Rural Development (NABARD)?

I joined the Reserve Bank of India way back in 1979 and worked in the cash Department and the Department of Banking operations and development. The DBOD experience was really useful. The Department at that point of time was in charge of supervision of banks. It also was in charge of the Banking policy and the Branch Licensing for commercial banks. It used to conduct the Inspection of banks at regular intervals to know the financial position of the various banks. Also, at that point of time there was in place Credit Authorization Norms for large advances by commercial banks and cooperative banks. In other words, there were monetary ceilings beyond which these banks cannot lend without the express permission of the Reserve Bank of India. The large advances refer to Loans given to large sugar Mills, Spinning Mills, Consumer stores etc. The regulation was in place to protect these banks from incurring losses by lending to large financially unhealthy units thereby denying credit to the weaker sections of the society. After coming to NABARD in December 1983 I have worked in several departments of the bank like Production credit, Audit, Investment credit, Supervision, Administration, etc.



2. What are the major challenges that NABARD is facing in the Financial Inclusion Domain? How do you envisage financial inclusion 5 years hence, in Rural India?

The financial inclusion refers to access to financial products such as savings, credit, insurance, funds transfer and other banking products to all citizens in the country especially for those who are located in villages not serviced by bank branches. The major challenges that NABARD is facing in the Financial Inclusion Domain emanate from the lack of awareness and non-transparency among the people as also the higher transaction costs. The combination of IT and mobile telephony along-with other IT enabled services have emerged as a viable solution to tide over the transaction cost of serving large number of small value accounts. Awareness creation on financial literacy is another channel to mainstream Financial Inclusion. NABARD is managing two dedicated funds i.e. Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) for meeting the cost of technology adoption for Financial Inclusion. These funds were instituted in NABARD by the GOI in

2007-08 as per the recommendations of the Dr. Rangarajan Committee.. The initiatives under FIF included conducting Financial literacy campaign for creating demand by using various modes, delivery channels through a variety of languages, capacity building of all stakeholders, including NGOs, bank staff, BC/BFs(including farmers clubs) for improving the delivery of Financial services/products, support the banks in opening of financial Literacy & credit counseling centers(FLCCs)/ Financial Literacy centers(FLCs) for creating awareness about the financial products and services etc. NABARD also supported the client institutions, especially RRBs and cooperatives in various ways in their effort to bring about financial inclusion through the use of ICT (Information and communication technology) under FITF. Financial support was also given to weak RRBS for migration to Core Banking Solutions (CBS) so as to enable the process of financial inclusion. Other kinds of support given by NABARD were engaging Farmers clubs and Self Help Groups (SHGs) as Banking Correspondent/Banking Facilitator by Regional Rural Banks, Financial literacy through audio visual medium, Capacity building of Banking correspondents (BC)/Banking Facilitator (BC), financial assistance to Lead Banks for establishment of FLCCs/FLCs. In view of the all the above measures the process of Financial Inclusion will be hastened and I envisage that 5 years from now the situation of Financial Inclusion would have considerably improved.

3. Sir, reading your profile, you've worked extensively in the Credit and banking domain. Please share with us your insights with respect to rural consumer behavior towards, "Credit/Loans." What have been the various changes that you have seen in this aspect among the rural population?

The Rural Population are broadly classified into farmers and non-farmers. Due to lack of own

resources for development of land, raising crops, establishment of horticulture farms, and enterprises in allied sector to agriculture viz., animal husbandry, fisheries, etc. they look forward to banks for loans and in case of loss of crops they look forward to Government for waiving the loans and providing fresh loans. Thus there is a tendency not to repay the loans, more so with the political people's false promises. Rural Population have always desired that cheap credit should be given to them. More than 10 Years back the percentage of the rural population getting loans from all kinds of banks viz commercial, cooperative and Regional Rural Banks were very less. But, subsequently, the situation has changed and now most of them are getting crop loans from the banks. In fact, the farmers are now getting crop loans at not more than 7% rate of interest. These farmers are also getting interest relief up to 3% from the State governments for prompt repayment. Also, in addition to the crop loans other kinds of term loans are also extended for purposes such as Minor Irrigation, Land Development, Farm Mechanization, Plantation and Horticulture, Animal husbandry, Non-Farm Sector, Dairy Development, Storage Godowns,etc. In addition banks are also extending Housing loans and Education loans. In fact, the quantum of crop loans, Housing loans and Education loans is very high in South India. I also think that the Education loans given in Erode and Coimbatore districts of Tamil Nadu are the highest in the state and may rank very high as compared to the other districts in India. Also, the improvement in the infrastructure in the country brought about by the Rural Infrastructure Development Fund lending by NABARD has also contributed to the demand for more loans by the General public in the Rural parts of the country. This RIDF Funding by NABARD to the State Governments since 1995 has really contributed to the development of the Infrastructure in the country. The situation in the last several years has been that the Rural Population has been able to get loans quite

easily from the several kinds of banks. Over the years the tendency of the public at large has been to avail loans but not sincere in repayment. Now the position of Non-Performing Assets in many of the banks is very alarming and it is showing an increasing trend.

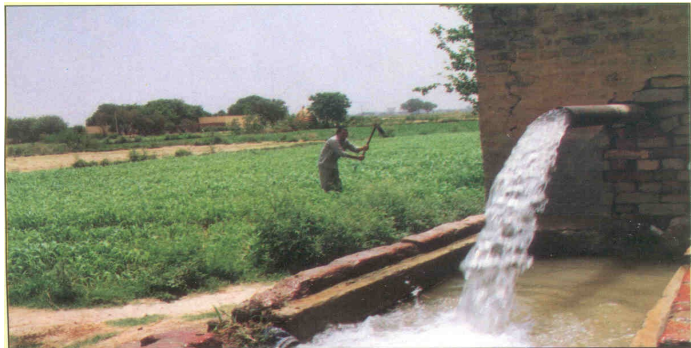


Image Source:

<http://mowr.gov.in/micensus/mi2census/mainpic.jpg>

4. Access to credit for the bottom of the pyramid population is one of the major pain point area. What are micro credit innovations on the anvil of NABARD?

The concept of Self-help groups lending was started in the Year 1992 by NABARD. The SHG Bank Linkage Programme of NABARD started as a pilot project in 1992-93 for linking 500 Self-Help Groups (SHG) with banks with the objective of evolving a cost effective supplementary credit delivery mechanism capable of extending formal banking services to the rural poor. Later on, this kind of informal credit became very popular. Subsequently, the SHGs matured and established micro enterprises.

Further, to meet the needs of activity groups/individuals pursuing activities in rural areas who do not have resources for up scaling their enterprise have been brought under Joint Liability Group concept and lending was made applicable to them. The objective of promoting JLGs are augmenting flow of credit to tenant farmers, extending collateral free loans to them and building mutual trust and confidence between banks and tenant farmers. This is a strategic intervention for purveying credit to small farmers, marginal farmers, tenant farmers etc.

thereby reducing their dependence on informal sources of credit. NABARD has also introduced financial assistance to leading NGOs in many districts in the country who in turn give credit to the SHGs for their genuine needs repayable in flexible instalments.

NABARD conducts Rural Entrepreneurship Development Programmes, Skill Development Programmes & Micro Enterprises Development programmes for the benefit of women beneficiaries which enhance their skills in various disciplines which enables them to set up tiny units for which banks lend money. Financing producers group has also been started by NABARD **very recently**. Also, many years ago the NABARD had introduced the District Rural Industries Programme (DRIP) for the Purpose of Rural Industrialization. The programme envisaged that NABARD would give the necessary inputs, expertise, and training to the rural persons for the setting up of various kinds of small Industries which in turn would need credit that would be fulfilled by the banks.. All the above measures during the last several years have definitely given a fillip to credit for the poorest of the poor who constitute bottom of the pyramid.

5. Sir, you have worked on Rural Entrepreneurship programs. What are the core competencies required by a management graduate who wishes to enter the field of Rural Markets?

A Management Graduate wanting to enter the field of Rural Markets should know the rules governing agriculture markets. He should also know about the Market committee Structure i.e. who is the Managing committee, how are they elected, who are the members, the capital structure of the committee, rules and bye-laws for the functioning of the committee etc. The person also should know the production levels of various commodities/crops, and the marketable surplus, if any, of all of them. He should also have a thorough knowledge of the arrivals of the commodities to the Market Yards and its price



Image source : <http://blog-s1.intuitstatic.com/wp-con->

I wish student managers at Welingkars good luck!

—O—

Fixation /volatility etc. Further, he should know as to who constitutes the consumers from the Rural areas and their tastes, preferences, income levels, availability of novel items in the Rural areas Vis-a vis their availability in the city areas. Already, FMCGs have made a big dent in the rural areas for their products and hence it is very much possible for the Management Graduates to enter the Rural Markets. Lastly, the concerned persons should know about public surveys and the preferences of the public as regards specific commodities.

6. Lastly, one piece of advice would you like to give to the young budding managers in the making who aspire nothing but the best in today's world?

Always be attentive, concentrate hard, and keep updating your knowledge through the newspapers, Electronic Media and books on various subjects related to your studies. Whenever you get an opportunity interact with your seniors and prominent persons in the Industry relevant to you. Most importantly never leave any stone unturned and never miss opportunities.

Rural Marketing: Market Potential and Challenges

By: Akhilesh Singh, PGDM(2012-2014), T.A. Pai Institute of Management

Rural market is growing at a far greater rate than the urban market. It has become the economic powerhouse of the country. In this article, I will be talking about rural market potential and the common problems faced by the companies in rural markets.

Let's talk in terms of numbers as numbers give a clear picture of the market scenario and are easier to analyse.

According to the census 2011, rural population of India is 833,087,662 which is 69 per cent of India's total population. They represent a significant market opportunity. Today, nearly one-third of FMCG products and durables account for rural markets. Rural consumption per person has increased by 19 per cent yearly between 2009 and 2012; two percentage points higher than the urban consumers. The FMCG sector has been successful in selling products to the lower and middle income groups. Over 70% of sales is made to middle class households today and over 50% is in rural India. The rural market for FMCG is worth Rs.165,000 crore, for durables it is Rs.50,000 crore, for tractors and agri-inputs it is Rs.145,000 crore and two-and four-wheelers, Rs.80,000 crore. In total, a massive Rs.123,000 crore ! This could be doubled if corporates understood the rural buying behaviour and got their distribution and pricing right.

Between 2009 and 2012, spending in rural India reached \$69 billion, significantly higher than the \$55 billion spent by the urban population. Overall, rural consumption in value terms has grown at a rate of 17.2 per cent per annum in the year 2008-10. Recent data shows that rural consumption has grown faster than urban in the last two years.



Image source: <http://newswatch.nationalgeographic.com>

Problems faced by companies

Reaching rural customers

Geographically dispersed population, lack of adequate physical and social infrastructure and lack of supply-chain network has made it very difficult for the companies to reach out to the end consumers. Transportation is an important aspect in the process of movement of products from urban production centers to remote villages. The transportation facility and infrastructure is extremely poor in rural India. Due to this, most of the villages are either not at all or partially accessible to marketers. Many parts in rural India have only *kachcha* roads. During the rainy season, the condition of these roads become so worse that they are unserviceable. Talking about rail transport, India has the second largest railway network in the world, but many parts of rural India however, remain

outside its reach which again increases the transportation cost for the companies.

Acquiring rural customers- If at all the companies reach rural market; it is very tough to gain their trust and confidence. The people in rural India are still very conservative and will not accept any intervention which affects their culture. The consumers are very demanding in nature and company must be able to give them 'value for money' in order to acquire them.

Retaining rural customers- In rural India, word of mouth plays a very important role for a company to gain market share. So if rural consumers are quite satisfied with a product, it can be assumed that the company will not only gain a huge market share but also will face almost no difficulty in launching similar product. In order to retain customers, they need to provide reliable and more than 'value for money' products as the money the rural consumers spent is a hard earned money which they get from agriculture.

Communication- Marketing communication in rural markets faces various hindrances. The most common is the literacy rate, which is very low among the rural consumers. Apart from low levels of literacy, the rural people are more tradition-bound, have huge cultural barriers and their overall economic backwardness add to the difficulties of the communication task. Print media, like newspaper, magazines, etc. therefore, have very limited scope in the rural context. Television continues to be the best medium because of its highest reach, but penetrates only 38 per cent of the rural population in the country. Radio overtakes print media in rural India and becomes the medium with the

second most reach after television, which penetrates 18 per cent of the rural population. Whereas the penetration of print media is 15 per cent.

Warehousing- Since the demand fluctuation in rural India is quite high, it is important to stock in a warehouse which replenishes the shortage of supplies. The rural customers lack brand loyalty and their switching power is very high.

Inadequate banking and credit facilities-

Lack of banks in rural India prevents the distributors and retailers to facilitate credit transactions. They are unable to carry optimum stocks and are unable to offer credit facility to small retailers who buy from them.

Branding- with the low education levels of rural sector the rural buying behaviour is such that the consumer doesn't ask for the things explicitly by brand but like "*laal wala sabun dena*" or "*paanch rupay waali biscuit dena*".

Packaging/ SKUs- Sometimes companies face this difficulty wherein rural customers find uncomfortable in buying bigger volumes. Also the labelling on the package is not in the local language. This can be one of the major constraints for the consumers in understanding the product characteristics.

Summarising all the above I would say that one of the biggest mistakes an FMCG company can make while entering the rural India is to treat it as an extension to the existing urban market. But there is a huge difference in the lifestyles of the rural and urban consumers in India.

The rural Indian consumer is economically, socially, culturally and psycho-graphically different from his urban counterpart. The variety of choices that an urban consumer has and the decisions they take is very much different from the choices available to the rural customers.

Also with agriculture being the main business of rural sector the purchasing power of rural consumer is highly unpredictable which can lead to high variations in demand patterns. This mainly depends on the type of crops and harvesting they have done.

To be successful in rural marketing, it calls for a review of the rural marketing environment, developing proper understanding of the nature and profile of rural consumers, designing the right products to appeal to them, and adopting suitable media as well as appropriate strategies for communication and distribution.

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Regional Rural Banks: An Overview

By: Ajinkya Nakhale, PGDM Rural(2012-2014), WE School

Dr. Gaurav Mehta, PGDM (2013-2015), WE School

The Narasimham Working Group (1975) conceptualized the creation of Regional Rural Banks (RRBs) in 1975 as a new set of regionally oriented rural banks, which would combine the local feel and familiarity of rural problems characteristic of cooperatives with the professionalism and large resource base of commercial banks. Regional Rural Banks (RRBs) were established under the provision of the ordinance promulgated on the 26th September, 1975 and the Regional Rural Banks Act, 1976 with a view to develop the rural economy and to create a supplementary channel to the 'Co-operative Credit Societies' with a view to enlarge institutional credit for the rural and agriculture sector. Prathama Bank



Image Source: <http://www.am2pmnews.com/rrb-employees-demand-pension-declare-strike-on-june-8.html>

(Uttar Pradesh) was the first RRB in the country.

The government of India (GoI), the concerned state Government and the bank, which has sponsored the RRB contributed to the share capital of RRBs in proportion of 50%, 15% and 35% respectively. The area of operation of the RRB is limited to notify few districts in a state.

The RRBs mobilise the deposits from rural or semi urban areas and provide loans and advances mostly to small and marginal farmers, agricul-

tural labourers, rural artisans and other segments of the Priority Sector Lending (PSL).

The GoI initiated a process of structural consolidation of RRBs by amalgamating RRBs sponsored by the same bank within state, with a view to provide better customer service by having better infrastructure, computerization, experienced and skilled work force, modern techniques of core banking such as NEFT and RTGS, common publicity and marketing efforts etc.

Stakeholders and Empowering the Board of Directors:

The real stakeholders of the rural banks are the rural population who use the services of the rural banks including those who can potentially avail of their financial services. The RRBs play a crucial role in financial inclusion. Rural banks are required to provide comprehensive financial services to rural people.

The financial services are not to be interpreted only as credit but include flexible saving products, safe remittance facilities within India and abroad, receipts from and payment to government and utility service providers, insurance products, guarantees, debit/credit cards, investment channels and information on farm inputs, technology, markets etc. In the literal sense, the stakeholders are those who have subscribed to the share capital of the rural banks (shareholders).

In terms of Section 6 of RRB Act, 1976 the Central Government, the sponsor banks and the State Governments have subscribed to the share capital of the banks in the ratio of 50:35:15. The Act has spelt out the roles of the different owners.

Role of the Central Government:

It is seen that the Central Government has absolute powers, right from incorporation of an RRB, subscribing to its capital, appointing two directors on the board, modifying various rules and regulation for board meetings, appointment and promotions, staff regulation, determining remunerations, staff service conditions, appointing auditors and fixation of their remunerations, giving direction to RRBs on policy matters involving public interests, amalgamation of RRBs and notification thereof and placing the working results/ activities of the RRBs in both Houses of Parliament.

In exercising such powers, the Central Government seeks the expertise and services of NABARD, which also maintains the database on RRBs.

Role of NABARD:

National Bank for Agriculture and Rural Development (NABARD) was set up in 1982 for providing credit for promotion of, among others things, agriculture. NABARD is set up as an apex Development Bank with a mandate for facilitating credit flow for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It also has the mandate to support all other allied economic activities in rural areas, promote integrated and sustainable rural development and secure prosperity of rural areas. As an apex bank involved in refinancing credit needs of major financial institutions in the country engaged in offering financial assistance to agriculture and rural development operations and programmes, NABARD has been sharing with the Reserve Bank of India certain supervisory functions in respect of cooperative banks and Regional Rural Banks (RRBs). As part of these functions, it

1) Undertakes inspection of Regional Rural Banks (RRBs) and Cooperative Banks (other than urban/primary cooperative banks) under the provisions of Banking Regulation Act, 1949.

2) Undertakes inspection of State Cooperative Agriculture and Rural Development Banks (SCARDBs) and apex non-credit cooperative societies on a voluntary basis

3) Undertakes portfolio inspections, systems study, besides off-site surveillance of Cooperative Banks and Regional Rural Banks (RRBs)

4) Provides recommendations to Reserve Bank of India on issue of licenses to Cooperative Banks, opening of new branches by State Cooperative Banks and Regional Rural Banks (RRBs)



Image Source: www.nabard.org

5) Administering Credit Monitoring Arrangements (CMA) in SCBs and CCBs

Organizational Structure:

The Organizational Structure for RRB's varies from branch to branch and depends upon the nature and size of business done by the branch. The Head Office of an RRB normally had three to seven departments.

The following is the list of officers in decreasing order of their rank in the organization.

Chairman & Managing Director
Executive Director
General Manager
Deputy General Manager
Assistant General Manager
Chief Manager
Senior Manager
Manager
Officer
Assistants

The function of financial regulation over RRBs is exercised by Reserve Bank and the supervisory powers have been vested with NABARD. CRAR norms are not applicable to RRBs. However, the income recognition, asset classification and provisioning norms as applicable to commercial banks are applicable to RRBs. Currently RRB's are going through a process of merger and consolidation. On 31st March 2006, there were 133 RRBs (post-merger) covering 525 districts with a network of 14,494 branches. As of March 31, 2009, there were 86 RRBs having a total of 15,107 branches. At present there are 62 RRB's in India

The RBI's step of opening "No Frills" accounts has been a good step forward for people in rural areas specially women. It has the basic requirements and advantages of a savings account without the extra features where no or minimal balance is required. This has helped banks cut their costs and subsequently provide the rural customers with low cost accounts. As on 31 March 2013 there were 319.59 lakh No Frills accounts.

RRB's are therefore created with a view to develop a budding rural economy of India.

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Office of a Regional Rural Bank
Image Source: <http://www.prathamabank.org/>

Conclusion:

As on 31 March 2013, 11 of the 64 RRBs continued to have accumulated losses to the tune of ` 1012 crore as against ` 1333 crore (22 RRBs) as on 31 March 2012. The accumulated loss decreased by 321 crore during the year under review. Along with that there has been an improvement in the recovery percentage during 2011-12 from 81.60% as on 30 June 2011 to 81.32% as on 30 June 2012. The aggregate overdues, however, increased by ` 1802 crore to ` 13567 crore as on 30 June 2012.

As envisaged by the Government of India, RRBs as a group have become a strong intermediary for financial inclusion in rural areas by opening a large number of "No frills" accounts and by financing under General Credit Card (GCC), as per RBI guidelines.

Rural Marketing : Bringing in Future Innovations

By: Ankita Dwivedi and Swati Verma

PGPM(2013-2014), Great Lakes Institute of Management

“The forgotten man at the bottom of the economic pyramid” – Franklin D. Roosevelt

The Indian economy has grown considerably in the last decade. There has been an increase of 17% in rural income in 2011 as compared to 2010 where the average household income has increased from INR 75,000 to INR 80,000. This has been accompanied

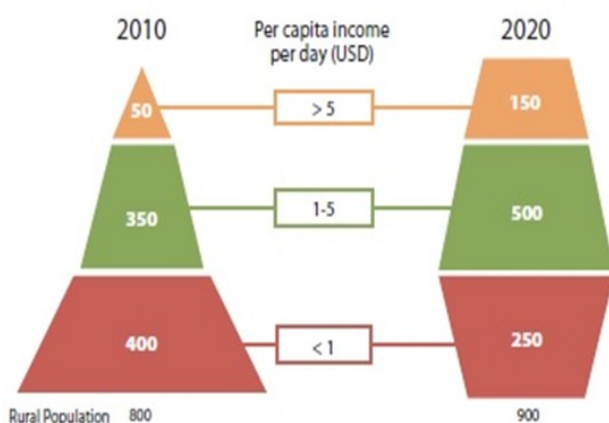


Image Source: <http://www.google.com/imghp>

by 14% increase in the expenditure and 26% growth in the disposable income. Growth in disposable income means a higher buying power. There has been a gradual change in the preference of rural people and they are demanding value for money products. MNCs too are now realising the potential which it has for them. The rural India is slowly turning into a diamond as the income of people is increasing. Companies are looking at innovative and creative ways to cater to this new segment of population which will help them in getting better profits.

Rural Management is an important segment of the marketing and operation strategy, and is an

idea that a lot of industry players are still struggling to come to grips with. They are worried if the investment in this area has any justifiable return on investment (ROI). For some, it's a topic best isolated under the guise of corporate social responsibility.

Challenges for Rural Marketing and Operations

Poor Infrastructure– All weather roads are not present and often it is difficult for the companies to achieve the last mile penetration as the villages then become inaccessible. Electricity is not present in many of the homes and if present is only for a couple of hours per day.

Informational and Communication problem

– Often due to lack of proper communication and information due to various reasons, the bottom of pyramid consumers are not able to make informed choices regarding the products and hence are at a disadvantage. Also it is very difficult to penetrate the rural market and create awareness among them due to same reason.

Illiteracy – Due to increased efforts of the government towards the education things have improved but many are still deprived of proper education and hence are not able to develop the much needed knowledge base and skill for themselves.

4 A's of Rural Marketing

All of us are used to the 4 P's of marketing but for the rural population it's the 4 A's which matter – Awareness, Availability, Affordability and Acceptability

Acceptability: Acceptability of the product among the rural masses is important. It's not necessary that if a product succeeds in urban, it will succeed in rural also. At times companies have gone in for completely new products for the people in the rural market which suits their needs as per the infrastructure available. In recent times there has been a huge thrust in the concept of 'Frugal Innovation' or 'Jugaad'. Companies are now also going for Reverse Innovation which is aimed specifically at the people who are at the bottom of the pyramid. *Godrej Chotukool* is such an example which used disruptive innovation technology to come up with a refrigerator which is smaller in size, runs on battery and is priced much lesser than other refrigerators. Another example is an innovative water purifier launched by Tata Chemicals, called *Tata Swach*, which requires neither electricity nor running water to function and is priced at just Rs 1000.

Affordability: Affordability for rural consumers doesn't mean that the product is a lower quality variant of the existing product as consumers at the bottom of the pyramid are driven by value for money. Product should be such that it is within the paying capacity of the consumer. Instead of specialised packaging all that is needed is value packaging. FMCG companies have come up with sachet for their various products like oils, shampoos, conditioners, etc.- shampoos come for Re 1/- while Horlicks comes in Rs5 sachet.



Image Source: <http://www.google.com/imghp>

Awareness: Awareness about the product is important in any field and it gains even more importance in rural where many local brands are trusted and dominant. The companies therefore will have to make an extra effort to create awareness about their products. In recent times companies have adopted many approaches towards the same. Majority of the people do not have access to televisions and hence it's the

Below the Line (BTL) sales activities which gain importance in such a situation. The various BTL activities include – Promotion van, Video Van, Wall paintings, Home to Home, Free sampling among others. Going and setting up shops in Melas is a sure shot way of reaching a larger number of audiences and promoting the products. Another important role here is of the Opinion Leaders or the Influencers. Generally these are the Village Head or teacher/Doctor as people have faith in them and these people may be used to generate awareness about the products.

Availability: Poor infrastructure is a major problem when it comes to distribution and the Supply chain management. So what is the solution? How do we overcome these problems? Some of the ways which have been identified to approach the problems are –

- By lowering the cost of distribution
- Identifying new ways to structure the distribution channel and leveraging technology for the same
- Approach it with long term benefits in mind

Many companies are making use of NGOs and Self Help Groups to get to rural consumers as these are the groups who reach the masses and work with the people over there. Some recent distribution techniques which have been adopted in the recent times include that of ITC's e-choupal which has become a huge hit. HUL tried to reach the masses through its Project Shakti.



Image Source: http://www.desai.com/Portals/1158/images/ITC%20e-choupal_2.png

ience, sanitation etc. and provide contemporary products at affordable prices. Also at the same time it cannot be achieved by the private sector alone. There needs to be a coordinated effort between the private sector and the government to achieve the desired result. The opportunities are immense, so it's now up to the various MNCs to crack the code of the Bottom of the Pyramid and use it in a way which not only benefits them but the end consumer as well.

Inclusive Marketing- A roadmap for Rural Management

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“Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.”

ITC's e-choupal and HUL's Project Shakti have given us a new way of looking at the people at the bottom of the pyramid. This model works towards involving the consumers in the fold as well. It looks at people in villages not only as a consumer but also as a supplier. ITC's e-choupal buys the products of the farmers at reasonably good price so that these people get good value for their produce. This pushes up their income and hence they are able to buy more goods as per need from the same echoupals.

Similarly, HUL tried to expand its distribution reach by using women and making them entrepreneurs so that they not only earn livelihood for themselves but it will also help HUL to reach the rural parts in a much better way. This has emerged as a win-win model for all the stakeholders involved .

Conclusion

Reverse, frugal and disruptive innovation and inclusive marketing are the keys to a successful rural management. The products and offerings should not only satisfy the basic needs, but understand the latent needs like health, conven-

Rural Management : Its Real Meaning

By: Nakul Marwah , PGPM (2013-2015) , S.P Jain Institute Of Management and Research

Widely used and as variedly understood, 'rural management' has been used in many a context. It is a good idea to start with comprehending what it means. Though there isn't any universally accepted definition, it connotes efforts to improve the quality of life of rural people through various means like social, political, infrastructural and spiritual development.

In a country like India, where rural population as a percentage of total population is as high as 69.9, focus on rural management and development gains prime importance. It will also not be far-fetched to say that growth of the country without inclusion of rural India is unsustainable and skewed.

The government of India has established the Ministry of Rural Development (MoRD) to oversee actions in this direction through a multi-pronged strategy for eradication of poverty by increasing livelihoods opportunities, providing social safety net and developing infrastructure for growth. The ministry has developed two departments viz. department of rural development and department of land resources, which are making its efforts under the budget of close to seventy five thousand crore INR for the year 2013-2014. These efforts were initially directed towards agriculture, industry, communication, education, health and allied sectors. Later on, realizing that accelerated development can be provided only if governmental efforts are adequately supplemented by direct and indirect involvement of people at the grass root level, the thrust shifted.

These divisions have launched many programs under the MoRD with this aim. A list of key initiatives is listed in Table 1 below.

Table 1: Key programs for rural development by MoRD

Program Name	Purpose
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	for providing wage employment
National Rural Livelihoods Mission (NRLM)	for self employment and skill development
Indira Awaas Yojana (IAY)	for providing housing to BPL households
Pradhan Mantri Gram Sadak Yojana (PMGSY)	for construction of quality roads
National Social Assistance Programme (NSAP)	for social pension
Integrated Watershed Management Programme (IWMP)	for improving the productivity of the land

Image Source: <http://rural.nic.in>

Apart from which, there are many co-operative banks viz. NABARD, World Bank, ICICI, UTI, insurance companies viz. LIC, LOMBARD, retail organizations viz. Future Group, Godrej Agrovet and rural consultancies viz. ITC e-choupal, Grossman & Associates that are doing commendable work in the area.

It is encouraging to note the multi-directional approach the various Indian governments and private players are taking towards inclusion of rural India in the country's growth trajectory. Though we must be prudent to understand that proper working of these schemes and projects require adequate human resources.

Development of such human resources lies on three basic pillars - knowledge, practices and attitude.

Knowledge - Graduates need to learn the

significance of rural development, issues involved, conceptual frameworks that can help in getting to solutions, economics of methods involved, components, players involved, their roles, technology and other concerned multifaceted dimensions of rural development. IRMA - Institute of Rural Management Anand, under the vision of late Dr. Verghese Kurien, is one prominent school in the country that grants relevant education in the field to students every year. As a country what we need is more such institutes that work in tandem with the ministry and other players to understand needs of the sector, design curriculum and formally relay education in the many areas that are core to and allied to rural development.

Practices - Human resource management practices take a different shape in the rural context. Job analysis for example becomes difficult given work overload, seasonality, and geographic distribution. Defining Key Performance Areas would help in job clarity, the key concern among new joiners. These descriptions can be then used to define educational, experience and personal characteristics required for interested seekers. Recruitment and promotion practices like filling senior level positions through internal promotions should be looked at in the light of preventing entry of lateral talent or performance.

The most critical practice is that of appraisals. Indian rural management organizations are especially marred with using performance appraisal as a confidential judgement of work or to facilitate disciplinary action. Such organizations need to have an open appraisal system to provide feedback, which creates a motivating and fair environment to work in. Incentives should aptly be designed for all levels by improving working conditions for both men and women, career planning and other exercises. Lastly, another key aspect is that of motivation, which fellow men lack for many reasons stated in this article. Seniors in this field should have the ability to motivate resources with them using various theoretical methods like Maslow's hierarchy and experience. They should also be cautious of group behaviour and their influencing powers

and aptly manage them.

Attitude - There are many an institute from which graduate numerous engineers, architects, managers, economy graduates and graduates from other fields allied to rural management each year. Despite which we see a gap between those who join rural management and other glitzy careers. This attitudinal gap can ofcourse be overcome by possibilities mentioned above. Another method of overcoming this can be promoting short courses in these institutes, as part of their curriculum. This shall bring them in direct contact with the rural poor, especially women and children and motivate them to contribute towards their development through shorter period projects, part-time contribution along with regular jobs or as part of corporate social responsibility. This method is followed by many institutes in the country viz. Agribusiness management at IIM-L, promoting rural management awareness by Welingkar Business school and DOCC programs by SPJIMR, Mumbai, among many others, in hope of stirring compassion and interest among students.

We must all work towards a better tomorrow through inclusive growth. I end this article with an excerpt from Gandhiji's Talisman - "Recall the face of the poorest and weakest man whom you may have seen, and ask yourself if the step you are contemplating is going to be of any use to him."

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Operations in Rural Sector

By: Harish Kumar Arya & Ramanpreet Singh Arora, PGDIE (2013-2015), NITIE

Rural management is the activity or process of overseeing and preparing for the future physical arrangement and condition of any agricultural or pastoral area, which may involve protecting and developing natural and human resources that affect an area's economic vitality. (SourceWikipedia)

Rural management is the most powerful tool to manage all the things or activities which are happening in the rural areas. After 1975 government and some other institutions realized that we need rural management. About 70% of our land is covered by rural areas and about 70-75% people lives in rural areas. Successful management of such a huge pool of resources will add up to the strengths of our economy, and can contribute in the upliftment of the country as a whole.



Image Source: www.google.com/images

Rural management is mostly related to land management, agricultural production management, water management, flood management, energy management and other resources management. From the past 10-15 years land is being degraded at a very high rate and irrigated land is reducing in a drastically way. In this situation how to manage the land so we can reduce the declination in the food production. Population is increasing with a very high rate and the availability of land is decreasing if we can manage the land and resources then we can say that the rural management is effective otherwise no meaning of rural management.



Image Source: www.google.com/images

Water Requirement for Various Sectors
Sector wise Water Demand in (Km³)
According to Standing Sub-Committee of MoWR

Sector / Year	2010	2025	2050
Irrigation	688	910	1072
Drinking water	56	73	102
Industry	12	23	63
Energy	5	15	130
Others	52	72	80
Total	813	1093	1447

Rural management is also working in the field of water management. The highest amount of water is consumed by the agricultural land in the form of irrigation. Government is working on a lot of major and minor irrigation projects for managing the water requirement of agricultural lands. In irrigation lot of water goes to waste because farmers don't know how much water is required for a particular crop. They are not aware of the developments in the science of agriculture and hence treat all the crops uniformly, they just believe in filling the land with water till the field's overflows, this leads to a lot of wastage. Last 5-6 years the crisis of water is increasing because the climate is changing rapidly due to unwanted activities of human like deforestation, burning of fossil fuels etc. due to this the natural supply of water is decreasing and artificial supply of water in the field is increasing. Water management is a great challenge ahead of rural managers. They are managing the demand of water and reducing the wastage of water by making canals, dams, channels, etc.

They are also educating the farmers to use of best irrigation methods like Drip irrigation, Sprinkler irrigation etc.

Rural management is not only limited to land and water resources but is also doing well in management of agricultural production. India ranks 2nd in agricultural farm output but the biggest problem is the management, storage and distribution of this surplus produce. About 30% of the agricultural production goes to waste every year in India due to lack of proper infrastructure and transpor-

tation facilities. Strictly speaking 30% is not a small amount, in a country where 25 lakh people die every year due to chronic hunger, needless to mention 16% of our GDP comes from agricultural production.

In the current scenario rural people have sufficient disposable income and they want to buy better products. Most of them have changed their thought process and they are adopting manufactured products. There are various advantages of rural marketing one of them is- In most cases, rural women do not work, and even if they do, they are involved in seasonal activity making for low income. Through MART, we help these women gain bargaining power so that they can get appropriate prices for their produce. The first step towards this objective is to organize the women into collectives by identifying definite clusters based on the products they make, the consumers for the products, etc. This helps them aggregate their produce. Also, we teach them value addition by helping them understand the importance of drying, cleaning, sorting and packaging their products. All these aspects ultimately provide them access to wider markets.

The need of the rural management is because most of the rural people are not educated they are not able to manage their resources themselves, they don't fear about the losses of resources until they have.

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We invite articles for the December 2013 Issue of Samvad.

The Theme for the next month: December 2013 - “**Investment Banking**”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com. Deadline for submission of articles : 25th December, 2013**
- Please name your file as: <YourName>_<title>_<section name e.g. Marketing/Finance>
- Subject line: <YourName>_<Course>_<Year>_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
- Like our Fb pg: [Samvad.WeSchool.Student.Magazine.](#)

Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

<http://samvadwe.blogspot.in/>

Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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