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Modi woos India Inc for Rs 20k-cr social projects



Narendra Modi,
Gujarat chief minister

Jyotsna Bhatnagar
Ahmedabad, Jan 11:

In what will undoubtedly be one of the largest corporate-government partnerships in the social sector, the Gujarat government is all set to ink MoUs worth over Rs 20,000 crore with the biggest names in India Inc during the ongoing Vibrant Gujarat Global Investment Summit. The partnerships are aimed at generating over a million livelihoods through self employment.

According to sources, Gujarat chief minister Narendra Modi has personally spearheaded an initiative aimed at inclusive development by integrating self-help groups in the corporate value chain.

Over 30 corporates, including biggies like Reliance Industries Limited, Future group, Arvind Limited, ITC, the National Spot Exchange, Tata Motors, McCain Foods and Godrej, are ready to ink MoUs with the Gujarat Livelihood Promotion Company Limited (GLPC). A state government undertaking has been formed to steer this unique public-private partnership (PPP) to generate over 12 lakh livelihoods over the next three to five years.

The total financial commitments to enable this initiative would exceed Rs 20,000 crore, sources revealed. Codenamed Mission Mangalam, the objective of this ambitious exercise is to organise poor into SHGs and 'sakhimandals', link them to banks, build capacities and lead them to sustainable livelihoods. What is revolutionary about this initiative, according to sources, that this is the first time that corporates will fan out to villages in search of entrepreneurs. Not only livelihoods will be created within the villages, eliminating the need for urban migration, but also

improving quality of life in rural India. "It'll be a win-win situation for both the corporates as well as the grassroots entrepreneurs since it will follow the model of eradicating poverty through profits," exults an industry observer.

As per the details of the MoUs to be inked, Future Group and RIL would be signing MoUs giving a commitment to provide livelihood to 100,000 SHG members at an investment roughly pegged at Rs 450 crore. The Future Group is, in fact, planning to make Gujarat the hub of its backward integration and procurements. RIL, on the other hand, will work on backward and onward integration in several sectors of retailing, involving members of SHGs. Similarly, the National Spot Exchange is planning to expand its operations in Gujarat and focus on the most backward talukas and BPL farmers. It would be inking a Rs 200-crore MoU aiming to provide livelihood to over 500,000 people the biggest intervention with immediate tangible multiplier effect. Says Anjani Sinha, MD, NSEL, "This is a path-breaking and innovative livelihood initiative which will really benefit both the companies as well as the people they are hoping to empower. We will be able to leverage the links GLPC has with SHGs across the state and empower farmers by helping them enhance price realisation by connecting spot markets with processors and exporters," he said. Denim major Arvind will sign a Rs 98-crore MoU for providing 50,000 livelihoods in the area of decentralised production systems for apparel and garments in backward talukas involving SHGs. Tata Motors will be inking an Rs 150-crore MoU for creating 25,000 livelihoods by engaging SHG members and BPL youth into rural transportation activities such as training and financing.

The social sector PPP has also got an overwhelming response from banks and financial institutions which have expressed willingness to provide financial support of more than Rs 15,000 crore to finance the projects which fall under the category of priority sector lending. The country's largest public sector bank, the SBI would be the largest contributor with Rs 5,000 crore earmarked for these projects. Dena Bank and Bank of Baroda is expected to sign MoUs worth Rs 3,000 crore each to be released over the next three to five years. The apex bank for rural development Nabard would also be signing an MoU to strengthen the whole initiative.

The initiative has managed to cut across party lines with central government institutions like National Skill Development Corporation also showing its willingness to chip in and manage the skill training component of all the projects. Sources say this unique PPP, the first of its kind in the social sector, is a major step towards inclusive development.