



Inter-Agency Task Force on
Social and Solidarity Economy

SSEs and the Indian Landscape

*The Impact on 'Future of Work' and SDG 8: The Case of
'SumArth' – an Agro-Based SSE Organization*

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**Implementing the Sustainable Development Goals:
What Role for Social and Solidarity Economy?**

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Abstract

The Indian economy is marred by multi-dimensional poverty and inequality. Termed as the leading emerging economy of the world, Indian economy still engages more than 50% of its population in agriculture and agriculture peripheral practices directly or indirectly and resides in the informal sector – where solidarity and reciprocity are a survival strategy. Macrolevel policies have not been successfully integrated with the bottom of the pyramid. In addition, bureaucratic failures and non-regularized framework of organisations has impacted the informal economy severely and has underscored the impact that Social and Solidarity Enterprises (SSEs). This paper emphasises the importance of SSEs in achieving Sustainable Development Goals, particularly SDG 8, ‘Decent work and Economic Growth’. The paper analyses how technology integration could become an integral part of SSEs and further discusses the SSEs working in various sectors and how marginalised communities are being empowered by SSEs. This paper presents the case of ‘SumArth’, an NGO working as an SSE organisation impacting 200+ villages with 2000+ small and marginalised farmers by combining frugal innovations and last mile connectivity and enabling SDG 1, 2, 8, 9 and 17. In conclusion, a set of recommendations have been presented for better enablement and valuation measurements for SSE organizations in India in recognising SSEs as an equal contributory partner in India’s economic growth story.

Keywords

India, Informal Economy, Future of Work, SSEs, Social enterprise, SDGs

Bio

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Introduction

India is the second most populous nation and would become the world's youngest country by measurement of demographic dividend by year 2020¹. It also happens to be one of the fastest growing economies of the world. As per the projections made by the International Monetary Fund's (IMF's) World Economic Outlook Report (April 2018), for GDP (Nominal) Ranking for the year 2018, India is the world's seventh-largest economy in US \$ among 193 countries considered in the report². Despite this impressive growth, inequality in India is getting worse with 1% of Indians holding 73% of the wealth³ and about 270 million people living below the poverty line (as per Tendulkar committee of the Planning Commission of India)⁴. The numbers representing India are disturbing, as 27.5% of India's population is considered multi-dimensionally poor that is not only economically but at the same time with respect to education, health and living standards, that's a staggering number of 374 million people. To put this into perspective, this constitutes more than 50% of the total population of Europe. In addition, India features prominently low in the Human Development Index (HDI), 130 among the 188 countries⁵.

The Social and solidarity enterprise organisations (SSEOs) represent a dynamic group of actors, promoting and running organizations that do not have profit motive as their number 1 goal and are people-centered⁶. SSE's have been operating in India under the tag names of cooperatives, NGO's and self-help groups (SHGs). The SSEOs seek to generate social benefits by the type of products and services they generate and redistribute and by involving low skilled workers or those under vocational training; the need for SSE becomes more vital. The slogan of the World Council of Credit Unions sums up the objective of SSEOs concisely: "not-for-profit, not for charity, but for service"⁷.

This paper presents an overarching structural identity of SSEOs in India, with a keen eye on the 'Future of Work' and SDG – 8; 'Decent work and Economic Growth for All'. The paper then presents a case study of the work of an SSE organisation "SumArth" and highlights their overall impact at the local level and agriculture in particular for the poor and marginalised farmer communities.

¹ With an average age of 29, India will be the world's youngest country by 2020'; <https://www.financialexpress.com/india-news/with-an-average-age-of-29-india-will-be-the-worlds-youngest-country-by-2020/603435/>

¹ <http://164.100.47.194/Loksabha/Questions/QResult15.aspx?qref=73523&lsno=16>

³ <https://www.businesstoday.in/current/economy-politics/oxfam-india-wealth-report-income-inequality-richests-poor/story/268541.html>

² Government of India, Planning Commission, 2014, Report of the Expert Group to Review the Methodology for Measurement of Poverty. http://planningcommission.nic.in/reports/genrep/pov_rep0707.pdf

⁵ India ranks 130 on 2018 Human Development Index, <http://www.in.undp.org/content/india/en/home/sustainable-development/successstories/india-ranks-130-on-2018-human-development-index.html>

⁶ The Reader 2010, "Social and Solidarity Economy: Building a Common Understanding", In support of the First edition of the Social and Solidarity Economy Academy, 25 -29th October 2010, ITC ILO, Turin, Italy, accessed on 11/10/18.

⁷ What is a credit union?, accessed on 28/04/17, <http://www.en.polishcu.co.uk/strona-glowna/what-is-credit-union.html>

India's SSE landscape

The economic landscape of India, like its culture and geography, has great diversity. It's a state of staggering inequality. Where at one end, it is celebrated as the leading emerging economy of the world with ease of doing business, foreign investments pouring in and structural shift to service sector; the bottom of the pyramid in India are representative of people's economic lives those are based on barter system, solidarity and reciprocity. The representation of India's poor is rooted in more of a survival strategy considered 'informal' in approach and often struggling and succumbing to expansion of the much-celebrated top three percent of the population.

In India, the valuation and essence of the SSE is locked in the informal agrarian economy. In its multi-faceted approach, the SSEs in India reside as producer cooperatives, home-based enterprises, microfinance, and solidarity-based community enterprises in the rural regions of the country. India's development policy framework recognizes the paramount importance of job creation and inclusive development as the source of future growth for India. In this context, it is important to note that India has a strong policy focus with a number of flagship social protection programmes (especially employment creation, food distribution and social assistance programmes) designed to secure for the poor towards basic human need and protect the vulnerable (by providing adequate means of livelihood, raise the standard of living, improve public health, provide free education for children etc.). In order to enhance the efficiency and transparency of these programmes, there has recently been a switch to the direct cash transfer system. The Government of India and the Reserve Bank of India (RBI – India's Central Bank) have a very supportive policy and regulatory framework (with emphasis on financial inclusion, and livelihood promotion) that provides much-needed support infrastructure for the growth in SSE sector.

These policies are appreciated, but their implementation has been marred by bureaucratic failures, resulting in the mainstreaming of community institutions in local economic governance. As a result, a whole range of community institutions (e.g., Self-Help Groups, Village Forest Committees, Village Watershed Committees, grain banks, etc.), with a fair representation of women, have emerged as important actors (based on values of a community, and are a rich source of social capital). These SSE based representations access and use local resources for their livelihoods security, food security and ecological security through a solidarity-based sustainable management system of common property resources, with focus on equity and distributive justice.

The SSE inferred organisations, such as NGOs, cooperatives, self-help groups (SHGs) and Self-Help Promoting Institutions (SHPI) are playing a critical role in rural empowerment, catering to marginalised communities and livelihood generators in poor India. In India, SSE has a strong focus on the empowerment of women and other marginalized groups, as well as engaging in anti-poverty and social inclusion work. The SSE, in its dimensions of democratic control, mutual aid, collective ownership, and self-management, is widely prevalent in the diverse types of cooperatives in India.

It is therefore required that these organisations become sustainable in the long-term and measured for their contributions towards achieving the SDG goals localisation and impact

at the grass-root level. The SSEs in India are mostly working on smaller initiatives and are created to respond to contemporary societal and social problems, such as child care, environmental issues and sustainable agriculture; their impact is vital towards the realisation of the sustainable development goals (SDGs) at a local level. Due to the nature of work, inadequate data collection, fragmented operational model and intangible sector of operation, little systemic and integrated data is available showcasing the comprehensive impact and economic benefits delivered by SSE parallel organisations in India.

The currently non – existent and a commonly accepted legal definition framework for Social and Solidarity Economy (SSE) based organizations in India and loosely naming and interchangeable use of NGO's, cooperatives and self-help groups (SHGs) as SSEs underscores the impact that SSEs have made in India. The SSE based economic structure (targeting the informal economy - is also called as the “popular economy” – heavily concentrated by women and the life-line of the poor) is very relevant in the Indian context as a realistic prospect for generating sufficient income from earnings and being accountable to its stakeholders, with an appropriate mechanism ensuring that beneficiaries are ensured against any liability and a measure demonstrating its social impact. It is in this perspective that SSEs are required to become as standard and regularised enterprise framework.

Decent work is the bedrock of any strategy to reduce poverty and is the means for achieving equitable, inclusive and sustainable development. As the ‘future of work’ becomes more complex and intertwined with the growth of technologies, and one person requiring to possess multiple skill-set requirements and this need becoming more and more essential; it becomes increasingly important that the SDG – 8 ‘Decent work and economic growth for all’, especially in an agrarian economy such as India, is empowered by alternate employment generation mechanism and engaged with the global learnings of the social and solidarity enterprises (SSEs). The SSEs embedment at the very local level in India, and its heavy reliance on low level resources possessing multiple talents, make them a futuristic developmental focused model for employment generation and growth in the rural Indian context, such as the women working in agriculture sector are involved from sowing of the seed, taking out the harvest, storage and cleaning and any of the in-house work.

Why SSE focus in India?

The challenges facing India today is to craft value-added and impact-based policy instruments designed to strengthen national capacity in absorbing the one million young workforce that are joining the labour market every month and to restore the lifeline of the people through a job-intensive recovery process. Social protection, and increasing opportunities for all to secure decent employment and income, could become powerful drivers of the SDGs in India. The social enterprise is an effective tool to achieve a fairer, more inclusive and sustainable economic outlook. The SSEs that focus on insertion of women into a defined and channelled training programme that involves the components of entrepreneurship, market forces, and understanding the life – cycle from sowing to selling, empowers the local economic development and thus, directly affects the development of the society as a whole. To set this in perspective, in India, three out of five woman in their prime working age (26-45 years) are not economically active, meaning that they are

neither working on a farm or in businesses without a wage⁸. India created only 0.9% jobs vis-à-vis its population growth between 2005 and 2012, and most of these jobs went to men. The aim of social enterprises in the Indian agrarian economy, which constitutes 17.5% of the GDP and employs 49% of its population, is to root social mobilization and to promote capacity building in the local economic landscape.

India does not have a formal regulatory framework defining the SSE or the SSE based organisations. In addition, there is inadequate data capturing the GDP contribution of women in the informal economy and this has become a handicap in quantifying the impact of the SSEs towards achieving India's SDG goals. The credit ratings of most of these NGOs, cooperatives and SHGs, where the concentration of the women work force is in majority are low and there are very few cooperatives and SHGs that have been set up to international standards and operate according to internationally recognized practices. Thus, the essence of the SSE organisations in India are yet not captured under any evaluation and ratings framework, and their economic activity engagement and contributions made to the SDGs are unknown. India presents an opportunity for new, inclusive and integrated economic enablers and SSE enterprises with positive economic activity that are significantly contributing to the realisation of India's SDG Goals indirectly, especially that of SDG - 8.

Future of Work and India

As technology continues to evolve, many labour-intensive industries could become redundant. Also, as the pace of globalisation intensifies, there could be a pressure on the wages, especially in the rural context of the developing world, such as India. This pace of change could contribute to a wide-range of disconnects between the current workforce and the job potential, due to this surge in scale economic and technological shocks. Thus, the future of work requires India to invest deeply in 'agility' and SSE provides these on-set opportunities in the society. The root of SDG 8 is the creation of work. Unless work can be created, other elements of livelihood are not put into priority. Inclusion of technology in creating new avenues of work is important and thus, new technological inputs should not be marginalised as downtrodden stagnation and large-scale unemployment, but rather be seen as an outlet for newer job creation possibilities and an increase in in-work progression from a lower level.

As the pace of technological progress gets into a new gear, it is important that incentives are provided for lifelong learnings as the current workforce would be required to reinvent themselves every 5 to 8 years and would be required to train on new solutions and technology sets. Technology integration with SDG – 8 is possible with alternative means of employment and new age skills-sets. The SSE blends these new test cases, especially with regard to changes in environment and climate, which directly impacts India's agriculture and rural livelihoods. The SSE could be utilised in harnessing new education technology tool-sets and thus, revolutionize the way we learn, live and work. Ensuring that

⁸ India's Economic Fundamentals Remain Strong; Investment Pick-up Needed for Sustained Growth, says New World Bank Report. May 29, 2017. <http://www.worldbank.org/en/news/press-release/2017/05/29/india-economic-fundamentals-remain-strong-investment-pick-up-needed-sustained-growth-says-new-world-bank-report>

the technological skill-sets are fit for the future needs in fulfilling the SDG – 8 goal; there is a definite requirement to instil the sense of resilience in the children and youth and include every competency set at our disposal towards empowering the future generations in India.

According to one estimation, about 65% of children entering primary school today in India, would be taking – up an entirely new set of jobs that does not exist today⁹. There is a need to employ technology towards efficiency; but a trade-off between technology and low-skilled employment could facilitate the appropriate job matching rewards in India. Automation is good for faster and efficient production and the new generation would benefit more from creative aspects of jobs, and roles and responsibilities that supervise the machines and robots towards attaining that efficiency and intervention required during a break-down. Repair and maintenance would become a key injection point for human knowledge and growth as more use of machines would require more specialised training sets, in particular machine / robotic repair and re-booting functions. The integration of the SSE framework in producing goods and services by the next generation workforce through specialised social and environmental objectives would be critical, as a balance between the NextGen disruptive technologies and the care for the environment and specific social norms would be essential for an equitable growth. This highlights the need for better preparation towards the ‘Future of Work’ capability set and the potential India presents with the highest availability of a young labour force.

The SSE visibility and convergence, as well as the linkages to the implementation of the 2030 agenda for sustainable development, are essential in keeping the future of work in adherence to the solidarity sentiment, especially in India where diversity is the ethos of the nation. As automation becomes more and more of a normality, SSE provides a viable option in low-skilling and low-cost training systems integrating into creativity, dynamism and constant learning. SSE, when integrated with local markets, are best suited for the creation of new local venture opportunities and the generation of new work, thus, threading together societal cohesion of technology with the local workforce. Future local markets with better access to technology would be able to drive higher value creation. Local resources are best suited to serve the needs, considering the current crackdown on labour mobility across borders. India stands well, both as a good pilot project, leading these possibilities, and also as an ideal destination for co-curating new local opportunities. SSE in India, with local community-based investments and improved online technology access, are destined to establish the continuity of livelihood in communities and to transform the expansion of local markets and economies.

The SDG 8, thus potentially rests in building and framing a good primary and secondary education set and in empowering the usability of the future educated child. General population-based education would be beneficial when focused on problem-solving and emphasizing social – skills. Technology integration into the SDG mandate is inevitable. However, the question remains how to sustain the low-skilled employment framework from depleting further. The social and solidarity enterprises (SSE), play an essential role in understanding the local community level employment needs, understanding the problems

⁹<http://reports.weforum.org/future-of-jobs-2016/chapter-1-the-future-of-jobs-and-skills/>

of technology with community integration and mapping the low-skilled roles with the new age technologies, thus empowering the skill-sets of the next generation. The SDG – 8 also serves as the appropriate medium towards fulfilling safe and meaningful work requirements and serves as a means to understand the impact on the labour market due to technological changes.

As ‘Future of work’ would differentiate the creative mind of the humans and its five senses of smell, hear, sight, taste and touch. The cognitive skill-set would find engagement and valuation in the future. Human intelligence could become the bedrock for new jobs, until the artificial intelligence catches up with the human brain’s activity. India has the greatest work force in reaping these multitudes of benefits and has much to leverage with it in future.

Social and Solidarity Enterprises (SSEs) and India’s potential

The agriculture sector in India occupies the centre stage, to promote inclusive growth, enhance rural income and sustain food and nutritional security. Agriculture continues to be a way of life in India; it provides employment to around 60% of the work force and contributes almost 18% to Gross Domestic Products (GDP). With more than 0.6 million villages, home to millions of farmers and farm workers, it is very difficult to visualize a prosperous India without agriculture and rural development.

India’s ambitious commitments towards rural electrification, sanitation, housing for all, clean and renewable energy expansion, universal elementary education and skills development; play a contributory role towards empowering the community based social structures and in providing low key employment opportunities in village infrastructure development and also in supporting the village level cottage industries and local skill-set. The SSEs are in direct agreement with these ambitious goals and could empower India’s huge rural youth bulge in proving an alternate employment set of opportunities with equality and sustainable finance.

One of the primary examples is the rise in global demand for organic food. The current trends sets the rise of organic food at 16% annually¹⁰ and the SSEs in India can play a valuable role in contributing to this market, as in India 65% of the labour force is engaged in agriculture directly or indirectly. Recently India’s state of Sikkim declared itself as 100% organic¹¹, that amounts to no use of any pesticides usage in agricultural produce. This is an incredible feat and could become a new dimensional approach focus in India for the world to follow. Currently, India is self – sufficient in food production and a policy based approach and focus on agro-based processing and post-harvest care could firstly introduce good practices of technology and labour and secondly enforce better wages and better utilisation of the labour force, thus directly impacting the SDG – 8 goals for India.

¹⁰ <https://www.techscienceresearch.com/news/462-global-organic-food-market-to-grow-at-over-16-by-2020.html>

⁷ <http://www.fao.org/india/news/detail-events/en/c/1157760/>

⁸ How Technology will change the future of work, by Niall Dunne, 24 Feb 2016, <https://www.weforum.org/agenda/2016/02/the-future-of-work/>

SSEs stand to benefit the most from such measures and could harness the vast potential of India's agricultural landscape.

SSE and the New Technological Interface in India

SSE based enterprises are good at strengthening the portable social safety nets centred on empowering and protecting employees and can bridge the complex relationships between market forces and the creation and diffusion and use of new technologies. As SSEs are having an impact on the lower – income households, policies, taxes and revenue-based incomes are required to be adequately addressed with a monetary and fiscal eco-system. An SSE based policy framework could enable countries like India to harness the technological change for the diverse population, based on unique sectors. New Technologies are not only about complicated terminologies like artificial intelligence, blockchain and cryptocurrency; new technologies also enable remote working as well as concepts such as co-working space and teleconferencing. The empowerment of SSE based solutions thus rides high on investment in human capital and will pay dividends, allowing low-skilled workers to embrace the gains brought about with simplicity and the use of these new technological models of working. SSE models of entrepreneurship opens up new doors towards ownership and access to products and communities, thereby diversifying the revenue stream for the economy. For example, digitally enabling smallholder farmers can allow them to operate as a collective, transferring knowledge and sharing vital learnings with each other, from the appropriate crop irrigation technologies to water efficiency¹².

In India, the need for an SSE based approach is necessary in the current time of machine learning and smarter systems. The SSE could provide long-standing practices of alternate employment, skill-sets and will keep the value of the human innovation spirit alive with respect to civic and ethical understanding, perspective and due-regard to the well-being of the other beings. SSEs are essential as they act as functional conduits towards leveraging Science, Technology, Engineering and Mathematics (STEM) in the rural innovation landscape, where India could become a global champion.

The new age technologies would not be able to deliver on its promise of human betterment unless it threads itself with human's cultural and moral compass. The thoughtfulness of compassions and kindness is essential in enabling the 4th industrial revolution to make an impact. SSEs in India should be used as an extension in supporting the concept of lifelong learning.

Case of SumArth, an Agro-based SSE

'SumArth' is a registered social enterprise working in the district of Gaya in the southern part of the state of Bihar, in eastern India. SumArth serves marginal and small holder farmers, integrating technology and last mile connectivity for ensuring sustainable recurring income for the communities. Gaya happens to be an aspirational district of India – one of the least developed seventy-five districts identified by the Government of India.

SumArth's core area of work includes providing 360 degree support from seed to sale, inculcating technology, production optimization, post-harvest management, doorstep procurement, and market linkages. Since its inception, SumArth has helped 2000 (of which 615 are female) landless, marginal and small holder households (spread over 150 villages) to improve their livelihood, by increasing their income by 20-50% and ensuring nutritional security. Their value chain model has been successful in generating employment for more than 10000 days of labour, enabling revenue generation of more than INR 50 Million in the local economy. SumArth has ensured recurring sustainable income to these farmers, combining frugal innovations and last mile connectivity, and has thus contributed to empowering the SDG 1, 2, 8, 9 and 17.

SumArth, in its approach has leveraged local bureaucratic ecosystem along with retrofitting existing institutions with data driven decisions and championing the cause of economic value creation in the informal sector, which further leads to social and political empowerment of the communities. The communities are developed as stakeholders rather than beneficiaries; which fosters dignity among the communities and paves the way for social businesses. Also, data management and vigilance assist with informed decision making at every level. This informed decision making has also helped government and nationalised banks to modify their policies. Thus, data-driven decisions have paved the way for livelihood creation.

'SumArth' as an SSE organisation works as a social innovation foundation and utilises both philanthropic grants as well as earned revenues to support the organisation's sustainability. The foundation recovers 25% of its costs via revenue generation through direct services to farmers and prioritizes on how best to maximize the impact generation, as they intend to serve the poorest smallholder farmers. The foundation increased its sustainability from ~5% in 2016 to ~12% in 2017 and projection are for it to be ~35% in the year 2020 and even higher in the years following, driven by scale innovations, cross-subsidization, and purchasing economies on farm inputs.

Conclusion

SSE organisations, as business and social organisation models for the future, are the means of sustaining future livelihoods, where none exist today. An inclusive definition of SSEs as a business model is needed in the context of India's growth story. Only when SSEs are integrated into the economy, and its development measured, will it be possible to quantify the impact of SSEs.

SSE based enterprises should be conceived as 'big-bets' in India as they are likely to produce highly positive outcomes, particularly because they often include a range of views about the meaning of work and values around social equality. As SSEs provide a range of opportunities in each geography and society, the SSEs' visualisation and legal stature acceptance can proactively shape a better future for India's vast young and marginalised workforce and could also formulate a technology integrated smart reaction within the context of future world scenarios. These are critical in the current Indian scenario, where climate change is shaping a whole new world and the local run rural businesses and every day wage workers will be the worst affected.