

Origin & Growth of Social Entrepreneurship and Its Significance in North East India

3.1. Introduction

“We need innovative solutions to social problems, and ... private citizens, acting in entrepreneurial ways.... are the best hopes for finding those solutions”.¹ The New York Times, on 20 December 2003 carried an article titled, ‘How to Save the World? Treat it Like Business’ by Emily Eaken². She identified a global trend of blending social conscience with business savvy initiatives by certain ‘unconventional’, ‘big thinking’ and ‘solution minded pragmatists,’ trying to solve the problems that mar the social fabric and consequently leave a significant segment of the people marginalized. Dees³ called these private citizens and unconventional pragmatists by the name ‘social entrepreneurs’.

The terms, Social Entrepreneur and Social Entrepreneurship, emerged into common parlance in the early 1980s, when Bill Dreyton⁴ identified this process as a form of entrepreneurship, which tried to find solutions to varied problems of humankind, especially the poor and the marginalized, in the entrepreneurial way. The 2006 Nobel Prize for Peace was awarded to Prof. Mohamed Yunus, a Bangladeshi banker, who revolutionized the economy of the poverty stricken society of his country, with his innovation called Microcredit. In the citation for the award, it was remarked, “economic security is the foundation for peaceful living”. At present, microcredit is adopted as a means of development all across the world. David Bornstein⁵, a journalist with a number of books to his credit on the theme of social innovation, had written his first book, “The Prize of a Dream” on Prof. Yunus and his innovation of microcredit.

This chapter is about the origin and growth of Social Entrepreneurship as a means of social problem solving, and will go on to analyse its significance in North East India.

Initiatives and strategies, developed to transform the lives and situations of the poor and the marginalized populations, abound in history. These initiatives use many of the ingredients of entrepreneurship, a concept long hallowed in the context of business and economic ventures⁶. When the principles of entrepreneurship are utilized primarily to solve social problems, while maintaining the profit maximization principle as a catalyst rather than the sole objective, the field becomes social entrepreneurship. It “combines the passion of a social mission with an image of business-like discipline, innovation and determination commonly associated with, for instance, the hi-tech pioneers of Silicon Valley.” They operate in all sectors and cater to small/medium/large constituencies who need this innovative approach. These persons are entrepreneurs with a social mission. Their efforts are combined in a process called Social Entrepreneurship. In recent years, the term social entrepreneurship received considerable attention in the public media, as a powerful and potent means of solving many social problems which have eluded the efforts of government and other players in the field. As a field of practice and scholarly enquiry, social entrepreneurship is gaining momentum today and attracts increased attention from prestigious business schools and researchers across the globe.

Martin & Osberg⁷ observe that people are attracted to social entrepreneurs mainly for the brilliance of their ideas which they put into practice against all odds and achieve success at creating new products and services that improve people’s lives dramatically. What sets the field apart is its imperative to lasting and transformative social change. Alvord, and others, further explains that initiatives that employ entrepreneurial principles to solve social problems are not new, while the concept of Social Entrepreneurship to describe them is relatively new. Thus the practice of social entrepreneurship

with social value creation, lies far ahead of the theory, with a long heritage and global presence⁸.

To learn more about the concept and better elucidate its meaning, it is appropriate to begin with the concept of entrepreneurship itself⁹.

3.2. Entrepreneurship

From backyard enterprises large corporations have evolved; from simple ideas came up empires, with Fords, Rockefellers and persons of their caliber steering the wheel of discovery and invention¹⁰. The factor that is identified as the force behind such discoveries is the much celebrated term entrepreneurship. Along with land, labour and capital, entrepreneurship forms an important economic factor that utilizes the resources in the most advantageous ways. It was Richard Cantillon, a French Economist, who gave the concept of entrepreneurship a central role in economics. He described an entrepreneur as a person who makes conscious decisions about allocation of resources, assumes the risk of an enterprise in buying a product for a price to sell it at an uncertain price.

Adam Smith,¹¹ famed as the father of modern economics, in his 1776 “Wealth of Nations” essay ascribes to the entrepreneur the role of industrialist, who undertakes the formation of an organization for commercial purposes. He attributes the quality of unusual insight to the entrepreneur. According to Adam Smith, the entrepreneur becomes the economic agent who transforms the demand into supply. This explanation makes the entrepreneur someone with the capacity to understand the demand and needs of the public, and one who shapes the product that will satisfy the demand.

A Treatise on Political Economy,¹² by French Economist Jean Baptiste Say in 1803, describes the entrepreneur as someone with exceptional insight and skills for creating new enterprises that would sense the needs of the

society and use their industry to organize those factors of production to create ways to “satisfy those human wants”. In his work on entrepreneurship, J.B. Say has combined the features described by the earlier thinkers and writers like Cantillon and Smith, by articulating that an entrepreneur assumes risk while creating new ventures, to fulfill a need recognized by him/her.

After almost a century of obscurity in the economic literature, entrepreneurship made a re-emergence with eminent Austrian economist Joseph A Schumpeter,¹³ who wrote a series of articles and a treatise on the topic of entrepreneurship. He coined the term *Untemehmergeist* in German, which means entrepreneurship-spirit. In his view, entrepreneurship is a force of creative destruction, an extremely powerful one,¹⁴ which causes continuous progress and improves people’s standard of living. For Schumpeter, entrepreneurship is a process and the entrepreneurs are innovators who use the process of entrepreneurship to shatter the status quo through new and unusual combinations of resources and new methods of commerce. Peter Drucker, the famous management guru of the 21st century, building on the theory of Schumpeter described the entrepreneur as one who gathers resources, organises talent and provides leadership; and also allocates the resources to opportunities rather than to problems. Peter Drucker¹⁵ provides a significant new insight into the concept that, for an entrepreneur to utilize the resources, it is not enough to sense a problem to be addressed but the problem has to posit an opportunity for progress; rather, an entrepreneur identifies an opportunity for new products, services and ways of addressing the problem in focus. Drucker’s entrepreneur is one who “always searches for change, responds to it and exploits it as an opportunity”.¹⁶ According to Robert Ronstadt, “entrepreneurship is the dynamic process of creating incremental wealth”. The individual has to take immense risks in terms of time, resources, commitment which he/she translates into wealth. There is a positive economic change by way of creation of wealth by the innovative enterprise of the entrepreneur and this happens, as Carl Menger postulates in his 1871 “Principles of

Economics”, due to the individual entrepreneur becoming aware of the problems and then understanding the opportunity these circumstances provide.

3.3. Entrepreneurial Context

From what has been said above, it can be asserted that entrepreneurship is associated with opportunity. The opportunity is situated in a context that often manifests itself as a problem. This context with a problem is termed as the unjust or unsatisfactory equilibrium, over which the entrepreneur brings to bear his/her personal characteristics that separate him/her from the ordinary person. The entrepreneur has the exceptional capacity to identify and seize an opportunity. Their entrepreneurial spirit endows them with the commitment and the energy to pursue the identified opportunity, with a willingness to bear the risks inherent in those opportunities. Entrepreneurship involves making conscious decisions with unusual insight and skills to advance a solution that has the potential for transformation of life and society, while assuming the risk of uncertainty in gathering the resources, organizing the talents and providing the leadership to allocate the resources to opportunities that will address a need or a problem.

3.3.1. Personal Characteristics of the Entrepreneur

Opportunity Identification, in an entrepreneurial context, largely depends on the personal characteristics of the person. Everyone does not see the same reality in the same way, each one’s perception and reaction to it differing in diverse manner. For an entrepreneur, an unsatisfactory equilibrium is an opportunity to create positive value. This has to do with one’s unique nature of entrepreneurial spirit. Where an ordinary person sees an inconvenience, an entrepreneur perceives an opportunity; this makes the entrepreneur different from the ordinary person. One’s personal characteristics answer to this difference. Martin & Osberg¹⁷ describe these characteristics as

creativity, inspiration, direct action, courage and fortitude, which are fundamental to the process of innovation. The entrepreneurs are inspired to change the unpleasant equilibrium and think creatively and develop new solutions that often have a dramatic effect and the potential for systemic change in society. Once inspired by the possibility of a new way, the entrepreneurs act directly with substantial amount of courage and fortitude that will see their innovative solution fruitful. This is the outcome of the entrepreneurship, a new and satisfying equilibrium, a state where the unmet needs are met. Charnatimath,¹⁸ defining entrepreneurship as a process of actions an entrepreneur undertakes to establish an enterprise, describes the personal qualities of an entrepreneur as “creativity, innovation, dynamism, leadership, teambuilding, achievement motivation, problem solving, goal orientation, risk and decision ability and commitment.”

3.4. Social Entrepreneurship

Opportunity identification, in an entrepreneurial context, has been the starting point of the process of entrepreneurship. In general, when the context is related to an unequal equilibrium in a social environment, and the entrepreneur identifies an opportunity to create social value, the particular form of entrepreneurship can be called social entrepreneurship. There are various views on what constitutes social entrepreneurship. Ashoka Foundation describes Social Entrepreneurship as an enterprise that “produces small changes in the short term that reverberate through existing systems to catalyze large changes in the longer term”.¹⁹ Social entrepreneurs, with their powerful ideas and passion for change, create innovative solutions to improve the lives of people in extraordinary ways. According to the Skoll Centre for Social Entrepreneurship,²⁰ the entire process of Social Entrepreneurship is challenging the conventional structures that cause inadequacies in the provision of and/or inequality in the distribution of social and environmental goods and identifying new opportunities for better alternatives to the existing inadequacies and inequalities. In yet another variant of the description of

Social Entrepreneurship, the Schwab Foundation²¹ has the following to offer, “Social Entrepreneurship is applying practical, innovative and sustainable approaches to benefit society in general with an emphasis on the marginalized and the poor.” Mair & Marti²² view the concept as a process of exploring and exploiting opportunities to create social value by combining resources in new and innovative ways, within the framework of a new organization created for the purpose or in an existing established organization. According to them, it is the organizational context that sets the field apart from other activist movements aimed at social change.

Social Entrepreneurship is a new breed of entrepreneurship that exhibits the characteristics of non-profit organizations (NGO), government and business (Wolk, Nicholls). It combines the passion of a social mission with a business-like approach to the market place (Dees). The Roberts Enterprise Development Fund (REDF) defines Social Entrepreneurship as an “application of innovative management and program development strategies, in an effort to address critical issues facing society.”

Social Entrepreneurship has emerged as a global phenomenon in the context of the social and environmental developments across the world. It is a driver of social change, developing rapidly into an independent field of research and practice. The field is driven by a new breed of pragmatic, innovative and visionary social activists and their networks and their working is an eclectic mix of business, charity and social movement models, to reconfigure solutions to social problems and deliver sustainable social change.

The common thread, running through these definitions proposed by different authors, identifies the various features of Social Entrepreneurship, such as the innovativeness of the solution, use and combination of the resources to pursue an opportunity aiming at social change, leadership displayed in the mobilization of the ideas, capacities, resources and social

arrangements to act as catalysts for large changes and effect a monumental transformation.

3.5. Characteristics of Social Entrepreneurs

Social Entrepreneurs are the proponents and drivers of social change and as such their personal capabilities are viewed as the motivating factors for their acting in a particular way. Describing social Entrepreneurs as a rare breed, “one species in the genus entrepreneur”, Dees²³ defines them as follows: “Social Entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value);
- Recognising and relentlessly pursuing new opportunities to serve that mission;
- Engaging in a process of continuous innovation, adaptation, and learning;
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created.”

This definition of Dees captures the essential elements in the personality of a social entrepreneur. As change agents, they manifest a revolutionary nature for the purpose of a social mission. By creating sustainable improvements in the lives of the beneficiaries and the society which they serve, they intend to accentuate systemic change and act with a bold vision. The social mission differentiates the social entrepreneurs from their counterparts in the business and economic world. In the relentless pursuit of social impact on a sustainable level with lasting effect, they manifest persistence and restlessness to the

extent of being labeled as 'unreasonable.' Dees says "they break new grounds, develop new models and pioneer new approaches."

Social Entrepreneurs definitely possess similar characteristics as their counterparts in business, such as being innovative, resourceful, practical and pragmatic. Elkington & Hartigan²⁴ describe them as those who "lead by example, attacking intractable problems, taking huge risks and forcing the rest of the world to look beyond what seems possible." Sustainability and equity, on a scale which may even seem outlandish, are what they seek; often as they go on their way they open a path for the future which is more just and equitable. They want to "shatter the status-quo,"²⁵ steering the process of systemic change. They are ambitious about their goals, to the point of being even seemingly insane, in as much as their colleagues would often find it difficult to come up to the demands and plans these social entrepreneurs devise. According to Elkington and Hartigan,²⁶ it is the power of the unreasonable lot, the way they describe the social entrepreneurs, that makes the systemic change possible.

Some extraordinary characteristics of the social entrepreneurs, as identified and described by Elkington and Hartigan are considered herewith. They try to shrug off constraints of ideology or discipline. They are not to be limited within the set-up of certainty; they identify and apply practical solutions to social problems and they are innovative in their approach and service. Their focus is on social value creation, with a desire to share their insights with others for imitation. They are not curtailed by limited resources but jump into action. An important feature of social entrepreneurs is that they have an unwavering belief in everyone's innate capacity to contribute meaningfully to economic and social development. They manifest a determination that sees them through the risks involved and they balance their passion for change with a zest to measure its impact. They, as Dees²⁷ would put it, are accountable to the beneficiaries and stakeholders. One important characteristic feature of Social Entrepreneurs is that they are powered by an

emotion, which is a healthy impatience at the odds they find in the equilibrium. Here is where they come upon the unjust equilibrium in the system and get upset and deeply concerned about the sufferings of the poor, the illiteracy and other social problems that affect a very big section of their constituency. They work out ways to uproot the system of inequality, creating the future they envisage, with a seemingly unreasonable energy and passion. At the end of it all they prove to be more reasonable than everyone else, with the social value they create.

Unlike the economic entrepreneurs, social entrepreneurs emerge as highly collaborative²⁸ leaders, with the ability to network with diverse people and arrive at a common goal and work in partnership with others towards the common goal. This collaborative and networking capacity of the social entrepreneurs is their hallmark, as is the ability to communicate an inspiring vision²⁹ to all the stakeholders in the process of change. Bornstein³⁰ talks of the Social Entrepreneurs as being far from extraordinary; they are not geniuses nor are they without self-doubts, but they have a self-belief that they can make a difference. They listen to their instincts, dare to dream big dreams, have the initiative and willingness to take action. They ‘bite more than they can chew’ in a desire to ensure social justice in society. In Catford’s view³¹ social entrepreneurs identify opportunities where others see only empty buildings, unemployable people and unvalued resources and they think radically, a quality which makes them different from other people who are also good. They have the ability to enthuse all sections of society with their own enthusiasm.

3.6. Motivations for Social Entrepreneurship

In 1934, Schumpeter³² explained the motivations of the entrepreneur in the following words: *“first of all there is the dream and the will to found a private kingdom, usually, though not necessarily, also a dynasty.. then there is the will to conquer: the impulse to fight, to prove oneself superior to others, to*

succeed for the sake, not of the fruits of success, but of success itself. From this aspect, economic action becomes akin to sport..The financial result is secondary consideration, or, at all events, mainly valued as an index of success and as a symptom of victory, the displaying of which very often is more important as a motive of large expenditure than the wish for the consumers' goods themselves.. Finally, there is the joy of creating, of getting things done, or simply of exercising one's energy and ingenuity.. Our type seeks out difficulties, changes in order to change, delights in ventures. Romantic as it may seem at first glance."

For Social Entrepreneurs, the *raison d'être* of their activities and initiatives is the creation of social value by addressing a social need. They are concerned with caring and helping, and making a monetary profit comes as a by-product along the way. They feel a sense of obligation to the society and a deep conviction that things can be changed. So they respond to their inner voice, act on their obligations. "Why the social entrepreneurship exists?" is a question that exposes the many propositions set forth by different authors in the literature. One theory states that for-profit ventures leave out those services which do not fetch profits and they leave out those population groups who cannot afford to pay. The main concern of for-profit ventures is to maximize profit. As a result the not-for-profit ventures emerge to fill the gap left by the for-profit ventures. Another proposition explains the complementary work of the not-for-profits with the government, in a way to reduce the government burden. Yet another theory proposes that personality traits of the individuals are the main drivers of not-for-profit social entrepreneurship in the society.³³ For Wolk, Social Entrepreneurship is the practice of responding to market failures in a society or group, in which profitable markets are unavailable or underdeveloped.³⁴ In Alter's view, mitigating a social problem or a market failure and generating social value by operating with the financial discipline, innovation and determination of a private sector business,³⁵ are the purposes for which the founders of social entrepreneurship ventures operate. There are people who feel uneasy about the status-quo and want to be true to their

personal values and be socially responsible,³⁶ and hence embark on social entrepreneurship.

Canon³⁷ identifies three groups of persons who become social entrepreneurs: (i) individuals, who after making a lot of money, are interested in giving to the society their resources for solving social problems; (ii) those who are unhappy with the social support system and want to do things effectively; (iii) those who, with a business school degree and specialization in social enterprise, want to involve themselves in the problem-solving arena of the society. David Green³⁸ who identifies himself with the first category in Canon's typology of social entrepreneurial motivations, calls his business model "compassionate capitalism," through which he utilizes his expertise to make the latest cutting-edge medical technology affordable to the world's poor. His motivation for all the numerous works in the health field is the desire to do some good for others who are in need. His business model established a multi-tier pricing system, by which the people are able to gain the medical help according to their financial situation. For Green and many others, it is compassion for the poorest in different circumstances that drives their intention to create viable means of alleviating the ills of the society.

3.7. The Process of Creation of Social Entrepreneurship Venture

Creation of a new venture is basically an entrepreneurial activity. This involves a series of decisions and activities, everything that an entrepreneur does - all the decisions, activities and functions associated with perceiving the opportunities and the creation of the organization to pursue one's goal. The decision to create a social venture is influenced by the early formation of social sentiments³⁹ that turn the individuals into persons dissatisfied with the status-quo and motivate them to act in a responsible manner⁴⁰. Mair and Noboa⁴¹ found that individuals who are influenced by someone else important

in their life with their values and principles and possessing a variety of predisposed personality traits, develop social sentiments. These social sentiments, or passion towards a social cause, lead to a belief in the individual entrepreneur towards change and motivate the individual to commit him/herself to certain ideas, or a cause which leads to the Social Entrepreneurial activities.

Personality traits of the social entrepreneur which dispose him/her towards social entrepreneurial action are varied. Dreyton⁴² describes them as “path breakers with a powerful, new, system changing idea who, combine the visionary and real-world problem solving creativity, who has a strong ethical fibre and who is totally possessed by his or her vision for change.” Ability to perceive an opportunity for value creation, collaborative leadership style, sustained motivation, teamwork capability,⁴³ candour, passion, clarity of purpose, commitment, courage, values, customer focus, willingness to plan, strategic thinking ability and flexibility⁴⁴ are characteristics that unleash the potential in an individual to be a social entrepreneur.

There are four characteristics universal to any organization irrespective of their industry or purpose, which are essential and sufficient to constitute an organization. They are *intentionality, resources, exchange and boundaries*⁴⁵. Shane & Venkataraman⁴⁶ suggest that organizations develop around a few sequential stages such as opportunity recognition, resource acquisition and opportunity exploitation. Equally important in creating an organization for solving a social problem or satisfying an unmet need, are networks and social contacts⁴⁷ of the prospective entrepreneur. Prabhu⁴⁸ values networking as a critical hallmark of the social entrepreneur.

Brooks (2008)⁴⁹ proposes a model for the process of Social Entrepreneurship which identifies five stages: (i) Opportunity Recognition; (ii) Concept Development; (iii) Resource Determination and Acquisition; (iv) Launch and Growth of the Venture; (v) Goal Attainment. The process of

starting a social entrepreneurship begins with an individual in a social context, a status-quo that is not satisfactory to the individual. The motivation to act entrepreneurial for social value creation has been nourished in an individual by his/her upbringing, a life incident or influence of some significant personality.

3.7. Social Entrepreneurship through History

Social Entrepreneurs and Social Entrepreneurship are found throughout history, with individuals who adopted strategies to tackle social issues with a passion and force becoming of the entrepreneurial spirit as described by Schumpeter. Thomas Clarkson, who happened to become one of the social entrepreneurs at the core of the first and most important human rights movement in the 18th century, the abolition of slave trade, was featured by Whittemore⁵⁰ in his blog post, 'profiling the social entrepreneurs and their contribution.' Clarkson, while researching for his essay on slave trade, came to realize the enormity of the sufferings almost 11 million slaves were subjected to, during the era of transatlantic slave trade. He won the top prize for his essay and realized that his life was irrevocably changed. It was clear for him that something had to be done to 'shatter the status-quo.'⁵¹ He decided to "see these calamities to their end." His and other like-minded persons' efforts were fruitful, in getting the British Parliament to sign the Slaves Trade Act into law, which banned the British from trading in human beings forever. Great Britain's Infant Childcare founder Robert Owen, who pioneered the movement for the improvement of working conditions for the employees in the factories and founded a cooperative movement to ensure the supply of provisions at a fair price to the employees, is considered a social entrepreneur, almost at the same time with Clarkson.

Florence Nightingale (1820-1910), founder of the first nursing school, is named as one who practised social entrepreneurship, in initiating the development of modern nursing practices. Henry Durant (1829-1910) is

credited with the establishment of the International Red Cross. William Booth (1829-1912) founded 'The Salvation Army' in 1878 to care for the poor, destitute and hungry, regardless of race, color or creed. Frederick Law Olmstead (1822-1903) undertook to change the very concept of cities from primary centers of commerce to "nice places to live and work" and developed many urban parks in Washington DC and Boston.

People of this caliber were found in the beginning of the twentieth century, with their contributions to seeing an unjust or unsustainable equilibrium to its end by creating a new and sustainable one. Dr. Maria Montessori (1870-1952) established 'Case dei Bambini' (Children's Homes) and spearheaded reforms in the education of children, based on the premise that children can learn themselves. Her "Montessori method" of child education is accepted world-wide as a great and potential method of learning for children. Franklin D. Roosevelt (1882-1945) established the Tennessee Valley Authority, which helped revitalize the local economy by harnessing the river resources to produce cheaper energy. This came as a boon and a relief to many during the Great Depression of the 1930s.

It was in the 1960s and 1970s that the two terms, Social Entrepreneur and Social Entrepreneurship first appeared in management literature. Michael Young⁵² promoted the concept of social enterprise by creating more than sixty organizations world-wide and a series of schools for Social Entrepreneurs in the UK during the period between 1950 and 1990. The terms got widespread publicity in the 1980s, promoted first by Ashoka Foundation, followed by others such as Schwab Foundation, Skoll Foundation and others. The founder of Ashoka Foundation, Bill Dreyton, is credited with coining the term Social Entrepreneurship. Others, like Charles Leadbeater,⁵³ described Social Entrepreneurs as innovators for social change and took the subject to a higher platform with his work, "The Rise of Social Entrepreneur."

3.7.1. The Indian Scenario

Mahatma Gandhi, who saw the poor people of India being made the market for the foreign firms, called for a movement named “Swadeshi” and spearheaded the rejuvenation of cottage and village industries. This movement proved to be a boon to safeguard the wisdom of the ancients, with the skills and talents in various trades available in the country being promoted, as well as to suggest measures to build a sustainable economy in the rural areas. Vinobha Bhave of the Bhudaan Movement in India is acclaimed as a social entrepreneur.

Ashoka – Innovators for the Public, who started the forum for social entrepreneurs, has a list of 2145 fellows on their list, as on July 2010. Of these 283 persons are from India, with Dr. Sudarshan, founder of Karuna Trust (India) being the first to be nominated in 1982. India tops the list of social entrepreneurs among the Ashoka Fellows, a fact that speaks for the tremendous spur of social entrepreneurial activities in the country.

3.8. Significance of Social Entrepreneurship in North East India

The existence of unmet social needs in a society provides an opportunity for social entrepreneurship. It takes a social entrepreneur to identify the currently prevailing unsatisfactory equilibrium that exists due to unmet social needs and exploit it as an opportunity to create social value. This unsatisfactory equilibrium provides the entrepreneurial context for the social entrepreneur. In this section, this study identifies the opportunity for social entrepreneurship that is embedded in the social dynamics of the North Eastern Region.

“A rainbow country...mysterious, as it appears when looked through the parted clouds”⁵⁴ - is India’s North East region. Nestled in the lap of the Himalayan ranges rising to their snowy heights, adorned with pristine hills and verdant valleys, the mighty Brahmaputra flowing right through its middle from east to west, natural beauty in all its glory and splendour accentuates the bewitching North Eastern Region of India. Snowy Arunachal Pradesh at the eastern most tip and Assam the land of the one-horned rhino at the western end, the region comprises eight states of the Indian Republic, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Nature has been supremely bounteous to the entire region in beauty and resources of diverse types; it is home to hundreds of tribes speaking as many different languages. The table below gives a brief demographic profile of the region

Table: 3.1. Land Area and Population of North East India (2011 Census*)

<i>State</i>	<i>Area (sq. km.)</i>	<i>Population</i>	<i>Density per sq km</i>	<i>Decade Growth Rate (2001-2011)</i>	<i>Sex Ratio</i>	<i>Literacy Rate</i>
Arunachal Pradesh	83,743	13,82,611	17	25.9	920	66.95
Assam	78,438	3,11,69,272	397	16.9	954	73.14
Manipur*	22,327	27,21,756	122	18.7	987	79.85
Meghalaya	22,429	29,64,007	132	27.8	986	75.48
Mizoram	21,081	10,91,014	52	22.8	975	91.58
Nagaland	16,579	19,80,602	119	-0.5	931	80.11
Sikkim	7,096	6,07,688	86	12.4	889	82.20
Tripura	10,486	36,71,032	350	14.7	961	87.75

*Figures obtained from Provisional Population Estimates of Census 2011

With a 7.8% land area of the entire country, the region is home to nearly 4% of the total population of India. To make the region traverse the paths of peace and progress along with the rest of the country and probably the rest of the world, the North Eastern Council (NEC) has embarked on an ambitious vision for the region, titled '**NE Vision 2020**'. According to the vision statement, at the end of the 1st quarter of this century the North Eastern Region should be:

- a prosperous part of India contributing, in some measure, to the growth of the national economy - the geo-economical disadvantages converted into productive opportunities;
- a contended rural North East, with developed primary sector impacting growth in the secondary sector, with minimum connectivity established and health and education for all ensured;
- an important hub of trade and commerce in relation to South East Asia, with border trade developed and firmly rooted;
- an empowered and informed people, through skill development and technology intervention;
- a community participating and involving in socio-economic planning, project implementing and monitoring;
- a peaceful society, with level of unemployment drastically brought down.

3.8.1. Strengths of the Region

The strategic location of the region with a 262,179 sq. km. of land area, blessed with undulating hills, valleys with an abundance of diverse flora and fauna, and an international boundary of 4500 km with China, Bhutan, Bangladesh, Nepal and Myanmar, offers it a brilliant opportunity for border trade and international exchanges. The picturesque landscape, crude oil and other mineral resources, timber and other forest products, tea and other agricultural products, cultural diversity, all these place the region at a great

advantage. Mawsynram in Meghalaya, the place which receives the highest rainfall on the whole planet and Majuly the largest river island on this earth, are examples of the features that make the North Eastern region unique and rich in potential. The region has a great scope for developing agro-based industries as well as tourism, apart from the current crude oil and minerals based industries. Recent population growth in many of the NE states⁵⁵ mean that a large section of the population of the region is below 14 years. In Arunachal Pradesh, 40% of the total population is young. Focusing on this young population is vital for any kind of economic and technological growth of the region. Industrial and infrastructural growth can enable the development of job opportunities in the region and go a long way in establishing educational institutions for imparting basic education to the masses, as well as setting up of institutes of higher learning. A higher than the national average literacy rate is counted as one of the strengths of the North Eastern region. In the recently concluded Census of the Country, Mizoram, one of the eight states of North Eastern region, ranks third in the order of literate states, with a 91% literacy record. Every other state has recorded above 70% literacy level except Arunachal Pradesh which recorded 66.95% a literacy rate. Assam and Arunachal Pradesh are the two states which stand below the national average of 74% literacy.

There are still other factors which can contribute to the development of the region, like strong local ethnic communities with their own governance style. Moreover, people in the North East region generally have a high level of self-esteem resulting from their tribal culture of democracy. This augurs well to foster a sense of responsibility, autonomy and self advancement among the people of the region.

3.8.2. Challenges for North East India

India is expected to achieve a 9% economic growth rate in the current fiscal year.⁵⁶ Against this backdrop there is the fact that the country is going to be home to 405 million poor people by 2012.⁵⁷ An estimated 22.15% of the population of the country live currently below the poverty line, according to a 2004-05 survey by National Sample Survey Organization. According to the Global Human Development Report 2011, India's rank is 122 among the 172 countries of the world, with an HDI of .519. As per the report, India came 12 places up, compared to 2009 report.⁵⁸ High rate of growth in population, a dominant agrarian economy with primitive agricultural practices, illiteracy, ignorance, unemployment, underemployment, social inequality and discrimination are the reasons attributed for the prevalence of the alarmingly high rate of poverty in the country and its low HDI. Government at all levels has well formulated programs for poverty eradication, employment generation and improving the standard of life of the citizens. A minor segment of the population has overcome the squalor of poverty and its other resultant ills; the situation for the majority though still remains a distant desired dream.

For the people of North East India, the high rate of economic growth as estimated by the Planning Commission and acclaimed by the economists, has no actual relevance to the existential reality, given the unique and imponderable problems that defy solutions which the region faces. Economic backwardness, lack of basic infrastructure development, cultural and social alienation as well as isolation from mainland India, are some of the major issues that challenge the social activists. The World Bank views the conditions of the region as a low-level equilibrium comprising poverty, non-development, civic conflict and a failed political leadership. While the country as a whole is racing ahead in the fast lane, aiming to be the largest growing economy on the world stage, the North Eastern States of India still reel under the pangs of underdevelopment with the lowest Human Development Index among the States of the country and an almost Nil Infrastructural Index.⁵⁹ The table below speaks for itself on the situation described above!

Table: 3.2. Human Development and Infrastructure Index

Category	Human Development Index	Infrastructure Index
High	Mizoram	
High Middle	Manipur, Nagaland, Sikkim	
Middle	Arunachal Pradesh, Meghalaya, Tripura	
Lower Middle	Assam	
Low		Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura

Source: Report of the Twelfth Finance Commission, p 61

A polarizing growth pattern is prevalent in the country, with an ever widening gap between the rich and the poor, pushing the lower levels of people on the economic scale to an even lower level of economic and cultural poverty.⁶⁰ People of the North East feel desperate, disenfranchised and isolated, compared to the rest of the country. According to the Ministry of Development of North Eastern Region (DONER), the planning commission sanctioned and kept apart more than 426 million rupees during the period 1998 to 2006 for the development of the region. Every Government at the Centre has since 1998, earmarked 10% of its annual budget towards the development of the North Eastern Region. There has been a heavy inflow of funds through different programs and projects to the region, yet sad to say, true development eludes the region. The Economic Survey 2010-11 has identified the failure of the delivery mechanism in effectively implementing the programs and ensuring that the allocation of funds results in outputs and the outputs result in incomes in the hands of the end user.

North East India has a long history of more than 60 years of conflicts, ranging from low to high intensity, causing internal displacement and disenfranchisement of people, leaving them vulnerable in many aspects. Unfortunately the people have submitted to such a culture of precarious existence. Despite the five principles, which are known as “Panchsheel for Tribal Development,” on which Jawaharlal Nehru, the first Prime Minister of independent India, began the tribal development phase, the territorial reorganization and delineation of State boundaries during the 1960 and 1970 which have been a function of political compulsions, have largely neglected the ethnic and cultural diversities and specificities of each region and tribe; the end result is the inevitable rise of discontentment in all sections of society and the inexorable assertion of identity by each tribe and ethnic group. When Bangladesh was created, the North Eastern region lost its contact with mainland India, leaving 90% of its boundaries with foreign countries. The national integration drive of the Governments at the Centre during the past four decades has tagged the seven⁶¹ states of the region, disregarding their ethnic diversities into a common ‘North East.’ The resultant policy formulation and implementation on a common basis, irrespective of the differences in language, race, tribe, caste, religion and many other factors on which each of the tribes base and value as their identity, has angered all the various groups and remains the core factor responsible for all the multiple issues engendered by insurgency.

The difficult geographical terrain and location, the history of violence and ethnic unrest and the prevalence of a culture of negative politics that puts a premium on short-sighted and even rudderless, weak political and social leadership, have all played their significant role in making the North East region remain still one of the backward areas of the country. Given the socio-political situation and geographical location of the region, private investment has not ventured into the region or is very wary of doing so, thus creating a vast difference between the rest of the country and the North East, particularly in infrastructure development. This, combined with poor and weak

governance, has led to low productivity and low standard of living, leading to dissatisfaction and grievances. Discontentment and a sense of alienation have provided the perfect scenario and fertile ground for the emergence of insurgencies and ethnic violence in the region. The long standing conflict constellations in the region, which have remained unresolved by government and civil society initiatives thus far, require “out of the box solutions.”

Poverty and conflict-ridden North East is a further victim to a vast number of its people becoming afflicted with many other concomitant social evils. Human trafficking from the North Eastern States is on the increase. Unemployment and drop-out from education suffered by many young people lead them to unhealthy practices like drugs and substance abuse. Of the two million people world-wide who are injecting drug users (IDU), 50800 are in North East India alone, with over 45000 of them being infected with HIV. IDUs are the main drivers of HIV/AIDS epidemic in the region. The problem is intensified and accentuated when more than 30% of the infected persons are females and 3.5% are children.

Troubled by a sad history of poor governance and leadership, inefficient administration, inadequate infrastructure and plethora of social conflicts, North East India is at the crossroads of history. There have to be pathfinders and road maps that can lead the 40 million strong population of the region, which forms 3.8% of the total population of India, towards progress. A road to the future must be based on what works in the region under the present existing conditions. A novel approach has to be made, where poverty of any form prevalent in a society is to be seen as a problem to be solved with innovative approaches. More than six decades of planning and strategy by the government at different levels have failed to deliver on objectives and goals of equitable development. It has only widened the gap of social inequality, rendering the rich richer, leaving the poor poorer still. Any genuine solution to the various forms of poverty and unmet social needs should value the poor as

active protagonists but an underserved community, with a potential for change and growth. New and innovatively active approaches are needed to convert poverty situations into opportunities for value creation and the process should start with respect for those at the Bottom of the Pyramid.⁶² The process begins with viewing the world's poor as capable of contributing to their transformation, but being disadvantaged due to the changeable realities. An approach that values the capabilities of the poor, underprivileged and disadvantaged, that builds their own capacities to contribute to their growth and which involves partnering with them to innovate and achieve sustainable win-win scenarios⁶³ is the answer for the needs of the hour.

The present research finds the North East dilemma as an opportunity identified by the social entrepreneurs featured in the study, to create value in both financial and social terms. They are waging their wars against the incapability of the poor and marginalized, with their innovative approaches of capacity building and enabling strategies. They promote employment of the disabled and handicapped; enable socially marginalized women walk new paths of economic and social empowerment; lead the handicapped and impaired to new realms of achievement; help the HIV/AIDS victims dream new dreams; motivate the suppressed tribal and ethnic groups stand their own ground and create their own future; shape lives for a constructive future with newly formed value system and standards of life. A powerful, new and dynamic field of Social Entrepreneurship has emerged and is indeed becoming truly active in North East India to usher in an era of peace and true development.

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