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Abstract

The paper reviews the state of rural management education in India. Using the setting up of the Institute of Rural Management Anand [IRMA] as a pivot, the paper examines the difficulties in establishing specialized management schools, the design of the curriculum and the management of the expectations of both the students who come in and the recruiters. It then identifies the problems in running rural management programmes particularly the dilemma between explicit value orientation towards the betterment of the poor and the value neutral optimization approach of conventional management education.

The paper then examines the paradigm shift that has happened in the marketplace for rural managers, and concludes with some further questions on how the future of rural management education can be addressed.

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Introduction: Background of Rural Management Education

As we look back at the institutions offering academic inputs in the rural space, we find that there are several programmes that address the needs of development. The pioneering of them all is the Tata Institute of Social Sciences [TISS] which has had a programme on social work and has sent several committed students to the field. Several universities have had social work as a part of the Masters programme. Most of these programmes provided the students with skills that were “developmental” in nature. These programmes were oriented more towards the social sciences. While they had their own intrinsic merits, most of these disregarded markets. The programmes were oriented towards addressing the failure of the state in delivering development programmes and helped create newer and more effective alternatives of addressing the issues of poverty and social deprivations. The graduates of such places joined the non-profit sector and in many cases took to activism.

While that was an important in development, there was another aspect for which formal education was not available for a long time. This pertained to the issue of market failures. The developmental interventions led by NGOs were powerful, but what drove such programmes? The answer, possibly, was to be found in the internal commitment of the people working in the field. We could see that, three decades ago, we had a large number of institutions that were emerging in response to market failures. Co-operatives addressed market failures in an effective and commercially viable manner. However co-operatives were complex organizations. While technical people did join co-operatives not many who had the managerial skills were looking for a career there. Such organizations needed people with special skills - managers who had their heart in the right place [left of centre, if I may say so], and could understand the world of commerce. It was difficult for English educated sophisticated and urbane youth to see unlettered masses as their masters. There

was a cleavage between the type of management graduates the country was producing and the needs of the sector addressing market failures.

It was at this time that education in rural management as a formal discipline was thought about. The Institute of Rural Management [IRMA] that was set up in 1979 was a pioneering effort in this direction. When IRMA was set up, there were a handful of institutions of repute offering any type of management education. Apart from the Indian Institutes of Management at Ahmedabad, Bangalore and Calcutta the other top institute included Xavier Labour Relations Institute, FMS Delhi, Management Development Institute Gurgaon and Jamnalal Bajaj Institute at Mumbai. Admittedly none of the above Institutes with the exclusion of IIM Ahmedabad [IIMA] had anything to do with rural management. IIMA, had a Specialization Package in Agriculture [SPA], where participants from the discipline of Agriculture and allied disciplines were admitted for a management programme. The idea was that they would go out and serve the agribusiness companies. Having technical knowledge of agriculture and with an exposure to management would help them to be effective managers of such specialized firms.

IRMA was pioneering in many ways. This was the first time that there was a full fledged institute offering only rural management. The background of why IRMA was set up is fairly well known. Dr. Verghese Kurien the then Chairman of National Dairy Development Board [NDDB] was looking for manpower to replicate the Anand pattern co-operatives under the Operation Flood programme. He found that people with skills in management were not available; that IIMA did not orient its graduates to take up such jobs, the graduates were unwilling and possibly unfit to work in the co-operative sector. There was a need for a programme where the content had to be Management, and the context had to be Rural. When IRMA was set up, it was an informal joint-venture between IIMA and NDDB. IIMA provided the content and NDDB provided the context. Informal because, the only formal link between IIMA and IRMA was that Ravi Matthai the first full time Director of IIMA was on the board of IRMA. Most of the initial faculty members of IRMA were graduates of the doctoral programme of IIMA. They brought with them the extant courseware and the pedagogy of IIMA. The structure of the programme in class room offerings, the pedagogy and design was borrowed from IIMA.

The unique feature of IRMA was in the context. This was provided off-classroom and came from the field placements. These placements gave a unique “rural” identity to the course. NDDDB had access to a nationwide network of diary co-operatives and gave access to villages across geographical regions. It was possible to get the contextual relevance. In retrospect, we find that this component replicated in other places and used as a defining feature of rural management education.

Optimisation Versus Value: The Core Design

If we reflect on the difference between mainstream business schools and rural management, the distinguishing feature is in the field orientation. A rural management graduate would have stayed in a village for anywhere between 4-12 weeks. This stay is not undertaken as a tourist and is well structured.

The dilemma of rural management education is between explicit value orientation towards the betterment of the poor and the value neutral optimization approach of conventional management education². While the class room segment actually takes the optimization approach, the field segment actually sets the context for value orientation. Obviously this approach is fraught with risks because a value context is provided only in the choice of forms of organisation – co-operatives, non-profits, non-commercial organizations. If the contextual experience of a student who goes into an organisation does not provide right signals, it is possible that they would come back cynical. It must have happened to graduates who joined co-operatives, where they were unable to impact the patronage dispensing culture and to some who joined the non-profits, when they saw hypocrisy of some organisations; when these organizations did not walk their talk. But this leakage because of disillusionment was possibly small, and may not have outnumbered the positive value orientation. Even those who were disillusioned did not become as bitter as to harm the sector in any manner.

We have to remember that the field component is undertaken by adults, keen to apply the formal knowledge of management for solving problems. As the class curriculum reinforces the big picture, it is expected that a larger perspective would be developed,

² Phansalkar, Sanjiv [2007]: Personal Communication

even if the problems identified in the villages and organizations are local. This experience may have shaped the careers of many graduates. Many go to the field and return as more empathetic human beings. That is why we find that there is always a soft corner in the heart of the graduates of these programmes for the underprivileged [including themselves!!]. The assignments include participatory appraisal techniques, interaction with the poor, and case documentation. These help the students to understand the rural space better, the relationships of the poor with the others, the markets, the spatial organisation of the village and the interlinkages within and outside.

These experiences in the field interspersed with concepts given in the class room, make rural management unique. Another aspect that provided legitimacy to rural management education was placements. When rural management started in early 80s a job for a graduate or even a post graduate was difficult – and the most sought after options for such aspirants apart from mainstream management was the civil service or a job as probationary officer with nationalized banks.

From the perspective of the organizations that hired rural management graduates in addition to training there was an assurance that the recruits had an appropriate orientation. In early days of IRMA, for instance, both elements were delivered through incentives to join the course – a stipend to take care of the expenses against commitments to serve the sector – and good placements.

One aspect that was unique to early courses in rural management was that it had two projects that were based in the organizations, unlike the business schools that had only one summer project. This organizational attachment, during the early days helped the organizations to sample the rural management students again and again. In addition it also gave the students a reality check on the type of organizations that they would ultimately work with.

The recruiting organizations were not used to professional managers. Sending students on a project on a regular basis demonstrated the potential contribution that these persons could make, without the obligation of an employment contract. In the process, some organizations saw merit in the graduates, while others thought that the graduates were elitist. Irrespective of the outcome, it helped in minimizing potential heartburn.

The mainstream management programmes really did not worry too much about where the graduates were placed. Institutes that offered rural management went to great lengths to ensure that most of its graduates worked in the rural “sector”. This was instrumental in establishing the identity of rural management in the market. This identity was distinct from the others who came from other disciplines and in several places seen with awe or disdain. Nevertheless, it was clear that the rural management graduates were different when they went to rural areas, and they were even different when they went to commercial institutions that use mainstream management graduates. Over a period of time the question of whether one is working in the “sector” – a euphemism for organizations that the institutes approved of - or out of the “sector” was a regular part of an identity creation of a rural management graduate. I am not sure how many of the institutions currently offering rural management are ever so obsessed with where their “products” worked.

Market for the Rural Management Graduates

Here, I bring in another aspect that provided a boost to professionalizing rural management education. This was partially achieved by PRADAN [Professional Assistance for Development Action]. PRADAN was an idea that provided a base for professionals to work in development particularly with NGOs. The idea was to be a base unit for professionals to try a career in development. It was promoted by a group of like minded professionals wanting to make a difference in diverse sectors, and at the same time have a platform to share their ideas, frustrations and joy. A large number of rural management graduates were able to continue working in the development sector, thanks to the back up support that was given by PRADAN. Not only did PRADAN take under its fold graduates of IRMA, IIMA and other institutions, it also brought in people from other technical fields that were not formally trained in rural management to work in the sector. The contribution of PRADAN in fusing people of diverse backgrounds and retaining them within the development cannot be under-estimated. The relevance of the starting of formal education in rural management should be seen in the perspective of the other happenings in the rural sector then.

Following the establishing of IRMA, several other institutions have started programmes in rural management. Prominent among them are the IIFM [which was designed by IIMA, but largely on the lines of IRMA], IIM Lucknow, Xavier Institute of Management Bhubaneswar's [XIMB] Rural Management Programme, MANAGE in Hyderabad, XIDAS Jabalpur, Indian Institute of Rural Management at Jaipur, VAMNICOM at Pune, Tata Dhan Academy at Madurai and a new Institute that will start this year – Kalinga School of Rural Management.

Before we discuss the relevance of rural management education in today's context, let us rewind a little bit to the contextual reality of the early 80s. Politically the world was not unipolar at that time. The Soviet Union was still a force to reckon with. India had come out of two years of emergency followed by two years of rule by a coalition that had not lasted. It was still fashionable to carry a Jhola, smoke a Charminar cigarette and use leftist rhetoric. Kicking a corporate job was not seen as madness. The remuneration at the start between a corporate job and a developmental job was not significant [though the growth trajectory could be different]. Historically the relevance of starting a programme in rural management has to be located in this context.

The fact that it took quite some time before more institutions started offering rural management education is an indication that there was no natural market for rural management graduates. This had to be created. Therefore running a rural management programme was seen more as an obligation than as a mechanism for generating revenues to the educational institutions such as IIMs.

Problems in running Rural Management Programmes

Today we have several institutions offering rural management education. As we can see, apart from some institutions like Tata Dhan Academy, VAMNICOM, MANAGE and IIRM which have a focus on rural management, in most other places it is offered in addition to an existing mainstream programme, or as a specialization stream along with business management programmes. There are some problems with this design. While it is possible to leverage on the mainstream management faculty to teach the programmes, invariably the rural management programmes are treated as poor cousins of the main programmes and do not get the strategic attention that they deserve. It is also difficult to

filter out students who might be genuinely interested in taking up rural management as a career. Thus one is always operating in a market where one is not sure if the graduate is actually oriented to serve the segment s/he is meant for or whether there would be a leakage.

When IRMA was set up, Dr. Kurien had indicated that he would be happy even if 5% of the graduates actually worked with cooperatives and NGOs. The strike rate of the institutes like IRMA and IIFM has generally been much more than that number, but still there is disappointment. The dilemma is whether an institution offering such specialized programmes should be bothered about the type of placements that the graduates take up or just focus on delivering a good education and leave the rest to the market forces. This dilemma is not easy to overcome.

Another issue that faces these institutes is the level and the range of electives that could be offered to the students. Most often this gets dictated by employability of the graduates and the interests of the faculty members. In specialized institutions, the faculty get bound by the type of organizations they interact with and if they happen to be largely in the development space, the research agenda, tends to orient itself towards social science streams rather than management disciplines. Faculty representing management disciplines find the environment in these institutes restrictive and tend to leave for mainstream assignments. Thus the bouquet of electives to be offered in such institutes is always a mixed bag with a lot of mismatch between the expectations of the students, the aspirations of the faculty and the ability that bridges these.

Is there a Market for Rural Management Graduates?

This is an important question to be answered, and the answer seems to be Yes. However, we need to extend this question further to find out where the current rural management graduates are being employed. When we attempt an answer, it becomes a bit intriguing. As we deconstruct this question we end up justifying the original SPA design of IIMA and possibly question the basis on which specialized rural management institutes were set up at the first instance. I base this on my judgement that is largely anecdotal. In the field – particularly with developmental organizations which at one time heavily recruited at the rural management institutes do not seem to be getting new people from that source.

We find the newer graduates in banks, food businesses, agri-businesses, insurance companies and retail chains. Demand for these graduates seems to exist. This demand is much more than when it all started. But the original segment for which some of these Institutes were set up are no longer served by these graduates.

There is an increasing interest looking at the poor as a part of the markets, after the seminal book by C K Prahalad³. We may have issues with Prof. Prahalad's postulates, but that does not take away the fundamental change that has been brought about in the way the deprived segments are seen. There is curiosity about this market segment. For corporations it is useful to have people who not only understand mainstream management, but also the rural markets. With this increased interest of the markets do we then say that the market failure argument no longer stands and therefore it does not matter which form of organisation operates in the market? Possibly that is not true, but this area needs to be looked into more seriously.

Two most important segments are opening up for rural management graduates - the agri-business sector, and private sector banking.

The agri-business sector has two sub-elements to it – the first being sourcing of materials from the rural areas and the second selling to them. On the sourcing front, the most important initiative that is much talked about is the *e-choupal* experiment of ITC. It is no surprise that the spearhead of the *e-choupal* movement is also a rural management graduate.

Let us look at *e-choupal* as a case in point. In the extant system the marketing options for the rural produce were few. In places where co-operatives had been organized and working, people sold their produce to the co-operative. This happened to a large extent in the milk and oilseeds sector, with greater degree of success in milk than the latter. The other alternative was to take the produce to the local *Mandi*. The *Mandi* was populated by commission agents and they were expected to operate under the regulatory regime of the agricultural produce marketing committee. Markets functioned somewhat efficiently

³ Prahalad, CK [2005] Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits, Enabling Dignity of Choice Through Markets. Wharton School Publishing.

when the APMCs were pro-active and progressive. What *e-choupal* tried to do was to find a market based – rather than a regulation based intervention in the market.

As co-operatives were also trying to find a market led solutions, *e-choupals* broadly operated in the same conceptual space of creating and offering alternatives to the farmers. By offering price data, making quality parameters objective, *choupals* tried to bring in some fairness into the market place. This is the power of organized players coming into the market. *Choupals* tried to redefine the roles of the market functionaries. With the introduction of such a concept in the rural market place, the demand for rural managers started moving from the conceptual co-operative space to organized corporate buying. Thus a typical rural manager would have the satisfaction of working with the farmers, earning a decent salary and the prestige of working with a corporate.

The market regulatory mechanisms like the APMCs in areas where larger players operated transparently became less relevant. Thus we not only see the withdrawal of state sponsored intervention like co-operatives, but also the withdrawal of the state itself. This redefines the role of a typical rural manager working in the commercial space.

On the retailing front, starting with RPG's entry into the retail segment through its erstwhile partnership with Foodworld and later with the entry of players like Big Bazaar, Reliance, Bharti and Subhiksha, there was a demand for managers who possibly understood the food business better. It is also important to note that around this time the graduates of mainstream management institutions had reduced their engagement with these businesses as they migrated to the overseas placement market opening up.

From the 80s when glamorous B-School jobs were in FMCG or advertising, we moved to a situation where marketing as a function itself was not glamorous enough for mainstream graduates. The current movement is towards financial service businesses – particularly investment banks. Rural Management graduates started filling up the gap that was being left by mainstream business schools. As retail chains have a strong linkage with the foods business, rural management graduates naturally seemed to fit the bill.

Let us now examine the growth of financial services [banking, insurance and microfinance] and see what it did to the rural manager. The growth of opportunities in

rural banking is to be seen with a mixed perspective. On one hand, due to the collapse of the co-operative banking system, there were opportunities for the new private sector banks to come in. These banks did not have the branch network in place. Regulation requires that 18% of net bank credit has to go to the agricultural sector. This forced the new generation banks to look at the rural markets afresh. As they did not have the branch network, they had to innovate to reach the small and remote customer. The knowledge of rural management graduates came in very handy in this sector.

While the commercial side of rural markets opened up with part withdrawal of state and part failure of the traditional market intervention mechanisms, the development side opportunities moved in an interesting direction. First the traditional organizations that came into the campus for the graduates remained as they were, without much change. There was no drastic increase in salaries to make the entry attractive enough. Donor funding was shifting towards purposes that could be tangible. More donors were willing to give funding support for the programme and not for administration and establishment. Thus the old NGO sector found it difficult to match up to the growth in salaries of the private sector. In addition, there were two other dynamic aspects worth noting. The developmental side of the commercial organizations opened up in the form of a more fashionable term CSR – or corporate social responsibility. This gave attractive options for the graduates to rationalize on the value orientation, while optimizing on the financial returns and general well being. With the opening up of services sector – there were abundant opportunities for consultants and for people who handed out contracts to consultants – the donors. This market was partly aligned with the international market and distorted the local financial package. The traditional developmental sector not only competed with the markets for talent, but with the non-market players as well.

What happened to the students graduating from these institutions? The direct funding received by the students was replaced with a loan. Students studying rural management had to pay market related fees and eventually recover it through their earnings. The withdrawal of state affected the type of funding the institutions specializing in rural management education indirectly. The overall indication was that there was no need for any subsidies in higher education. The growth of the existing corpus or general research grants that cross subsidised some of the expenses disappeared.

The salary levels of the development organizations did not grow at the same rate of the private sector and opportunity cost in choosing a career in an interventionist role in the rural markets was stark. Over time the markets ended up purchasing even those hearts which were somewhat leaning towards the left of the centre.

Organisations like PRADAN gradually moved away from being a repository of professionals to an action oriented NGO. While there must have been several reasons for PRADAN to make this shift, one aspect was clear. PRADAN was not able to attract professionals at post-graduation levels as it could during its early days. The salary structure outside even in the commercial part of the sector like Amul had so changed that it was difficult for the development sector to compete even in this limited space. PRADAN made a shift to recruit at the undergraduate level and provide on the job training and orientation to their staff. Over the years the strategic shift of PRADAN demonstrated that it was an effective action oriented NGO. The alternatives for professionals in development shrank and the lure of the market was too great to resist.

Coming back to the question as to whether there was a market for the rural management graduates we will have to painfully answer in the affirmative. But the nature of the market has undergone such a fundamental change that it is difficult for us to recognize it from the early days of rural management education. Obviously this would have its pressure on how the institutes are structured. Otherwise the feedback loop would not be complete.

The Dilemma of Rural Management Education

The role of any educational programme is to provide education and not to act as a placement agency. However, every school engaged in management education keeps in touch with markets. The challenge before institutions is to manage the delicate balance between making the programme attractive enough so that good, bright candidates apply, and at the same time live with the convictions and the basic mission for which they were set up. This dilemma was easier to address during the early phases because the expectations were realistic, the opportunities were not diverse and the Institutes delivered on these expectations.

In an open market situation this is increasingly difficult. Several institutions might be in the comfort zone that the placements with the commercial, service and the donor sector are doing well and think there is no reason to panic. This itself may be a cause for worry. After all, as we get more and more globalised and integrate into the market system, the marginalized will be left behind, because they do not fall into the efficiencies of economies of scale. Therefore it is essential that this segment of the market gets rational well reasoned and sometimes value neutral manpower.

The movement towards increasing articulation of language based identity in the political space and identity based fight for resources and opportunities is a step in that direction where fringe elements seem to capture the popular imagination. The deprivations might manifest through violent frustrations [as in case of the Cauvery dispute], if not addressed constructively either by the state, or when the state fails, by the alternative non-governmental sector. This not only needs manpower of the management type, but also of the social science type.

During the early days of rural management education, the question that was constantly asked was how much of it is “Rural” and how much “management”. This was a happy dilemma. The principles of management were to be applied to a context. It was a management programme in that context. The context of was well understood and articulated. However at this point in time, the dilemma is of a different. Rural management is well understood. But the dilemma has moved to the markets. What would dictate the curriculum in such institutes?

When I talk about curriculum I am not only talking about what they deliver in the class rooms, but go beyond to see what we deliver through our choice of organizations and settings. It is here that a possible intervention could be made. The ultimate placement is a prerogative of the graduate and the organisation that is placing him or her. However, the choice of an organisation for internship is be the prerogative of the institution, as internship is an integral part of the curriculum. Institutions more often than not, in order to integrate placements ensure that the internship is designed as a mini-placement. I would think that institutions offering rural management education have to be careful about this, than drift with the student demands and the market pressures.

A good education programme is not about placing students. It is about providing the best education and trust the judgment of the graduates in the type of jobs they pick up. The institutes are dealing with adults who have taken a call to study rural management. They can take a call on how their careers will get shaped. Therefore any rural management programme should focus on the content. However, we cannot ignore the reality of the market place. Ultimately all the students come to the institutes in quest of education not as an end, but as a means towards a job of their choice. Given that there is a fundamental change in the market place, is there something that the institutes need to do in the way they package and offer the courses?

The split between rural management and development studies is more evident than ever. In rural management, it is evident that the slant is more towards commerce and not as an effective intervention mechanism that stabilizes and corrects the imperfections of the market. We possibly have no answers for these issues now. However it is worth asking questions of ourselves so that we have some direction in which we intend to move.

If today, we were to re-look at the choices ahead of a graduate, we find that s/he deals with a diverse set of pulls and pressures. S/he may be willing to be convinced to move away from mainstream business management towards rural management. But having paid a substantial fee – s/he would be under pressure to take up an assignment that will pay enough to lead a decent life as well as service the fee. The graduates possibly do not have the luxury of experimentation, checking options and making an informed choice.

I think the rural management institutions may have to relook at the design of their programmes keeping in view both the aspirations of the students, and the reality of market place. It is fair to assume that there are a good number of capable people willing to make the adjustments to make such career choices. Can institutes channelise these aspirations constructively? If so, how do we recognize and nurture them? How do we ensure that these national assets do not get frittered away? How do we ensure a public accountability to these institutions though legally they might not be bound to be accountable? We possibly need to engage with these questions even more.