

Chapter 4

Emergent Trends in Sustainable Technologies in Thailand: Developing OTOP–Based Manufacturing Capabilities in Rural India

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ABSTRACT

OVOP concept has been one of the keenly studied rural marketing and social innovation concepts in the world. While many countries have successfully implemented this model under various names, forms, strategies and areas; there is still a lot of scope for analysing and carefully implementing this unique business model for the development of Rural Innovation and Social Entrepreneurship. Studies have shown that while the Asian countries like Thailand, Japan, Malawi and even Nepal have successfully implemented this concept and reaped its benefits, some of the nations like India, South Africa and others are yet to follow a methodical approach towards the implementation of this interesting social business proposition. The Kasetsart Journal of Social Sciences has been focussing on developing such capabilities for enhancing social business proposition and understanding the contribution of community involvement in social re-engineering. While lot of emphasis has been paid on developing innovative social ventures for Rural India, a concept like OVOP/OTOP is certainly the need of the hour. In this chapter we intend to investigate the various aspects of an OVOP/OTOP implementation and propose solutions for social business development in Rural India based on the foundations of the OVOP/OTOP concept that has been a pioneer for development of social entrepreneurship across the world.

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INTRODUCTION

Unequal growth in different areas is one of the major problems faced by many developing countries. While the cities and towns tend to develop and grow rapidly with business activity increasing day-by-day in these areas, the rural areas seem to be left untouched by this development. The private business sector does not have any incentive to get into the rural areas and do business there. So the Government has to come up with various methods to increase business activity in rural areas so as to achieve its socialist objectives. One such effort to build capacity and make the rural areas thrive with economic activity is the Thailand Government's 'One Tambon One Product' project also known as the OTOP Project. Under this project, Government has tried to make the rural areas self-sufficient by empowering them to produce and sell certain products that are indigenous in nature and are made through the skill and expertise of the local people. The Government gives these products branding and marketing support and helps in creating a unique identity of the product as being produced by the local communities (Phonsuwan, & Kachitvichyanukul, 2010). The idea is to involve the entire community to come together and develop a product based on their creativity and Thai wisdom and improve the product on aspects such as quality, capital, and technology, markets etc. so that these products are able to create jobs and generate incomes for the local people producing them. This aims at reducing the migration of people from rural areas to urban areas in search of employment opportunities. The long-term goal is capacity building in rural areas to generate income and sustain the population (Denpaiboon & Amatasawatdee, 2012).

OTOP BUSINESS MODEL IN THAILAND

The OTOP Project was started in Thailand by its former Prime Minister Thaksin Shinawatra drawing its inspiration from a similar model in Japan known as the One Village One Product (OVOP) program. Under this program, the Government aims to promote the products manufactured by the locals in the rural areas (Savitri, 2008). The Government reviews the products manufactured by rural people and gives them an OTOP rating which is based on the product quality, manufacturing technology and income and employment generating capability of the product. The rating is given on a scale of 5 and the product which receives a 5 star rating is branded by the Government as a 5star OTOP product. This gives assurance about the quality of the product and makes it capable of competing in the global market. Through this program, the Government aims to increase the competitiveness of such indigenous products so that these could become a long term source of income for the people living in the rural areas (Jaiborisudhi, 2011). As of 2004, 573 products are recognized as OTOP 5 star products. These products are divided into six categories which are Food, Beverage, Textile and Garments, Household and Decorations, Handicrafts and Souvenirs and Herbal Products. The Governments helps the manufacturers of these products by marketing and promoting these products. It helps in creating a global market for these products by increasing their visibility and reach. The products are also promoted through an OTOP exhibition which is held annually called the 'OTOP mid-year'. It also aims at improving the skills, knowledge and expertise of the producers of these products which in turn will help in improving the standard of the product. The main aim is to make the rural communities self-dependent by creating a steady stream of income and

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