

# Capability Approach: A Prospective Basis for Measuring the Entrepreneurial Development Schemes

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## ABSTRACT

*This paper acknowledges the role of entrepreneurship for the development of the process of sustained livelihood. The paper proposes a systematic usage of the 'Capability' approach (Sen, 2000) as the basis of the methodology applied by agencies having objectives in lieu with the process of sustained livelihood, because of the wider applicability and span of this approach. Taking examples of rural non-farm sector schemes of NABARD (National Bank for Agriculture and Rural Development), the proposition of the usage of 'Capability' approach emphasizes the emergence of better criterion for measuring the effectiveness of the implementation of such schemes.*

*Keywords: Capability Approach, Entrepreneurship, Measurement Criterion, National Bank for Agriculture and Rural Development, Sustained Livelihood*

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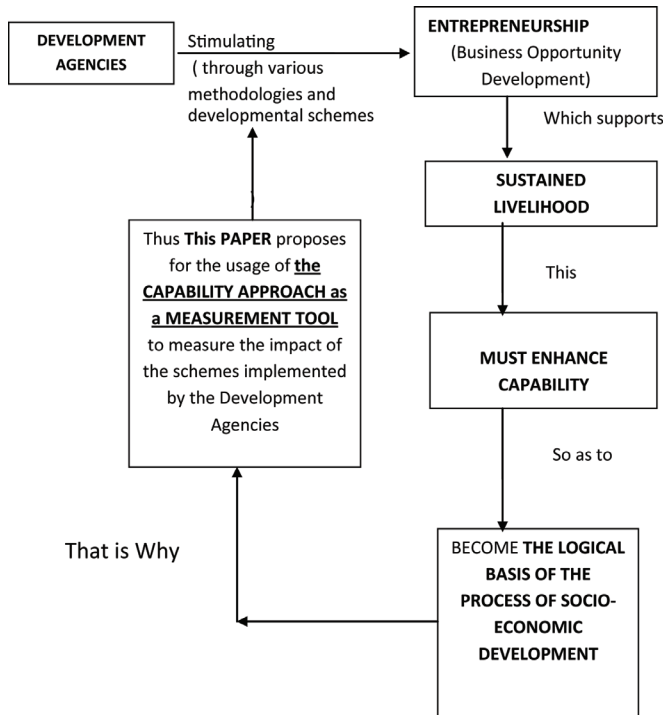
## INTRODUCTION

Capability Approach (Sen, 2000) envisages 'capabilities', 'functionings', 'achieved functionings' and 'agency'. Capabilities mean person's 'ability to achieve a certain set of functionings' (Sen, 2000). Functionings are 'valuable activities and states that make up people well-being' (Alkire, 2005). Other way round, capabilities are what people are free to do and achieved functionings are 'what they do' (Anand et al., 2009). Expanding people's capabilities therefore refers to enlarging their positive choices or

'real freedoms' over functionings. Functionings involves 'working, resting, being literate, being healthy, being part of a community, being respected' (Robeyns, 2003). The substance of the Capability Approach is to expand people's freedom to choose amongst these functionings those that they value the most—these can become their achieved functionings if they so select. According to Robeyns (2003) 'What is important is that people have the freedoms (capabilities) (Sen, 2000) to lead the kind of lives they want to lead, to do what they want to do and be the person they want to be. Once they effectively have these freedoms, they can choose to act on those freedoms in line with their own ideas of the kind of life they want to live.'

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Figure 1. Needs of the beneficiaries



This paper refers to the development of the “Capability” (Sen, 2000) of a beneficiary through and as a resultant of the schemes and projects implemented by the development agencies. By referring to the scheme called DRIP (DISTRICT RURAL INDUSTRIES PROJECT) implemented by NABARD (National Bank for Agriculture and Rural Development) for enhancing the credit flow for supporting the rural entrepreneurship development, this paper is proposing for the usage of “Capabilities Approach” (Sen, 2000) as a measurement criterion to measure the impact of schemes like DRIP so as to design control systems for the better implementation of the present schemes and programmes and development of the further models (schemes and programmes) as per the customized needs of the beneficiaries (Figure 1). The logic which, this paper wishes to refer lies in the definition of the “Capability” itself, which, is defined as ‘a kind of freedom: the substantive freedom to achieve alternative

functioning combinations’, whereas ‘functionings reflect various things a person may value doing or being’ (Sen, 2000).

Thus, the paper approaches with a proposition that if the impact of the developmental schemes and programmes supporting the socio-economic development and its process is measured through the ‘Capabilities’ approach (Sen, 2000), agencies as well as the beneficiaries may actually come to see the exact picture of the extent to which the beneficiary has been benefited (Figure 1). As merely monitoring the number of people touched by the programmes and even the measurement through the criterion of supporting beneficiaries for the efforts (entrepreneurship projects) leading to the sustained livelihood may not be suggestive of the factors which differentiate individuals and groups on the basis of “functionings” (Sen, 2000) so as to lead to the achievement of precise objectives of such schemes.

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