Dear Sir/Madam,

DAY-NRLM completed the documentation of successful business models evolved by various SRLMs through their members of Self Help Groups and federated institutions. A total of 13 business models were studied by a team of distinguished experts from the development sector and academia across nine states viz. Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu, and Telangana.

These business models are relevant to NRLM in the context of livelihoods. You may like to apply these models for the value chain promotion of a particular product. Thus, few copies of these business models are enclosed for your information and wider circulation among your mission staff and partners.

Warm regards,

Yours sincerely

(Atal Dulloo)

To: - All State SMDs/CEOs
Business Models

Livelihoods Promotion
This compendium has been compiled, edited, and printed by Development Management Institute (DMI) to document the different business models for livelihoods promotion. DMI, however, does not bear any responsibility for the content of the case studies. Responsibility for the accuracy, authenticity, and originality of the content, rests with the respective author(s).

**THIS IS NOT AN ACADEMIC PUBLICATION**
It gives me immense pleasure to place this collection of successful “Business Models” evolved by various SRLMs over a period of time through their members of Self-Help Groups and federated institutions. The happiness is also due to the fact that these models present to us various ways and means through which income of the poor women members living in our rural villages can be enhanced in a sustainable manner, which is often recognised as a crucial challenge!

Being a flagship programme of the Ministry of Rural Development, Government of India DAY: NRLM aims at improving the economic capacity of rural households and in particular women members through collectivization, credit access and promotion of various types of livelihood activities. This Mission has been encouraging and supporting diverse business models through the State Rural Livelihoods Missions (SRLMs).

Inspired by the directions received from Niti Ayog, NRLM has commissioned a team of distinguished experts from the development sector and academia to document a few notable businesses models promoted by various SRLMs. The emphasis of the model selection was guided by:

**PROMOTING VALUE CHAINS:** Demonstrated results in working with members, farmers, producers to grow high-value products, products in high demand and also work with private-sector or market agencies to earn higher price or profits.

- **INSPIRING SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT:** Effective market-led approaches for increased income for target groups, sustainable production/farming practices and improved credit linkages.
- **PROMOTING ENTREPRENEURSHIP:** High impact of training and skill development leading to setting up of productive enterprises, employment or creating additional sources of income.

I thank all the experts who have done the study and provided us the report. I also thank, Professor Raju and his team from Development Management Institute for the professional support in compiling the Case Models and participate in the workshop. Their support is gratefully appreciated.

I am sure this compilation would deeply enrich interactions on the models presented and more importantly provide opportunity for working further on these models for creating better income opportunities for a large number of rural poor women.

Atal Duloo
Joint Secretary and Mission Director
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Hemnath Rao H

Hemnath has a degree in agricultural sciences and studied at the Durham Business School for his MBA as a Nehru Fellow of the Foreign and Commonwealth Office, UK. He earned a doctorate from the JNTU, Hyderabad for his research on the strategic management practices of Indian businesses. He served the National Co-operative Development Corporation for eight years before joining the Administrative Staff College of India (ASCI). He founded the Strategic Management Area at ASCI and was also founder Director of the Centre for Poverty Studies and Rural Development, besides serving as the Dean of Management Programmes for one term. He has designed and delivered programmes in strategic management for senior and top management of PSUs and large private sector enterprises, entrepreneurs and managers of Small and Medium Enterprises (SMEs) and for senior civil servants of All India and Central Services. Prof. Hemnath has been actively consulting with the Commonwealth Secretariat, UNDP, The World Bank, EU-CDE, SPARK and other international organisations across continental Africa and the South Pacific Region.

His areas of academic interest include strategy; corporate, academic and good public governance; social enterprise and strategic leadership addressing the convergence of best management practices across business organisations and not for profit development institutions.

Mallika Nawal

Mallika is a Ph.D.* in Consumer Behaviour from IIT Kharagpur. Apart from her passion for teaching, she is a prolific writer with four management books and one work of literary fiction to her name. While her management books serve as prescribed textbooks at several institutes/universities across India, her literary fiction on 'Gender Vulnerability' was nominated for The Hindu Best Fiction for 2014. She is also a regular columnist for Swarajya magazine with a dedicated column in every issue, where she writes about burning socio-cultural and socio-political issues. She also contributes articles to different media houses that span web-based blogs, magazines and newspapers. She has over 7 years of teaching experience and about 2 years of corporate experience. Prior to joining DMI, she has taught at Xavier Institute of Management Bhubaneswar, S. P. Jain Center of Management Dubai and IIT Kharagpur. She has also served as visiting faculty for training administrative officers, at Gopabandu Academy of Administration Bhubaneswar. She also serves as an Advisory Board Member on the Sahoo Foundation for Global Development and as a Panelist on the WHO’s Network of Experts of Psycho-Social Working Conditions in Developing Countries.

Abhay Avichal

Abhay is a seasoned professional and holds a Masters degree in Business Administration from Gautam Buddha Technical University. In just a career span of 6 years, he has worked across sectors handling multiple projects independently, which not only showcases his excellent promotional as well as operational management skills, but is a standing testament to both his efficiency and effectiveness. However, despite his steep rise in corporate India, he soon realised that his true calling lie in living his eternal dream of contributing towards the development of his society. Thus, leaving behind a lucrative career in the corporate, Abhay joined the Development Management Institute, where he has been instrumental in carving several milestones. His tenacity and spirit is further complemented by an innate sense of diligence and creativity.
1.0 Introduction

1.1 The Deen Dayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) - a Unit in the Ministry of Rural Development (MoRD) - has been working towards alleviating poverty through the promotion of sustainable livelihoods amongst the rural poor by organising as well as empowering women Self-Help Groups (SHGs) in villages across India. In order to achieve their mission, they have been encouraging and supporting diverse business models through the State Rural Livelihoods Missions (SRLMs), who themselves are at various points of institutional growth and maturity, depending upon the range and repertoire of the livelihood-based businesses they are able to plan, support, stabilise, and sustain in their respective states.

1.2 With a view to map and document the processes of: (a) idea generation, (b) opportunity recognition and evaluation, (c) value chain analysis, (d) revenue modelling, and (e) the supporting ecosystem that helps operationalise the livelihood enterprises, the DAY-NRLM commissioned a group of professionals and academics to undertake a documentation study of various business models across select states. Post the documentation, the respective authors and the SRLM representatives were invited to share their experiences and findings at a one-day workshop organised by the NRLM-MoRD in collaboration with the Development Management Institute (DMI), Patna and the National Institute of Rural Development (NIRD), Hyderabad on 2nd September, 2016 in PUSA, New Delhi.

1.3 This overview presents a summary of: (i) the intervention logic, (ii) methodology for documenting the business models, (iii) value chain analysis, and (iv) key lessons and outcomes for each of the fourteen business models that were presented during the workshop. Furthermore, it is imperative to point out that in order to maintain brevity, the compendium - even though has strived to provide a brief overview of each of the fourteen business models - may have failed to capture each and every nuance of the business model.

2.0 Methodological Framework

2.1 As discussed during the inception meeting organised by the National Institute of Rural Development and Panchayati Raj (NIRD&PR) and the subsequent Terms of Reference (ToR) issued by the NRLM, a participatory methodology was adopted while documenting these fourteen business models. Prior to the primary study, a comprehensive secondary study was carried out in order to assess the industry wherein a particular business model operated, which also included a critical analysis of documents maintained by the respective SHGs and SRLMs that helped the authors understand the business case and its usefulness in promoting sustainable livelihoods.

2.2 Furthermore, Focus Group Discussions were conducted with members of the SHGs, along with interviews with SRLM functionaries and other stakeholders. In addition, photographs from the field work and anecdotes from the lives of those who have been benefitted through these livelihood interventions, have added a compassionate touch to the documentation project.
Thus, based on the information collected through primary and secondary sources, authors went on to document the value chain for each business model, wherein some even adopted the value chain approach to identify the cost drivers and value addition, which was analysed as proportion of the end price realisation per unit of the product sold.

### 3.0 Categories of Business Models for Livelihoods Promotion

#### 3.1

The fourteen business models were categorised by DMI into five individual cohorts, based on the nature of livelihood activity and the sector or industry that the businesses seemed to represent. The five categories (Table 1) were thereafter labeled as:

- Dairy based Livelihoods
- Agriculture and Horticulture based Livelihoods
- Livelihoods Supplementing Human Nutrition
- Microenterprise based Livelihoods and
- Service based Livelihoods

This categorisation may be seen as a seminal attempt at developing a taxonomy of rural livelihood interventions for adoption by all stakeholders in the long run.

#### Table 1: Categorisation of Business Models for Livelihood Promotion (BMLP)

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<th>Categories</th>
<th>States</th>
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3.2 As is evident from the table above, nine different states and SRLMs were selected from across the country in order to create a substantial experiential learning through a nation-wide coverage of livelihoods. Furthermore, the mix not only included businesses and enterprises that catered to the domestic market, but also those that had forayed into the foreign markets.

3.3 Thus, a common thread that runs across these business models is a spirit of collective entrepreneurship amongst the SHGs and their well-documented ability to create value with reasonable support from the state and local governments.

4.0 Identification and Scoping of Value Chains

4.1 Thus, the starting point for livelihood promotion began with the identification and scoping of opportunities along the product and commodity value chains, from the most traditional agriculture- and dairy-based opportunities to the more mechanised skill-based micro-enterprises, which even included modern support services like the provision of IT services, which too have been identified as opportunities for livelihood promotion. While documenting all these business models, the authors have resorted to different approaches to value chain analysis, while conceptually adhering to a generic value chain model.

5.0 Business Models for Dairy-Based Livelihoods

5.1 The dairy sector clearly stands out as a sustainable source of livelihood opportunities for women SHGs, both individually as well as collectively! It offers a promising potential for expansion along the entire value chain, from pooling and cooling of milk to high-value processing. Moreover, the members of the SHGs have not only demonstrated considerable acumen in handling milk-related operations like milk collection, testing, storage and transportation, but have also displayed a flair for managing assets such as bulk milk cooling units. Thus, with the help of stronger backward and forward linkages, there is much scope to enhance both the scale as well as the scope of women involvement, which shall help improve the livelihood opportunities for the SHGs at one end while releasing the personal time and organisational resources of higher-level institutions on the other, which will enable these institutions to concentrate on more productive and value-adding products and services. Thus, the three business models included in this section cogently illustrate the role of women in enhancing the value-chain efficiency of the dairy sector while improving their livelihoods.

6.0 Business Models for Agriculture and Horticulture-Based Livelihoods

6.1 The two business models in this section, reinforce the potential for women to involve themselves more actively in the agriculture as well as the horticulture value-chain, particularly in the context of producer organisations that are being promoted to enhance post-harvest returns. The Aranyak Mahila Agri Producers Company in Purnea district of Bihar has shown how organised producer groups of women can benefit from higher price realisation on the produce by participating in the spot as well as forward markets at commodity exchanges like NCDEX. Furthermore, the pioneering use of mobile telephony services for disseminating price-related information on a dynamic basis among the producer members, has enhanced their bargaining power vis-à-vis the private traders. Furthermore, electronic weighing scales, moisture meters and other support services like payment through direct bank transfers has helped check unfair practices like under-weighing, delayed payments, etc.
While this model is replicable across more commodities and geographies, the other hub-and-spoke model of labour-intensive Cashew Processing highlights the scope for organised rural women to benefit from participation in horticulture value-chain. This model can be extended across other agriculture and horticulture commodities where labour-intensive pre- and post-harvest operations can be performed by organised women groups.

6.2 The ‘Saphalam’ model of livelihood through cashew processing, as promoted by the Kudumbashree Mission in the Kasargod district of Kerala, revolves around a value chain operation which begins from procurement of raw cashew nuts and ends with retailing packed nuts under the brand ‘Paranky’. The participating members of the group, interestingly, beget their livelihood support as wage labourers by participating in all operations across the value chain, that is, starting right from (a) the procurement of raw cashew from farmers to (b) manually processing the nuts through boiling to (c) cutting, drying, peeling to (d) grading on a piece-rate basis to (e) delivering the stock for packing and marketing to their central cashew processing unit. In addition, the women members also help in door-to-door marketing of the packed and branded cashew.

7.0 Business Models of Livelihoods Supplementing Human Nutrition
7.1 The two successfully-implemented futuristic models under this section, i.e. one for meeting the nutritional needs of children and the other for addressing the nutritional requirements of the poor and marginalised in rural areas, demonstrate a high potential for replication across the country. The business model of Amrutham Nutrimix, another livelihood project of Kudumbashree, is unique in terms of its potential value addition, for it allows the convergence of a food supplement along the nutrition value chain that helps meet the programme objectives of the Department of Social Welfare and ICDS in addressing the issues of child nutrition. The CPCRI’s contribution to the value chain in terms of developing the nutrition formulae and food supplements for various age groups of children and adolescents, is quite substantive in making the business model viable. While the backyard poultry project is helping meet the protein requirements of rural people living at subsistence levels by helping them rear poultry birds. The overlapping feed value chain has also shown a tremendous potential to support livelihoods of the rural poor, provided that better facilitation can be arranged in terms of the market linkages between feed suppliers and the poultry farmers.

8.0 Business Models of Micro Enterprise-Based Livelihoods
8.1 Micro enterprises have been significant in generating employment at all levels across the world. The five business models under this section, cover three significant products, which are in perennial demand across different cross-sections of Indian society and two products that help add an aesthetic value to households. The success of the hill-broom and incense sticks in Odisha and apparel production in Madhya Pradesh points to the untapped potential of micro-enterprise based livelihoods, which can help meet the demand for these products across the country. In short, these micro-enterprises can be successfully replicated, and with innovative organisational forms, can be scaled up considerably. The two products from Tamil Nadu, viz. Terracotta and Palm Leaf Products, occupy a niche market and have the potential to be positioned as premium products, especially amongst upmarket customers.
8.2 The apparel making intervention by the Madhya Pradesh SRLM in Mandla and Barwani districts helped train 10,000 SHG members in tailoring and furthermore linked these SHGs to the district education authorities for supply of school uniforms, which thus helped in creating a value chain based livelihood support that spanned from fabric to finished garments.

Whereas in the case of Incense Sticks, the consumer end of the value chain (i.e. from finished product to retailing) was taken over by ITC, which helped in integrating the SHGs with ITC’s supply chain in co-ordination with the Orissa SRLM (OLM) and the Orissa Rural Marketing Society (ORMAS).

8.3 The Tamil Nadu SRLM in collaboration with the Tamil Nadu Women Development Corporation have leveraged the traditional and cultural skills and materials of vocational groups like potters in the Villupuram District and other women’s groups in Vellore district to generate livelihoods by exploiting the value chains for making terracotta and palm leaf products. Thus, with support across the value chain, i.e. from (a) procurement of quality clay and sand to the (b) designing, moulding, dyeing and polishing to (c) reaching the domestic and international markets, each potter family is able to earn around Rs. 10,000 to 25,000 per month. Similarly in the case of palm leaf products, the value chain extends from the procurement of palm leaf to its chemical treatment, cutting, product design and production to marketing in local, national and global markets.

8.4 Another livelihood opportunity in the micro-enterprise category, as promoted by the ORMAS and the OLM in the Rayagada and Gajapati districts, is the ‘Hill Broom Production’ where the SHGs control almost the entire value chain, i.e. from collection of raw broom grass from fringe forest patches to drying, bundling, metal wire/plastic rope binding and even its wholesale and retail marketing. Each member of the SHG is thus able to earn a minimum of Rs. 200 per day. Moreover, if the traditional rights of the tribal families to access the hill grass freely are restored with adequate research and development support along the entire value chain, the ‘Hill Broom’ business model has the potential to support livelihoods in most parts of the country.

9.0 Business Models of Service-Based Livelihoods

9.1 The two models of support service enterprises included in this section - i.e. Unnati IT Services Enterprise Consortium in Kerala and the Business Facilitation and Local Market Development in Maharashtra - are also quite interesting. First of all, the business model based on the IT service enterprise - which is yet another Kudumbashree initiative - has brought the entrepreneurial spirit of women to the forefront. This model offers livelihood support to high-school educated urban women, who can participate in an IT-based value chain that spans right from (a) internet cafe services to (b) desktop publishing support to (c) back office services like rail reservations, and (d) E-governance support to district administration and state government departments. This model in particular has the potential for wide-scale implementation for women empowerment.

9.2 Business facilitation and local market development efforts initiated in Maharashtra, has opened up a service-chain of livelihood opportunities that has been built around the local village economy. Especially, since the training and skilling of rural youth in areas like book-keeping, data entry, para veterinary and basic agriculture extension services is expected to empower the youth to find self-employment opportunities within the villages. The more interesting aspect of this project has been the training imparted in order to create a cadre of micro-enterprise consultants (MECs), who are envisioned to play a catalytic role in strengthening the emerging rural economy through micro-enterprise development.
This project, therefore, has also carried out scoping studies for organising weekly haats where the SHG members could find a platform for marketing their products while also being able to buy their daily requirements without having to travel longer distances. Thus, the rural business facilitation model opens up a service value chain for rural livelihood support by generating opportunities for educated rural youth to serve as rural accountants, data entry operators and micro-enterprise development professionals, along with a strategic revival and expansion of weekly haats that can provide support to local village economy, by providing a marketplace platform for farm and non-farm products.

10.0 Scalability and Replicability

10.1 Most business models discussed above can be scaled up for wider beneficiary coverage. More importantly, they can be replicated in other places with similar social, economic and natural resources environment. The dairy based livelihoods clearly stand out in this regard in terms of both scalability and replicability, be it from the perspective of a limited value chain participation such as milk pooling and cooling to higher value addition further up the value chain. Thus, there is much scope for the SHGs to enlarge the size of business operations in terms of both quality as well as quantity of milk procured, which effectively means that the federal cooperatives and collectives such as the apex dairy cooperatives and milk producer companies, can rely more on these SHGs for milk procurement, which will help them reply their institutional resources more productively along the value chain.

10.2 The Jeevika models of producer groups for maize and backyard poultry in Bihar are also scalable and replicable as highlighted by the business documentation studies. However, while the backyard poultry model has already been rolled out across 534 blocks of 38 districts in Bihar, the producer group model of livelihood support to maize growers in Purnea district needs to be further observed for two or three seasons to see how well the members would be able to realise the intended benefits. Thus, the benefit of higher price for the produce that the Aranya Producer Company could achieve through integration with NCDEX operations deserves serious attention of all stakeholders engaged with promotion of rural livelihoods. Hence, all service sector and skill based micro-enterprise oriented livelihoods offer lessons for both scalability as well as replicability provided that similar factor and demand conditions are available. The case of the hill broom is unique, however, as the value chain favours the participation and empowerment of tribal women and this model should, therefore, provide motivation to identify more natural resource based livelihood opportunities that are both economically and ecologically sustainable.

11.0 Impact and Sustainability

11.1 Many models documented by the authors have demonstrated an economic as well as institutional impact on the livelihoods as well as the entrepreneurial and institutional profiles of the SHGs and producer groups, where such groups have emerged out of the SHGs. Both the Shreeja and the Jadcherla based BMCUs have generated significant social impact by way of empowerment of the SHGs, who were able to develop a retail marketing network for liquid milk on their own as showcased in the case of the former and some level of ‘social capital’ as highlighted by the latter. Similarly the cashew processing business model highlights the entrepreneurial and risk-taking ability of the women workers, where a group of women work to procure and process raw cashew on their own, only to earn the equivalent of a wage.
11.2 In the Amrutham Nutrimix model, the women groups are developing food supplements, which are often positioned against and compete with international food brands. The apparel makers group in Thikri too, who have no institutional support unlike their counterparts in Tikariya, have displayed very much the same sense of entrepreneurship. Powerful lessons for creating impact on livelihoods from minimal investments also manifest in the model for ‘Business Facilitation and Local Market Development’ although this initiative is still a ‘Work-in-Progress’. Integrating the women groups into the supply chain of a large corporate like the ITC for making incense sticks is another good lesson of sustainability, which may be achieved through corporate partnerships. Furthermore, the initiative of reaching out to skilled urban women groups as in the case of Unnati model, demonstrates sustainability of livelihood models that can move up the value chain after initial training and infrastructure- and business-support from government institutions.

11.3 In terms of sustainability, as already stated, the hill broom grass is a significant model not so much in terms of replication, but more so as a means for providing motivation to search for similar models of economic and ecological sustainability, particularly in the natural resources sector. The dairy and the agriculture/horticulture based livelihoods also offer good models of sustainability which will have a far reaching impact on livelihoods so that the producers are able to bargain for a better price for their produce and are able to secure their livelihoods with greater dignity by pursuing wage earning opportunities within an entrepreneurial framework. The two models of making handicrafts and value-added products from terracotta and palm leaf materials in Tamil Nadu come across as interventions that leverage traditional heritage-based skills that too make an impact on the livelihoods of SHG members and which are, more importantly, fairly sustainable since the beneficiary participation is on the growth trajectory.
Contributors’ Profiles

Srinivas Chekuri
Srinivas Chekuri is a post-graduate in rural development and business management, and is engaged in rural development for about twenty years. He has been associated with several grassroots NGO groups, SHGs, their federations, FPOs, donor agencies, Government agencies, and academic and technical Institutions working for rural poverty mitigation and empowerment of women. His contributions to these institutions cover livelihood promotion, skill development, business enterprise development, value chain analysis, market facilitation, capacity building, technical services such as project design, studies, project evaluation, documentation, etc. He has carried out so far 26 technical studies on various themes, independently and in teams. In addition, he has also prepared several training modules, annual reports, and technical papers and newsletters, and authored books.

K P Suresha
Starting his career as a lecturer in English, Suresha opted to become a full-time Organic farmer in Western Ghats for two decades. He works with farmers of rain fed areas of Karnataka, and has been instrumental in implementing the first pilot of MKSP in Karnataka. He has been working with NGOs, and farmers’ groups as a consultant. He has also been writing on rural development and agrarian issues in Kannada for the last two decades and has brought out a few studies on sustainable agriculture, agrarian crisis, and failure of BT Cotton in Raichur.

Srinivas Surisetti
Srinivas Surisetti is an Assistant Professor at Tata Institute of Social Sciences, since 2011, and has a Post graduate and Doctoral degree in Social Work. Currently he is the Chairperson of Academic Programs and School of Vocational Education at TISS-Hyderabad Campus. Srinivas is an empanelled National Resource person of NRLM cell at NIRD-Hyderabad. Prior to his engagement with TISS, Srinivas was associated with both Government and Civil Society Organizations such as APRL-GoAP, APMAS and BASIX-Hyderabad.

His interest areas include Institution building, Microfinance through women Self Help groups, and Skill building towards Livelihood Promotion. For about 15 years he was engaged in capacity building of various stakeholders, Research and case documentation. He organized Seminars and workshops as learning platforms for both practitioners and academia contributing to knowledge-building and development of curriculum pertinent to rural livelihoods. Srinivas has anchored research studies on AP Rural Livelihoods, Savings Behaviour of the Poor, and a Scoping Study towards establishing a National level Livelihood Resource Centres in South Africa and Mozambique for the Ford Foundation.

Amrita Dhiman
Amrita Dhiman holds a Bachelor degree in Agriculture from G. B. Pant University of Agriculture & Technology, Pantnagar and a PGDM with specialisation in Agri Business Management from VAMNICOM, Pune, where she had been awarded the Chancellor’s Gold Medal for being the all-round best graduating student of GBPAUT. She brings with her an extensive field experience and understanding of working with corporates to government institutions including public administration for more than 7 years. She started her career with a field job of Marketing & Recovery officer with State bank of India. Post her masters, through campus placement she joined Karvy Comtrade Ltd. at Hyderabad and established herself as a Research Analyst for agri commodities. While working with Mahindra & Mahindra Limited at Mumbai, she has been involved in strategic planning, implementation, corporate communication, marketing and branding activities. Prior to joining DMI, she has been working as a Prime Minister’s
Rural Development Fellow (PMRDF) in Bihar. As PMRDF she has functional in a lot of schemes like MGNREGA, IAY, SBM, PMAGY, NSAP etc. The most explicit role played is of documenting the initiatives, taken up in the district for improved governance and outreach. Different articles written by her about the initiatives have also been published in government newsletters/websites like "Kaam Mango Abhiyan" in Samriddhi newsletter of RDD. A number of articles written by her has been published in Invest & Harvest & The Finapolis.

Prof. Amrita’s interests include Farm and Off-Farm Livelihoods, Agri-Business Management, Initiatives to increase the outreach of government schemes, Convergence, e-governance, Leadership and governance at the grassroots.

E N Reddy

E. N. Reddy, an alumnus of Institute of Rural Management, Anand (IRMA) and A. P. Agricultural University, Hyderabad, has over 31 years of rich and varied experience as a practitioner. He has worked with several organisations like the National Dairy Development Board (NDDB), Ohara Vegetable Oil and Foods Company, and Mother Dairy Fruit and Vegetable Company, prior to his joining DMI. During his association with these organisations, he was involved in promoting and managing Dairy/Oilseeds grower’s cooperatives and has also served as Chief Executive Officer (CEO) of an integrated edible oil manufacturing and packaging unit for ‘OHARA’. Prof. Reddy later worked with a Hyderabad-based company for promoting grain storage among farmers and provision of Agri. input and extension services. He also had a brief stint with an NGO working towards ecological restoration and conservation of land and water resources in the country. During this period, he had been focusing on Project performance monitoring and strengthening of organisation's systems and procedures.

Prof. Reddy's current interests include Management of Collective Enterprises; Agri-Business Management.

Sridhar Telidevara

S Telidevara holds a Ph.D from State University of New York, University at Buffalo. He has several years of experience in the steel industry, developmental research and teaching experience prior to joining DMI. His primary research interests are livelihoods monitoring and evaluation, discrete choice modelling and financial inclusion.

His teaching interests include Production and Operations Management, Research Methods, and Developmental Economics. He has published three papers in international journals and contributed three chapters to a book on Micro-finance: Challenges and Opportunities.

He is interested in Livelihood Promotion through Skill Development and Social Entrepreneurship, and Health Care.

K V Raju

K V Raju is an alumnus (second batch: 1981 - 83) of the Institute of Rural Management Anand (IRMA), and has about ten years of field experience in Development Cooperation, followed by 20 years of academic engagement. He was a Visiting Fellow at IRMA and later joined as a Faculty in the General Management area in 1994 and continued till March 2014. Prior to joining IRMA, he worked with National Dairy Development Board (NDDB) for a brief period, and then with Samakhya and Multi Co-ops’ Association. He worked closely with farmers to organise co-operative structures to collectively pool, process and market farm produce. During this period, he offered comprehensive business and management training programmes, and counselling Services to PACS and producers’ organisations.

He was also engaged in field-based action research activities.

Prof. Raju’s current interests include Participatory Governance and Management of Resources, Collective Enterprises for Sustainable Livelihoods, Social Entrepreneurship, Values and Ethics in Management and Development Cooperation.
G Krishnamurthi

G Krishnamurthi is a mechanical-cum-aeronautical engineer-turned management professional, and an alumnus of IIM Bangalore. During his career spanning about 44 years, he was initially associated with several design and development programmes in aeronautical and chemical engineering for about 23 years, and subsequently moved to IRMA as a Faculty member. He also had an opportunity to establish and lead Indukaka Ipcowala Institute of Management at Changa, a village near Anand. During his academic career at IRMA and Changa, he worked with many development organisations, Government Departments and a few international donors and institutions, by providing them management support and training and developing hundreds of their executives/managers through MDPs, predominantly in the areas of Project Design and Management, Management of Agro-industrial Projects, Materials Management, and Corporate Action for Community Development. He is a regular visitor to a few premier institutions of higher education in India, and is a strong believer in the immense potential of youth, optimistic of the future of India in the hands of today's youth.

His current interests revolve around design and management of development programmes and projects, and organisational and project leadership.

Dr. Yaparala Gangi Reddy

Dr. Yaparala Gangi Reddy is a Professor at NIRD, with 32 years’ experience in teaching, training, and research. He holds M.Com, LLB, and Ph.D. degrees and a Diploma in Industrial Relations and Personal Management. Reddy's areas of interest span micro enterprises, agro-industries, rural technologies and rural infrastructure, technology transfer, marketing, participatory approaches to development, cluster approach to self-employment, child labour, women empowerment, and youth development. His professional affiliations cover Khadi and Village Industries Commission, National Productivity Council, CIRDAP (Dhaka), VV Giri National Labour Institute, Institute of Applied Manpower Research, AN Sinha Institute of Social Science Research, IISc. Bangalore, CSV Wardha and ARTI, Pune. His association with several action research projects covers: Basic Infrastructure Needs and Livelihoods Enhancement in Appapur, Mehaboobnagar, Telangana; Institutional Synergy at the grassroots level in two villages of Rang Reddy District of AP; two similar projects, one in a village of Jhansi district (UP) and the other in Nizamabad (AP); and Full employment for at least one member in each family in Moinabad Mandal of Ranga Reddy district (AP). He has developed a keen interest in promoting several grassroots community-based organizations for participatory rural development. As a trainer, Reddy has been associated with preparation of training manual for rural masons under PMAY (in association with MoRD and Construction Skill Development Council of India); training programmes for the district officials, Principals of Community Polytechnics, PRI representatives, Bank officials, NGOs, etc., involved in rural development; international training programmes conducted by the faculty on rural industry promotion in developing economies; training-cum-study visits of SAMRUDHI officials from Govt. of Sri Lanka; and one week module of an international training programme of the Institute of Applied Manpower Research (IAMR). He has written eight books, twenty research articles, forty case studies and six book chapters.

Dr. Surya Bhushan

Dr. Surya Bhushan brings with him nearly eleven years of experience in analytics consultancy, before moving to DMI. He did his doctoral studies in economics and is an alumnus of CESP, JNU. He has worked in the marketing analytics domain at Accenture Digital for more than 9 years, where he worked for some of the top Fortune 500 global companies, spanning retail, telecom, FMCG sectors, etc. Prior to this, he had been associated with the Centre for Monitoring Indian Economy Pvt. Ltd. (CMIE) for more than a year, where, he had done consultancy with policy makers for the banking industry. He is a strong believer in the immense potential of youth, optimistic of the future of India in the hands of today's youth.
makers at the Ministry of Finance, Planning Commission, and was also part of the editorial team of Indian Express. Dr. Bhushan's current interests comprise understanding the Endogenous Development, Livelihoods and Well-Beings, sources of Agricultural Productivity Growth, and Marketing Analytics. He has published articles in several leading refereed journals, like Indian Journal of Agricultural Economics, Arth Vijnana, Indian Economic Journal, and Agricultural Economics Research Review. He has also authored a book, *Agriculture and Environment in India*, published by New Century Publications.

Prof. Bhushan is interested in micro-economics, macro-economics, econometrics, marketing analytics, agriculture productivity and growth.

**Dukhishyam Kar**

Dukhishyam Kar is an agribusiness and rural development consultant with professional experience of about twenty years. A post graduate in agribusiness management from the National Institute of Agricultural Extension Management (MANAGE), Hyderabad, he had worked with private agricultural input companies in marketing function and has understanding of the rural market dynamics in India. He had also worked as a key facilitator in promoting agricultural technologies developed by Jawaharlal Nehru Krishi Vishwa Vidyalaya (JNKVV), Jabalpur for rural entrepreneurship development, as a part of a World Bank funded project. He is a consultant and has carried out projects related to rural marketing, rural development, crop estimates and agribusiness market research.

**Rohini Kumar Sahu**

Rohini Kumar Sahu hails from Odisha and is located in Delhi. He is a graduate in Natural Science and is further educated in agri-business and rural management. With a work experience close to two decades, he believes strongly in supporting development organisations in which members’ skills and capacity help them earn their livelihoods through market-based surplus generation. An advocate of ‘for-profit’ concepts and practices for sustainable livelihoods, Sahu is passionate elimination of dependence of communities on charity, and the attendant commercial exploitation. His contribution to communities covers generation of ideas, promotion of enterprises and programmes, and extension of business development services. He visits several educational institutions and professional organisations to inspire and be inspired by academics and students.

**Jitesh Kumar Panda**

Jitesh Kumar Panda is a development practitioner with more than twenty years’ experience and has worked in different states of India, and in Nepal, Bangladesh and Thailand. His expertise is spread across thematic areas like livelihoods, microfinance, microenterprise development, value chain development, natural resource management (NRM), watershed development, agriculture extension, sustainable agriculture and disaster management. He started his career with a field-based Civil Society Organization (CSO) and has co-promoted another CSO. He is currently working as a freelance development consultant. Panda holds a Post Graduate Diploma in Rural Management (PGDRM) from Institute of Rural Management, Anand (IRMA) and is a Graduate in Fishery Science from Orissa University of Agriculture and Technology (OUAT).

**S S Jaideep**

S S Jaideep is a Participatory Development Practitioner with more than 27 years of experience and has facilitated an empowering process among advantaged people. He is the Chief Mentor and Chief Functionary of two startup NGOs, Janyojana and Skills Foundation, focusing on sustainable knowledge initiatives for augmenting the livelihoods of disadvantaged communities, and reviving traditional knowledge systems for integrating with market economy.
He had earlier worked as Director, Social Development, Andhra Pradesh Capital Region Development Authority, Government of Andhra Pradesh, which was engaged in employment, entrepreneurship development, education, health, pensions, old age homes, and Anna canteens.

His contributions to development comprise, among others, competencies enhancement of communities to access services and resources for improvement of their household incomes; documentation of community vision and its impact; development of livelihood plans for tribals, dalits, women, persons with special abilities, migrants workers, child labour families; facilitation of employment to disadvantaged youth through skill training programmes; facilitation for establishing Mutually Aided Cooperative Societies as Producer groups among Tribal, Fisherfolk, Dalit communities; and membership of India Synthesis Report for World Development Report 2000/1.

**Vivek Vyas**

Vivek Vyas is currently based in Delhi and is working with Centre for Science and Environment. He has 12 years of experience, working at various levels of development interventions such as Consulting, Project planning and implementation at the Grassroots, Collaborative Research, and Policy advocacy. He is a management graduate and an alumnum of IRMA (2004 batch). In 2014, he was a UNEP fellow, pursuing a 6-month course called “Diploma in Environmental Management” From CIPSEM, Technical University, Dresden, Germany. In 2011, he was a Fulbright visiting scholar at the University of Michigan, Ann Arbor, USA. He has been working as a freelance consultant since 2012 with a consulting experience that spans more than 8 years. During 2004-2011, he was involved with the Udaipur-based grassroots organisation, Seva Mandir as a Programme Coordinator for their Joint Forest Management programme and Van Utthan Sangh (a federation of forest protection committees of 150 villages). He also helped establish the Land Research Cell at Seva Mandir which undertakes research on CPRs. During 2015-16, he was associated with the Dehradun-based NGO, People’s Science Institute, as a retained Consultant and was in-charge of their Bundelkhand programme - Gram Swaraj Abhiyan, where he initiated various micro-enterprises.
Dairy based Livelihoods
Abstract

Chittoor district is known for its impressive livestock population and rearing milch animals is a household enterprise for majority of the small farmers in the district. The Chittoor District Milk Producers Union Ltd., popularly known as the “Chittoor Dairy” was established in 1969 with 6000 litres processing capacity per day which went up to 2.5 lakh litres per day (LPD) in 1989-1990. Due to slump in the prices of milk powder, the dairy could not pay the farmers for the milk procured from them and as the losses mounted up, the unit finally shut down its operations on 31-08-2002. At the same time, a number of private dairies came up following liberalisation of the economy and their number in the district increased from 16 to 37 between 2000 and 2005. Due to a prolonged drought and consequent crop failures, more farmers started keeping cows for their livelihoods and were selling the milk to private dairies. As the Chittoor Dairy remained sick, the private dairies grouped into a syndicate and began exploiting the milk producers without enhancing the milk price till 2005. The milk producers got vexed and approached the district authorities -the District Collector and the District Rural Development Agency (DRDA) seeking help to get a remunerative price for their milk. The district authorities in turn sought intervention of the National Dairy Development Board (NDDB), which established the Shreeja Mahila Milk Producers Company Limited (SMMPL) as part of its National Dairy Plan- Phase One. The SMMPL operates across Chittoor and adjoining Anantapur districts of AP.

In order to help women members of the Self Help Groups (SHGs), DRDA came forward to establish Bulk Milk Cooling Centers (BMCUs) in the district, managed by Mandal Mahila Samakhyas (MMS) to enable timely chilling of the milk at the production clusters itself to prevent spoilage of milk. By the end of March 2016, a total of 116 BMCUs were established in the district by DRDA, each with a daily milk chilling capacity between 3000 and 5000 litres. The BMCUs procured milk from the village-level Milk Pooling Points (MPPs) and chilled the milk to 4 degree Centigrade before supplying to the Balaji Dairy, a subsidiary of Mother Dairy, promoted by NDDB. The SMMPL also has its own retail network for marketing liquid milk under its own ‘Shreeja’ brand and only the excess milk is transferred to Balaji Dairy. A total of 56,640 women milk producers have benefited from SMMPL’s milk procurement and marketing, covering the dairy value chain from production to milk chilling and retailing as well as making bulk supplies of milk for higher value-added processing at the Mother Dairy Unit- Balaji Dairy.

Each of the 2200 MPPs that facilitate primary milk collection are managed by a member of the SHG who is designated as ‘Palamitra’ (Dairy Friend) and these functionaries are trained to operate the fully automated weighing and quality testing equipment for determining fat and SNF content in the milk, based on which price to be paid to the milk producers is decided. Besides supporting the livelihood of the SHG members, who earn Rs. 57 per day per lactating cow, the SMMPL makes a margin of Rs. 2 per litre of milk supplied to the Balaji Dairy and a much higher margin on the milk directly marketed by the Producer Company. The daily procurement is already at a level of 2,57,000 LPD, which works out to an average of 4.50 LPD per member.
1.0 Genesis of Shreeja MMPCL

National Dairy Plan Phase I (NDP I) is a Central Sector Project for a period of 2011-19 to promote “Mission Milk”-The Next Revolution. NDP I focus on 18 major milk producing states which account for over 90% of the country’s milk production and Andhra Pradesh is one among them.

Under the NDP Phase I, the World Bank is supporting NDDB with the objectives of a) Increase productivity of milch animals to increase milk production to meet the rapidly growing demand for milk, and b) to help provide rural milk producers with greater access to organized milk-processing sector.

Therefore, NDDB initiated promoting 5 Producers Companies in various parts of the country under NDP Phase I. Shreeja MMPCL is one among these 5 companies incubated by NDDB and facilitated through NDDB Dairy Services (NDS) which is a technical service provider.

1.1 Structure

A. Producer Member: A woman who wishes to become a member should possess milch cattle producing milk and make a payment of ₹50 towards admission fee and ₹1/litre towards share capital. She must supply minimum 500 litres of milk for at least 200 days in a year and acquire minimum of 5 shares of each ₹100 face value. Based on patronage, producer members are categorised into 3 classes, which translates into member’s representational privileges in the composition of Board of Directors.

B. Village Contact Group (VCG): VCGs are formed - with 3 to 7 producer members - at the village level to strengthen relationships and the flow of information between the company and its members, and further encourage and enrol new members.

C. Member Relation Group (MRG): MRGs are apex bodies, formed with members of VCGs covering 10 to 12 MPPs, with a membership tenure of 1 year.

D. Board of Directors (BOD): The company is governed by a board consisting of persons elected or appointed as directors with at least five and not more than fifteen directors.

E. Shreeja MMPCL Staff: Shreeja employs 266 managerial, technical and field support staff deployed at various levels to supervise, coordinate and manage its activities.

1.2 Business Activity and Coverage

Shreeja MMPCL is involved in milk procurement, purchase, processing, and sales; and is directly engaged in selling milk products in order to optimise profits for its members. Shreeja procures milk through MPPs at village levels and chills to 4°C Centigrade at BMCUs. After chilling, the entire 2.57 lakh milk is transported to Balaji Dairy for further processing and value addition, out of which 13000 litres of milk per day is converted into dairy products, which is marketed by Shreeja under its own brand name. The balance milk is sold to Balaji Dairy.

1.3 Dairy Development Support Services

A. Producer Institution Building (PIB): Under PIB, Shreeja organises and carries out various ‘member education’ programmes, such as: (i) member awareness programme, (ii) women awareness programme, (iii) quality and clean milk programme, and (iv) know your member programme.

B. Ration Balancing Programme (RBP): Under RBP, Shreeja provides animal nutrition, feed, health, and artificial insemination services to member beneficiaries.
C. Cattle Feed & Mineral Mixture Supply: Shreeja has tied up with Vallabh Feeds, Narsaraopeta to prepare cattle feed and mineral mixture, sold under the brand name of Shreeja.

D. Kamdhenu: With a view to enhance milk procurement, the district administration (in convergence with the bankers and NABARD) provide a unique milch animal procurement programme.

E. Pala Pragathi Kendras: In order to promote a new concept of community joint management of dairying activity, Shreeja established Pala Pragathi Kendra, which are a mini dairy model replicated for the poorest of the poor.

1.0 Business Model

Procurement, processing, value addition and trading of milk products are the core business activities of Shreeja MMPCL.

Business Model – Flow diagram

2.1 Milk Production System

Women milk producers are part of a well-defined production eco-system in Chitoor district, who are being enriched through the backward and forward support services as catalysed by DRDA and Shreeja. These Women SHG members, who are small and marginal rural farmers, are engaged in dairying for generating supplementary household income. These women would typically own a minimum of 2 or even more cows, with an average milk yield per day per cow as 6-7 litres. Direct costs involve - feed, mineral mixture and calcium supplements, green fodder and dry fodder. Indirect costs involve - interest on bank loans, shed cost, insurance, veterinary service, and other maintenance costs. Since it is a household endeavour, all family members contribute labour, which gives them a marginal profit over expenditure.
2.2 Milk Procurement System - Milk Pooling Points (MPPs)

There are 2200 MPPs set up at different villages from where milk is procured from members. These MPPs are strategically connected through 186 milk routes that lead to nearby cluster BMCUs in order to optimise operations. These MPPs are managed by a Pala Mitra, who too is a member of a local SHG group and ensure (a) cleanliness of the centre, (b) examination of the milk - taste and smell, (c) weighing of the milk, (d) milk testing (SNF and Fat content), (e) receipt generation, and (f) handover USB drive to transporter.

![Image: Flow of Milk & Member Payment in Shreeja]

2.3 Milk Chilling System - Bulk Milk Cooling Units (BMCUs)

Raw milk procured at the MPPs are brought to 108 BMCUs, where they are cooled to 4°C to prevent bacterial growth and ensure quality. Five women SHG members are employed for managing each BMCU, who are paid on per litre basis. After cooling, the milk is transported in special containers to the central processing plant at Balaji Dairy, Tirupati for further processing. The cost of the transportation is borne by Shreeja MMPCL.

2.4 Milk Processing & Value Addition System

All of the 2.57 lakh litres of chilled milk is brought to Balaji Dairy for further processing and value addition, out of which 13000 litres per day is converted to 200 ml and 500 ml polypacks, which are sold under the Shreeja brand name. The balance milk is sold to Balaji Dairy.

2.5 Milk Marketing System

Shreeja is striving towards establishing its own distribution and marketing network in Tirupati for the sale of its milk products. At present, its procurement share is 12% in the district, which it intends to increase by introducing a diversified product range and increase in the quantum of sales. It is furthermore trying to facilitate market linkages with institutional buyers such as TTD and Mondelez-Cadbury Company.
3.0 Economics of Operations

Shreeja’s current procurement is 2.57 LLPD average. Out of which 13000 LPD it directly markets as value added milk products and remaining 2.44 LPD chilled milk it sells to Balaji Dairy.

A) Balaji Dairy buys unprocessed Milk / litre Milk @ 29/-

| Procurement Price | 23 |
| Palamitra Com | 0.8 |
| Bmcu Com | 0.8 |
| Transport | 0.9 |
| Admin Cost | 1 |
| Others | 0.5 |
| Profit | 2 |

Hence Rs. 2/- margin is generated through selling procured and chilled unprocessed milk to Balaji Dairy per litre by Shreeja MMPCL.

B) Direct Sale of Processed & Packed Milk / litre Full Cream Milk @ 48/-

| Procurement Price | 23 |
| Palamitra Com | 0.8 |
| Bmcu Com | 0.8 |
| Transport | 0.9 |
| Admin Cost | 2 |
| Processing Cost | 3 |
| Packing Cost | 1 |
| Marketing Com | 4 |
| Brand Promo | 1 |
| Others | 0.5 |
| Profit | 11 |

Rs. 11/- profit is generated through direct sale of value added milk per litre. Now only 13000 LPD milk is sold by Shreeja MMPCL.

4.0 Significance

Despite the fact that Shreeja MMPCL started its procurement operations in the district less than 2 years ago, it has made impressive strides in the growth of the dairy business which is evident from the fact that its membership numbers have increased to 56,640 members with an average per day procurement of 2.57 LLPD. Its per member average milk supply is @5.6 litre and share capital generated is 5.9 crores. Shreeja aims to reach 78,000 milk producers with a procurement capacity of 4 LLPD by 2017-18 to become the top 10 dairies in the country.
5.0 Lessons

The following lessons emerge from this study for business models for livelihoods promotions:

Marketing
- Brand stabilisation efforts in order to distinguish it from the Mother Dairy brand.
- Linkages with institutional buyers for facilitating direct sales.
- Market expansion to neighbouring markets.
- Increased milk sales through direct marketing.

Integration
- Establishment of own Feed Manufacturing plants.
- Strengthening of production enhancement.
- Full capacity utilisation of BMCUs and other outsourced facilities.

Participation
- Enhancing member participation, capital contribution and involvement.
Abstract

This study documents the joint initiative of the Karnataka State Rural Livelihoods Promotion Society (KSRLPS) and the Karnataka Milk Federation (KMF) under Ksheera Sanjeevini project to mobilise, build capacity and create self-managed Women Dairy Cooperatives in rural areas. The Project was started in April, 2014 with an outlay of Rs. 17.10 crores to bring the existing 250 Women Dairy Cooperatives (WDCs) into the project fold in three years covering 10,000 women from weaker sections of the rural society. KMF with its strong sales and distribution network procures the milk throughout the year from the milk producers and offers better prices apart from providing other input and extension services. The average investment per WDC is around Rs. 6.80 lakhs for providing technical inputs like veterinary care services, feed and fodder, milk testing facilities and above all capacity building and extension services to the members of WDCs, particularly the targeted group members (TGMs).

The state-wide intervention has led to the doubling of average milk production per TGM while the WDCs have recorded an average earning of Rs. 34 lakhs/p.a. and a net income of Rs. 5,300 to Rs. 5,500 has accrued on an average to a TGM owning two cows. Data from the field shows that women have utilised the opportunity well and have worked hard to improve their own economic status and livelihoods. The targeted approach to identify and support the marginalised sections of the society with revolving fund support to buy milch cattle and access to training and extension services has demonstrated that the poor are capable of coming out of the vicious cycle of poverty, if provided with adequate and productive assistance as the KMF and KSRLPS have done through the Ksheera Sanjeevini Project. A lesson from this model would be that dairying is not only a sustainable source of livelihood for the rural poor but can also be replicated across most regions of the country.

1.0 Origin of Ksheera Sanjeevini

Ksheera Sanjeevini was started in April 2014 as a joint initiative of KMF and KSRLPS in order to build capacity of the members of WDCs and to streamline the dairy activity through focused trainings and assistance. The project objective was to develop women groups and make them self-reliant and self-sustaining with minimal government support and intervention post the completion of the project period.

The outlay for the project is ₹17.10 crores, spread over three years, with NRLM bearing 87% and KMF bearing 13% of the cost, respectively. Whilst in the case of providing marketing infrastructure (including technical inputs), the share of NRLM and KMF was 75% and 25% respectively, with an overall spending per member at ₹17,000. The lion’s share of the project cost went towards meeting the training needs of the WDC members including TG, providing raw materials and creating marketing infrastructure.
1.1 Bridging the Gender-Gap
The gender neutral DCs operate on their own without any proactive help from KMF, which invariably implies that the capacity and potential of the weak and marginalised sections remain dormant. Hence, the present project attempts to bring the women from the disadvantaged sections of the rural society on par with the rest of the social groups. This intervention has resulted in bringing a perceptible change in the fortunes of the weaker sections of these WDCs.

1.2 Goal and Orientation
Ksheera Sanjeevini seeks to improve the supply/production side processes, with pre-production trainings and community-level orientation aimed at helping producers to internalise certain SOPs. Women are provided management trainings that help them monitor and manage supply chain, which equips these rural women to effectively manage a community model of economic/livelihood enterprise.

Since KMF assures 100% procurement irrespective of production quantity, milk producers are free to focus solely on production aspects. In addition, the government of Karnataka pays ₹4/litre as incentive to these milk producers. Such measures have gone a long way to make this model inherently secure.

2.0 Value Chain
2.1 Pre-production Processes and Systems
KMF provides comprehensive trainings to the various segments of the WDC, be it training provided to secretary or president, training to board and training to the target group (on rotation). It also conducts focused trainings for SHGs that are formed under its aegis and also runs awareness programmes to spread awareness amongst the community in general.

2.2 Procurement and Marketing
KMF through its network collects milk twice a day, whose details are duly recorded. The WDC collects the milk from individual members and records both the quantity and quality of milk collected. Apart from the basic price, the milk producer gets additional price depending on the quality points secured on a daily basis. Thus, KMF makes the payment on an average point of 4.25% fat. In addition to this, the state incentive of ₹4/litre is also passed onto each member. The WDC in turn is allowed to keep ₹0.60/litre as commission from the payments made by KMF.

2.3 Support Structure
The production at community level is strengthened through the following structure and support.

Description of the Supply Chain
A. Capital Assistance: Lack of capital is a clear hindrance for the weaker sections of rural India, when it comes to buying multiple cows so as to maintain the milk production in a planned, sustained and continuous manner. Thus, Ksheera Sanjeevini, through the introduction of SHG platform and RF to TG through WDCs have ensured that those looking to buy additional cattle are provided with capital support. Hence, a revolving fund of ₹1,20,000 is provided to the WDCs to be distributed to TG members on a rotation basis. Thus, a dozen members are each provided with ₹10,000 (interest free to be repaid in equal instalments) for the purchase of cows.

B. Insurance Cover: KMF provides an insurance cover to its members for ₹600 p.a/cow. This provides support in case of unforeseen circumstances. Several TGMs have benefitted cattle insurance which has helped them purchase another cow immediately. This much-needed intervention has fortified the investment resolve.

C. Veterinary Care: As dairying is a highly decentralised local production system, the major intervention that is needed is in the area of veterinary care. KMF, with its dedicated Vet Medical and Para Medical staff has filled this gap admirably. In addition, training is also provided to certain TGMs to carry out artificial insemination in time. For efficient and timely administration of AI, WDCs are provided with Nitrogen thermo boxes for semen vials.

3.0 SWOC Analysis

3.1 Strength of the Project

- **Solid Institutional Support**: Being an established player with expertise in grooming primary DCs, KMF has been grooming these WDCs for years and therefore has developed a good template for establishing, training and managing the WDCs.

- **Marketing Support and Technical Assistance**: With its huge network of marketing and technical wherewithal, KMF has ensured that the production-level processes are community driven and driven well.

- **TG & SHG Platform as Vanguard**: The strategy of SHG and TG platform has worked very well in positioning these groups as vanguard for further growth and diversification.

- **Filling Production & Quality Gaps through Orientation and Trainings**: The dedicated trainings have helped women internalise all key aspects of dairying in a methodical manner.

3.2 Weaknesses of the Project

- **Over Attention to TG**: The project primarily focuses on TG, leaving the other members out of the focal area of intervention, which has the potential to create rifts between the WDC members and those who are not members of TG. Even SHG platforms are presently limited to TG. As there is no TOT strategy, the intensive training may be the forte of a few chosen members.

- **SHG Muddle**: Many TG members are already in some other SHG fold. Hence, they are counted out of TG SHG fold. There is, therefore, a need to bring all members of WDC under SHG, so that progress truly becomes community collective.

- **Inadequate RF**: RF is inadequate to meet the needs of the TG, let alone all the members of the WDC. After the first round of distribution, it trickles down to one per month thereby dampening the spirits of other members.

- **Below Par Bank Linkages**: At present there is an uneven degree of bank linkage and as of now, only the capital needs of TG are reckoned with. Although, even here there was found to be a substantial gap where TGM were compelled to avail loans from MFCs operating in the local areas.
3.3 Opportunities for the Project

- **Higher family income from dairying:** In most cases, women have turned around their family fortunes through this project, which makes milk a daily money spinner for these women.

- **Reduction in wage labour option:** It is heartening to note that 90% of TGs have opted out of wage labour, except off-and-on depending on seasonal and/or family needs.

- **Fillip to agriculture:** Increased FYM has positively impacted the quality of agriculture. However, the more important aspect is that women have found it easier to transit to sustainable agriculture. Thus, self-sufficiency in FYM has reduced the dependence on chemical fertilisers and has ended up making agriculture sustainable.

- **Greater knowledge base and capacity building:** Most striking aspect is the deepening of resolve of rural women to strengthen their livelihood options and foray into new enterprises due to a nuanced knowledge base and enhanced capacity.

3.4 Challenges for the Project

- **Private milk companies:** The entry of private players is the most obvious challenge for these WDCs. In fact, in couple of WDC areas, private milk companies are quite active. Additionally, some of the shareholders of these WDCs are also supplying milk to private companies.

- **Lack of institutional credit to WDC:** If the WDC plans to venture in other enterprises or even plans to own its own infrastructure/office, there is no provision to avail easy capital from financial institutions. It therefore has to rely on its own funds (i.e. share capital and profits from the sale of milk).

- **Lack of streamlined credit for WDC members:** In many cases, TGMs are forced to borrow from MFCs at a higher rate of interest. The reasons cited for this inevitable step are: (a) distance from banks, (b) indifference of such institutions, and (c) the inability of SRLM to enforce financial inclusion.

- **Multiple membership in SHGs:** This is posing a serious issue as far as streamlining is concerned for financial inclusion. Even under Ksheera Sanjeevini, not all TGs are part of SHGs within the project fold, as they are already in some other SHG fold.

- **Diseases and natural calamities:** Though the threats from diseases have come down significantly due to vet care assistance provided by KMF/state, yet the most formidable threat that looms over the project is the occurrence of *mastitis*. Thus, in high-yielding cows, even slight negligence in milking can result in infection, which affect milk-producing glands permanently.

5.0 Lessons

The following recommendations are suggested for assistance in replicability and scalability:

- Provide pre-production trainings for greater internalisation of each and every nuance of dairying.

- Streamlining of SHG platforms so that all TG members are brought under the same SHG fold.

- Make available a higher capital flow in the form of revolving fund, aimed at inclusion of vulnerable groups of already-running WDCs.

- Provide community-level trainings that incorporate artificial insemination and basic vet care so as to empower local women to handle obvious production-level challenges.

- Facilitate local production of cattle feed to reduce cost of production.

- Develop bank linkages to assist women so as to prevent them from getting trapped in the local debt net.

- Recognise and document the value addition to agriculture.

- Create a strong procurement and marketing arm at district and/or state level.
Women Managed Milk Procurement Services

Surisetti

Abstract
The operation and management of a Bulk Milk Cooling Unit (BMCU) by the Self-Help Groups (SHGs) and their mandal/block level federation known as the Jadcherla Dairy Mahila Samakhya (JDMS) organised in Jadcherla revenue mandal of the Mahaboobnagar District in Telangana State is a twin lesson in how the dairy sector provides sustainable livelihoods even in the most basic part of its value chain as well as how the rural poor are capable of managing a common productive asset. The operations of the Bulk Milk Cooling Unit (BMCU) are completely managed by the JDMS. The costs are met with margins received on aggregation and supply of milk to Vijaya Dairy of the Telangana Dairy Development Corporation Federation (TDDCF). The patronage extended by the Federation to the JDMS contributed significantly to the growth and financial success of the latter in the last decade. The availability of the BMCU has enabled the JDMS to provide an assured market to the milk producers, who in turn are able to avail themselves of enhanced bank credit and veterinary health care services in improving the milk production, on the strength of the linkages forged by the JDMS with the service providers.

To bolster the institutional arrangements and to take care of the operational management of the BMCU as a business enterprise, a subcommittee has been constituted, consisting of a President, Secretary and Treasurer. Thus, the business model is that the JDMS operates the BMCU to collect and aggregate milk from 45 villages and cool it to 3 degree centigrade before supplying it to the TDDCF on an agreed margin of Rs. 2.50 per litre. Thus the JDMS-BMCU provides an assured and remunerative market support to the milk producers as a livelihood support to the poor in its operational area. Furthermore, a large section of the milk producers are also members of the SHGs that have federated into the JDMS and they benefit from the public services that the federal body is able to enlist from elected representatives, financial institutions, government departments and others including the District Rural Development Agency. In a sense, the business model is built around the social capital that the JDMS is able to generate as a collective of the SHGs.

1.0 Introduction
The Jadcherla Bulk Milk Cooling Unit (BMCU) is a decade-old enterprise, owned and managed by the Jadcherla Mandal Dairy Samakhya (JMDC), a federation of women self-help groups of Jadcherla revenue mandal, in Mahaboobnagar district of Telangana State. In terms of institutional arrangements, a subcommittee - that consists of President, Secretary, and Treasurer - handles the management of the BMCU as a business venture of the Samakhya.

The Samakhya operates the BMCU for profit, in the form of margins over aggregation and supply of milk to the Telangana State Dairy Development Cooperative Federation (TSDDCF). It is furthermore engaged in procuring cattle milk aggregated from about 45 villages and chills it to required temperature and supplies to Vijaya dairy of TSDDCF, Hyderabad.

The Bulk Milk Cooling Unit provides both an assured and remunerative market facility to milk producers in its operational areas, as well as serve as a for-profit venture for the Samakhya and supplying it with a steady flow of income. Furthermore, the venture is handled by women self-help group movement and their federation.
Thus, the Mandal Dairy Mahila Samakhya can in turn, enlist support from various corners such as: elected representatives, formal financial institutions, and several others, besides the chief promoter, that is the Indira Kranthi Padham through the District Rural Development Agency.

1.1 Business Opportunity
Since milk is a perishable commodity, which needs to be quickly cooled to lowest temperature before it can be transported to a distant dairy plant for further processing and value addition; therefore, the TSDDCF created bulk milk cooling facilities in neighbouring districts in order to facilitate the cooling of the milk sourced from these villages. However, it requires the producers to manage their operation through milk producers collective at the village level to aggregate that milk. This is done since milk collected in a single village is only a few hundred litres and thus, milk produced in a cluster of villages’ first needs to be aggregated before being cooled.

This requirement and TSDDCF’s willingness to outsource the activity to the Mandal Samakhyas created the perfect opportunity for the members of Mandal Samakhya, who are also milk producers, to take up operations of the BMCU as a for-profit business venture.

The promoter of the federation, Indira Kranthi Padham, implemented by the District Rural Development Agency (IKP-DRDA) and Society for Elimination of Rural Poverty (SERP) felt that the social capital already built through the Self Help Group methodology could further lead this initiative for the benefit of the producers. Accordingly, the members were aligned with the best practices of milk production, paying attention to raising green fodder and accessing veterinary health care and insurance services. As a result, the quality of milk produced by them improved as per market specification, which helped them get better price per litre of milk as compared to the average market price.

Thus, the promoter felt this was a viable business model for the federation, with the profits helping to financially strengthen the federation. In fact, the margins earned grew from ₹7.36 lakhs in 2007-08 to ₹60.18 lakhs by financial year ending 2016, which has provided much-needed financial stability to the federation.

1.2 Supporting Infrastructure
The primary responsibility of the BMCU is to (a) aggregate milk from the surrounding member villages, (b) cool the milk procured and maintain temperature of milk at 3°C, and (c) supply to TSDDCF. The BMCU is an important intervention, given the perishable nature of milk, especially given the large number of small producers in dispersed locations.

Furthermore, since BMCU earns a rather thin margin per litre of milk collected and cooled (which is currently fixed at ₹2.50 per litre), volumes matter. Hence, TSDDCF played a major part in creating infrastructure at the BMCU plant level and further at the collection points in the villages.

The capital investment for setting up the BMCU plant was provided by TSDDCF and the District Administration to the Samakhya. TSDDCF additionally provided the machinery including the bulk cooler facility, the chilling plant, the storage tank, and the equipment needed at the milk collection centres in the village. In terms of physical space, i.e. the land required and the needed construction, was provided by the District Administration, while the Samakhya takes care of all operational costs including the payment for services to the milk collection agents (Palamitra) at different village collection points, transportation of the milk to the BMCU and the costs required to manage the plant at the central point at the BMCU-Jadcherla. Thus, the BMCU hired vehicles on a monthly rent basis to source the milk from multiple locations and avoided major capital investments in purchasing vehicles, which has helped simplify their operations.
2.0 Business Model

2.1 Value Chain Analysis
Mahaboobnagar district has been a drought-prone district and thus, the rural households needed to augment their farm incomes with alternate livelihoods. Thus, livestock has become an important livelihood activity for these households, which not only support agricultural operations but their domestic purposes as well. Furthermore, given its proximity to Hyderabad with a large market demand, there has been an increased opportunity for marketing of rural products, including milk.

TSDDCF supports milk production in various ways including technology transfer, supply of feed and mineral mixtures, thus creating critical infrastructure for milk procurement, transportation and providing a ready-made market as a bulk buyer.

2.2 Milk-production Processes and Systems
Milk production continues to be at the household level, which is then aggregated at the village-level milk collection centres. In the recent past, micro-credit, primarily through self-help groups enabled rural households to make investments in income-generation activities, including dairying. The SHG Bank credit and other special schemes helped add more livestock to these rural households. Consequentially, as milk production increased, it further attracted a steady influx of private dairies, which reached out to these rural areas.

However, the milk yield per animal continues to remain a cause for concern as it reduces profits of the producer. The reasons that may be attributed are the lack of use of scientific practices in taking care of animals, and in milching, inadequate availability of fodder in all seasons and lack of access to veterinary health care. The BMCU, however, is mindful of these issues related to production and is working towards sensitising the producers on all these aspects.

2.3 Market Integration
The producers are integrated with the markets for all inputs, insurance services and veterinary services. Supply of blended feed and mineral mixtures by TSDDCF, through the BMCU, are further complemented with green fodder development initiatives that take care of the nutritional aspects of these livestocks. In fact, a cadre of Gopala Mitras provide artificial insemination services and primary veterinary care, by institutionalising and linking them with the Animal Husbandry department. The department now has a Veterinary Service Centre and
veterinary assistants for a cluster of 4-6 villages. The milk collection centres are equipped with infrastructure such as electronic weighing machines for accurate measurement, electronic Milk-O-Testers for quick and accurate testing and for generating a receipt for milk supplied by each producer. This automation has helped increase the efficiency at the milk collection centres.

2.4 Support Structure
Credit has played a major role in helping people buy more cross-bred cows and buffaloes so they could diversify their livelihood portfolio since the facilities created have built their confidence that they would get a fair price for their produce. In fact, a typical household expanding from 2 animals to 6 in a period of 5 years could earn about 10-12 thousand rupees every month.

2.5 Operations and Scaling Up
The milk from the villages is aggregated and canned at the centre. The milk provided by each and every milk supplier is measured and tested for quality at the village level and is priced accordingly. BMCU transport vehicles then collect the cans from the village, which is brought back to the BMCU immediately after collection at the village level. For each milk route, a separate vehicle is deployed, which collects milk once in the morning and once in the evening. These cans of milk are once again measured and tested for quality at the BMCU.

The operations which began in 2006 covered milk producers in 11 villages and performed chilling operations for about 400 litres/day. Over time, the scope has been expanded to cover about 1,300 households in a total of 43 villages along the 7 milk routes. The plant capacity too has been expanded to 10,000 litres, which recently exceeded full capacity. This was made possible through various interventions of government and TSDDCF along the value chain.

3.0 Lessons
There are several lessons to be learnt from the experience of BMCU-Jadcherla as a business model. The learning is also significant in the context that this venture has helped strengthen the financial status of the Mandal Mahila Samakhya, helping build on the social capital it built over a decade or so ago, through its member women SHGs across the Mandal.

- **Choice of the sub-sector:** Jadcherla MMS made a conscious choice to intervene in the milk subsector and confined itself to bulk milk cooling with assured buyer and margin on its operations. With the sector growing and favourable conditions for production and a big market in Hyderabad, has assured an end user-base for the milk itself.

- **Institutional arrangements:** There is a scope for improvement in terms of institutional arrangements, which will help strengthening the structure. This may be accomplished by incorporating the BMCU as a separate or subsidiary business entity. Be it as a cooperative or a company, it further needs to strengthen its governance and resource management.

- **Business expansion:** Besides increasing the production and productivity in member villages, more scaling up needs to be done by adding new milk routes to increase the coverage.

- **Sustaining member allegiance:** The producer interest needs to be sustained through various interventions such as subsidy in credit, technical assistance and a supply of nutrient feed through the milk collection centres.
Agriculture and Horticulture based Livelihoods
Abstract

The districts of Khagaria, Madhepura and Purnea in the north east of Bihar are major producers of rabi maize crop but they are at the mercy of market intermediaries like village traders and commission agents when it comes to marketing their produce. Keen on taking the focus of Self Help Groups (SHGs) beyond member savings and internal loaning with bank linkages, the Bihar Rural Livelihoods Promotion Society (BRLPS)/JEEVIKA decided to form Producer Groups (PGs) in these districts. To demonstrate the increased returns to farmers through produce aggregation and collective marketing, a pilot project was started in Purnea district through the registered Producer Company “Aranyak Agri Producer Company Limited” (AAPCL).

In documenting the business model, the study team has adopted a modified Customer Value Proposition (CVP) Business Model that emphasises four elements, namely: a value proposition that fulfils an important need for the customer in a better way than competitors’ offerings do; a profit formula that lays out how the venture makes money while delivering the value proposition; the key resources; and key processes needed to deliver that proposition. The study maps the maize value chain from the seed production and supply agencies, suppliers of other key production inputs, producer farmers, local grain traders and brokers, wholesalers, commodity exchanges, and to end-use buyers.

An important finding of the study was that the formation of the PGs and the AAPCL has impacted the entire maize value chain by way of reduced cost of cultivation, dilution of lock-in of the farm output to local trader who traditionally supplied farm inputs on credit; and a better price realisation which was 20% higher than what had been realised in previous years from sales to local traders and mandi sales. The benefits to the members have led to an increase in the maize procurement by the AAPCL from 10,060 quintals in the first year of its operation (2014-15) to 30,348 quintals in the following year and both the number of PGs and the scale of procurement by the AAPCL are expected to grow in the coming years with improved livelihood support to the farmers participating in the project.

1.0 Introduction

1.1 Maize Intervention of Bihar Rural Livelihood Promotion Society (BRLPS)

BRLPS/JEEVIKA is an autonomous society functioning under the Department of Rural Development, Government of Bihar, with the mandate of implementing the activities of State Rural Livelihoods Mission. In order to improve the livelihoods of rural poor, JEEVIKA has built a strong base of community institutions in the form of women Self-Help Groups (SHGs) and federated them into Village Organisations (VOs) and Cluster Level Federations (CLFs), which has brought more than one million households into this network. While these grassroot-level institutions have
mainly focused on member savings and internal loaning along with bank linkages; in order to improve returns from farm based/non-farm based economic activities, it is necessary to increase their productivity and create appropriate market linkages. Towards realising this objective, the project therefore formed Producer Groups (PGs) comprising of 40-120 producers related to paddy, wheat, maize, pulses, vegetables, etc. It was expected that members of Producer Groups would be able to participate better in the value chain and reap benefits on account of lower input costs due to economies of scale, strength of collective bargaining, and better returns due to produce aggregation and gaining access to efficient and sustainable markets. Thus, with an aim to demonstrate the increased returns to farmers through produce aggregation and collective marketing, a pilot project was started in Purnea district through the already-registered Producer Company “Aranyak Agri Producer Company Limited” (AAPCL).

2. The Customer Value Proposition

The study team adopted the Customer Value Proposition (CVP) Business Model articulated in “Reinventing your Business Model”, by Johnson, M. W., Christensen, C. M., & Kagermann, H. Harvard Business Review, 50–60 (2008) with a producer centric perspective. The underlying assumption is that successful ventures already operate according to a business model that can be broken down into four elements: a customer value proposition that fulfils an important job for the customer in a better way than competitors’ offerings do; a profit formula that lays out how the venture makes money delivering the value proposition; and the key resources needed to deliver that proposition. 

Picture: Pro-Producer Value Proposition Business Model

**Producer Value Proposition (PVP)**
- **Target Producers**: Maize Farmers
- **Job to be done**: Access to remunerative markets
- **Offering**: business model encompassing end to end services to producers from pre-production to marketing for remunerative price realisation

**PROFIT FORMULA**
- **Revenue Model**: How much money can be made: Price x Volume – significant market share
- **Cost Structure**: How cost are allocated: includes cost of key assets, direct costs, indirect costs, economies of scale
- **Margin Model**: Patronage based surplus sharing
- **Resource Velocity**: How quickly resources need to be used to support target volume. Includes lead times, throughput, asset utilisation and so on.

**KEY RESOURCES** needed to deliver the producer value proposition profitably. Might include:
- People
- Quality based pricing
- Technology, products
- Electronic testing and weighing equipment
- Price information
- Direct account transfer payments
- Partnerships, alliances
- Brand

**KEY PROCESSES**, as well as rules, metrics, and norms, that make the profitable delivery of the customer value proposition repeatable and scalable. Might include:
- **Processes**: Production, product development, sourcing, marketing, hiring and training, IT
- **Rules and Metrics**: Margin requirements for investment, credit terms, crop tenure, traders terms
- **Norms**: Opportunity size needed for investment, approach to customers and channels
2. **Aranyak Agri Producer Company Limited**

2.1 **Genesis**

Aranyak Agri Producer Company Limited (AAPCL) is a federation, promoted by the Bihar Rural livelihood Project (a poverty alleviation project of Government of Bihar), of small & marginal women farmers organised into Producer Groups (PGs) and individual farmers.

The company was incorporated in the month of Nov’ 2009 with its registered office at Purnea. The Producer Company has an authorised share capital of Rs. 5 Lakh and it was able to initially mobilise a paid up share capital of Rs. 1 lakh by issuing 20 shares each (with a face value of Rs.10/-) to 500 families. The present membership of the company is 2,465.

The vision of AAPCL is to improve rural livelihoods, especially of poor, small and marginal women farmers through income enhancement by establishing their self-governed, sustainable & efficient backward & forward support systems. To fulfil its vision, it has also spelled out a comprehensive mission statement, whereby it is working towards “enhancing productivity & net returns of shareholders (small and marginal women farmers) by developing market-led production system & enable farmers’ and their institution to flourish independently in the competitive agribusiness environment.”

The foremost long-term business goal of AAPCL is to be a successful and viable farmers’ institution in order to:

- Fulfil the needs of small & marginal women farmers by timely supply of all major, quality agricultural inputs like good seeds, fertilisers, pesticide, farm machineries, farm tools & others with competitive price to all shareholders.
- Provide support to the members for better marketing of their produce, having shareholders of minimum 2500 farmers along with coverage of 40% of SHG members.

Thus, the objectives of the producer company may be spelled out as under:

1. Production, procurement, processing, packing, storage, marketing, selling, distribution and trading of all Agriculture commodities.
2. Production, Procurement Processing, Storage and marketing of Vermi compost.
3. Supply of agriculture inputs like quality seeds, compost, chemical fertilisers, pesticides and farm machineries & farm equipment to support the good agriculture production in time and with appropriate price.
4. Extension activities relevant for effective and efficient agribusiness management at farm level and providing consultancy services to both shareholders and other interested farmers for profitable agri-business ventures.

Thus, AAPCL was formed by JEEVIKA to improve the livelihoods of women farmers of Purnea district The Maize producers groups were formed out from already members of SHGs promoted by JEEVIKA and thus were aware of the benefits joining community-based institutions. In the initial years the PC played a very limited role like promotion of usage and supply of Vermi compost and other agri-inputs and suffered losses and almost became dormant.

During the year 2014, a **baseline survey** was conducted by JEEVIKA and Technoserve, an international not-for-profit organisation, among 20 PGs to understand the Maize cultivation and marketing practices, i.e. average area under cultivation, source of inputs, cost of production, average production and productivity, marketable surplus, marketing channels and price realisation, etc. The base line survey clearly established that the Maize producers have no access to modern agricultural practices and they have been selling their produce mostly at the village level itself to local traders. The producer members of PGs and Aranyak PC had no access to modern, fair marketing channels. JEEVIKA in partnership with Technoserve, decided to undertake a pilot in Dhamdaha block of Purnea to demonstrate the possibility of increased returns through Maize aggregation and collective marketing through the farmer producer organisations (PGs and PC).
In order to ensure better prices to maize producers the pilot aimed at:

- Establishing a transparent, scientific price discovery mechanism on a daily basis by factoring the prices of local/village trader and prices prevailing in Gulab Bagh mandi and NCDEX.
- Adopting modern, fair electronic weighing systems as against the manual weighing practices adopted by the village trader.
- Adoption of fair grading practices for determining the grade of Maize (A, B or C) by using digital moisture meter and scientific grading chart, as against the manual grading process followed by the local trader which is highly subjective.
- Implementing timely, transparent payment system by crediting the amounts in farmer member’s bank account directly within a maximum period of 5 days.
- Eliminating multiple market intermediaries like village level trader, commission agent and large trader at Gulab Bagh mandi among others, before the produce is sold to institutional buyers.

Based on the baseline survey, ten most potential PGs have been selected by the Producer Company for the Maize aggregation and market linkage operations during 2014-15. The coverage of PGs has been increased to 27 in the next year (2015-16).

### 2.2 Price Realisation

Though the maize yield of Purnea at 35-40 quintals per acre is high, the producer group members expressed that break even for a farmer happens only if the maize production is greater than 30 quintals. The harvest prices realised by the farmers in the state as well as the district are lower than the minimum support price (MSP) of Rs.1325 per quintal, despite the fact that Rabi maize produced in the area has fetched a very good price in the Asian markets. Main reasons for lower price are:

- Absence of an effective agricultural produce marketing mechanism,
- Lack of proper drying facilities, high costs of tarpaulins and insufficient storage space,
- Credit linked sale - farmers borrow necessary working capital from local traders and thus forced to sell their produce to the local trader,
- High logistics cost of transporting maize to local mandi.

### 2.3 Buying Practices of Local Traders

The local traders may, at times, purchase the produce at a higher price than the existing market price but incorrect weighing and grading practices adopted by them fetch a lower price. The members felt that the loss on account of unfair practices is as high as 5 kg per quintal. The percentage of members who borrow from the local traders is around 75% of the total producer group members.

### 2.4 Availability of Labour

The availability of agricultural labour in the region is not a problem as the household members who migrate on seasonal basis return home at the time of sowing and harvest of the crop. The agriculture labour is paid in either in kind or cash. The labour costs for male and female are Rs 200 and Rs 100 per day with lunch being an added benefit. However, the PC is experiencing difficulty in finding labour for collecting the produce and to transport the produce. Due to uncertainty in the collection quantities on any given day, some days the procurement team and labour either remain idle or have too much on demand to do. Labour and transport vehicles are engaged on throughout the season contract on substantial fixed plus little variable payments basis.
2.5 Members Expectations
The members expressed the need for development of complete package of services including supply of inputs like seed, fertiliser, pesticides and working capital for crop production. They were in complete agreement that collectivisation has given them an advantage in the market and the necessary backward linkages can decrease the input costs into production and free them from ‘credit linked-sales’ to the local traders on whom many of them are dependent for inputs including seeds and fertilisers on credit. They desire that PC obtain dealership license for fertiliser and pesticides supply so that the same can be made available at lower prices to members. Similarly, they discussed the advantages of having own seed production plan and processing unit or a tie-up with key seed manufacturing companies. The members as well as the directors of the company stressed on the importance of mobilising savings to meet capital requirements for setting up feed industry as part of developing forward linkages as it adds more value to the production process. The directors of the company and some of the members of the producer group have visited model collectives in places like Mulukanoor in Telangana state to study, understand and strive for implementing integrated value chain in their company. Further to the visits the promoting institutions have developed training material and provided the members with appropriate training in good practices for maize cultivation.

2.6 Operations of PC
The overall quantity available for procurement from producer groups is approximately estimated to be 30,000 tonnes and in the year 2016-17. PC has procured 3100 MT up to June 18, 2016. The reasons for lower procurement quantity are lock-in with traders who supplied inputs on credit, PC’s access to limited working capital, and members’ strategy to sell to the PC when the prices are higher. The members of Producer Groups have gained sufficient market insights as to when to sell their produce so that it fetches a higher price. The spot prices are announced every day and the members decide whether to sell the produce or not on that day.

2.7 Member Participation in Producer Company’s Commercial Operations
The Aranyak Agri Producer Company started its Maize procurement activities during FY 2014-15 with 10 Producer Groups (PGs) spread over two clusters viz., Amari and Meerganj. During the year, a total quantity of 10060 quintals was procured from 243 members spread over 10 PGs. Thus in the initial year 9.78% of total membership of 2485 participated in the commercial operations.
On an average each member contributed to 41.40 qtls. of Maize at an average realisation of Rs.1008/- per quintal. Additionally members were paid a patronage bonus of Rs.50/- per qtl. The supply of Maize from different PGs ranged from 372 qtls (Dhanteras PG) to 1709 qtls. (Khushiali PG).

During the second year, Maize aggregation from PGs registered a substantial increase of around 202%, from 10,060 qtls to 30,348 qtls. Simultaneously, the farmer member participation in the procurement also showed a significant jump with a total of 817 members from 27 PGs (32.88 % of total membership) contributing to the procurement, at an average of 42 qtls. Members realised an average price of Rs.1,149/- per qtl. As the PC is yet to make patronage bonus payment, assuming that same level of Bonus payment would be made during second year, the average realisation works out to y Rs.1200/- per quintal (approx.), an increase of over 13%.

It is significant to note that there has been no increase in per member contribution (around 42 qtls.) indicating that higher procurement could be made due to an increase in number of PGs. The PC needs to take up intensive member awareness programme to encourage members to trade a maximum share of their produce through PC.

An analysis of performance of different PGs which participated in Maize aggregation during both 2014-15 and 2015-16 reveals that a majority (7 out of 10) of the PGs have either maintained or improved their contribution, implying members confidence in the collective enterprise. However, in case of Khushiali PG and Dhanteras PG there has been a sharp decline in procurement. While Khushiali PG, which made handsome procurement of 1,710 quintals in 2014-15 made a poor procurement of only 907 quintals in the following year, in case of Dhanteras PG the performance has been even more disappointing with a procurement of only 118 qtls in the second year as compared to 372 qtls made during the first year. In case of Dhansahyog PG, there has been a marginal decline in procurement; against a first year procurement of 1,287 qtls the PG procured 1,214 qtls in the next year. The Producer Company needs to look into the reasons for this reduction in procurement and take necessary remedial measures to build members confidence in the system. The Producer Group wise procurement details are given at Annexure.

**3.0 Profit Formula**

**3.1 Revenue Model**

The Revenue model adopted by the Producer Company envisaged realisation of best possible price by selling the same to national level institutional traders rather than local traders. For this purpose, the PC has partnered with NCDEX e-Markets Limited (NeML) and also hired a NeML/NCDEX accredited warehouse for storing the material to enable off season sale for better price realisation.

In the initial year of operations a total of 1006 MT could be procured from 279 farmer members spread over 10 PGs. The PC sold 290 MT through the electronic platform of NCDEX (spot basis), at an average sale realisation of Rs.1132/-per quintal while 490 MT was sold through NCDEX Forward sale, at an average realisation of Rs.1440/-per quintal. The PC also sold around 118 MT of A grade material in the open market with a price realisation of Rs.1152/-per quintal. The balance quantity being B and C grade quality was also sold in the local Gulab Bagh mandi at an average realisation of Rs.1044/quintal. Thus it may be seen that sale through Forward trading has fetched a 20% higher price realisation in comparison to spot sales and local mandi sales. Going forward the PC should put suitable infrastructure like accredited warehouses and grading & material handling systems and risk mitigation measures in place to participate in spot and futures trading through electronic trading.

**3.2 Cost Structure**

Considering the fact that agri commodity markets operate on very thin margins the PC aims at reducing the cost by achieving higher volumes in the future years. At present the PC is not having significant manpower costs and other overheads as the CEO and other key managerial and field level staff are on deputation from JEEVIKA. However, once the operations stabilise the PC has to plan to recruit these personnel and other staff.
3.3 Working Capital Arrangements for Business

Each Producer Group has been given a onetime support of Rs.6.10 lakhs by JEEVIKA, Rs.1.10 lakhs towards establishment cost for purchase of electronic weighing equipment, tarpaulin, moisture meter, registers etc., and balance Rs.5.00 lakhs as revolving fund for business. For the first year of operations 10 PGs have deployed an amount of Rs.50 lakhs towards working capital; further, an amount of Rs.10 lakhs was provided as loan by Cluster Level Federation (CLF) @0.6% interest per month i.e 7.2% per annum. For the current year the PC has been successful in sourcing an amount of Rs. 100 lakhs from State Bank of India, Rs.50 lakhs from Friends of Women World Banking (FWWB), Ahmedabad, besides using internal resources of Rs.2 crores from PGs and CLF.

3.4 Price Realisation by Producer Members

During the first year of operations the members realised an average price of Rs.1008/- per quintal besides an assured Patronage Bonus of Rs. 50/- per quintal. This is an increase of 10.55 % as compared to the sale realisation of Rs. 957/-per quintal, when produce was sold to local trader.

4.0 Key Resources

4.1 People

The company has a 5 member Board which is responsible for the overall decision making and governance. The Board appoints a Chief Executive Officer, an officer on deputation from JEEVIKA, for managing the affairs of company. The CEO is assisted by an Accountant and other Field staff involved in supporting the PGs in the areas of commercial operations and agriculture extension activities. The COO post has not been filled up yet. At present the Producer Company has very limited staff on its rolls. However, JEEVIKA, the promoting agency has provided senior and middle level managers on deputation basis.

4.2 Technology, Equipment

At each of the maize collection centres, the PC has provided electronic weighing equipment for proper weighing, digital moisture meters for moisture testing, tarpaulin, set of basic registers, etc. Furthermore, the Village Resource Person (VRP), Extension workers and Women producers have been trained in moisture testing, grading and weighment methods, which has instilled confidence among the members in the new system owing to its transparency. The members can now understand the exploitative practices of local traders. Moreover, every morning the Price Discovery Team- i.e. team of officials of PC, JEEVIKA and Technoserve- collect prices offered by the local trade, Prices of Gulab Bagh Mandi; and after factoring in the expenses involved in weighment, loading and unloading and final deliver at the warehouse, warehouse rentals, gunny bag expenses, etc. arrive at a procurement price, which is communicated immediately to all VRPs and women producers through SMSes.

4.3 Alliances, Partnerships

The JEEVIKA forged an important alliance with Technoserve in its effort to take up the maize aggregation and collective marketing at Purnea. Bill and Melinda Gates Foundation has funded a project to provide technical assistance for developing and supporting Producer Organizations, through which Technoserve is able to support the pilot project at Purnea.

Another important partnership of JEEVIKA/PC is with NCDEX e Markets (NeML) and NCDEX. The reason Aranyak Agri Producer Company has taken membership of these national level commodity trading organisations so that the producers will have access to the best possible, transparent marketing channels and vast network of buyers trading on these electronic platforms. The membership enables the Producer Company to trade Maize in both spot markets.
as well as Futures markets. The company also entered into an agreement with StarAgri Warehousing and Collateral Management Limited which is an established name in warehouse management. The NeML accredited warehouse hired by the company at Gulab Bagh Mandi is managed by M/s Star Agri. As per the arrangement M/S Star Agri is responsible for safe keeping of material stored, undertaking periodical fumigation and other quality assurance measures and receipt and delivery of material stocked.

4.4 Brand
The Producer Company is yet to take up serious brand building exercise as currently it is focusing on bulk trading through electronic platforms of NeML and NCDEX. However, it is heartening to note that even on electronic trade channels the “JEEVIKA Maize” sold by Aranyak Agri Producer Company generates more interest and possibly higher price due to its better quality.

4.5 Information
The company, through a daily price discovery mechanism ensured that the members receive market prices on a daily basis, through Short Messaging Service (SMS). This had a very positive effect as the members felt confident about the transparent and scientific process. An unintended positive effect of this has been that the private trader also many a time is compelled to raise the price and offer even slightly better price.

4.6 Key Processes
The entire business model and process flow has been systematically mapped and documented to avoid communication gaps amongst the stakeholders. Realising the need for accurate information flow across the organisation and also among the stakeholders, ICT has been given great thrust. The factors considered for daily price discovery are communicated through SMS on mobile, covering the grading norms, charges applicable for various services like weighment, loading/unloading transportation.

5.0 LESSONS
- Maize trading is influenced by domestic/international supply and demand conditions. Maize, besides being an important food crop, has several industrial/pharmaceutical applications. In view of this high price volatility is observed in the bulk prices. In the Indian context, as most of the Maize is grown in Kharif season, there is also a production risk leading to price volatility. Since the markets are getting increasingly integrated, through national electronic trading platforms, it is safe to assume that going forward there will be a business risk for Maize as a commodity trading.
- In order to manage the trading risk in futures markets the company must go for hedging. Further, to mitigate high level of commodity trading risk, the Producer Company should explore the opportunities to enter value added products like poultry feed manufacturing, for which captive market from JEEVIKA promoted poultry ventures would be available.
- The company should also enter in a long-term arrangement with well designed, modern warehouses accredited by NCDEX so that there is no uncertainty for storage for undertaking futures trading.
- The day-to-day and month-to-month maize price fluctuations are reasonably high and so the bonus payment system should account for both quantity sold by and prices paid to members.
- It was suggested to the Board members that the PC could consider batch wise weighted average procurement price as basis for deciding on the patronage bonus in order to even out the price fluctuations. The producer members and Board members realised the importance of such a practice as it encourages farmers to sell their
produce to the company in a predictable manner. The farmers could set a particular calendar date for the material pickup without any concern for price fluctuations and doing so would also optimise their procurement costs related to logistics. This would enable the company to optimally utilise their collection vehicles by designing the collection routes and scheduling the pickup times for material pick up as against traveling in random directions not knowing early which farmer would be interested in selling on a particular day. The latter practice lead to delay in pickups and farmers selling their produce to local traders.

- For implementing an effective input supply system it is suggested that at the beginning of the sowing season, the quantity requirements of key inputs for different members may be taken with some advance payment (say 25% of cost) so that the farmers are committed to purchasing quantities that they have indented. This would also partially meet the working capital requirement.

- Another important backward linkage to enhance quality of maize is to adopt maize drying technology that uses skinned maize cobs as fuel. It is capital intensive and members felt that they can adopt this technology after mobilising more savings. However, the optimal size of the dryer and its location are important parameters that need to be considered at the time of design.
SAPHALAM: MAHILA WORKERS CASHEW ENTERPRISE

G Krishnamurthi

Abstract

Among the various livelihood promotion initiatives of the Kudumashree Mission in Kerala, the ‘Saphalam’ project implemented in Kasargod district involves the collection and processing of cashew nut grown in the district by the local rural women, who are members of the Saphalam Vanita Kashuvandi Samskarana Samiti, Chattanchal (Saphalam Women’s Cashew Processing Society). The Society operates and manages 13 cashew processing units, which include one Central Processing Unit at Chattanchal and twelve primary processing units, spread across twelve gram-panchayats, which function in a ‘hub and spoke’ format. The membership comprises 78 women and two men.

The Panchayati Raj Institutions of the district at all the three levels- District, Block and the Gram Panchayats collaborate actively with the Kudumbashree in implementing the Saphalam project. The project is managed by an Executive Committee (EC) comprising fifteen members, thirteen of whom represent the twelve primary units, one from the Central Unit and one more elected by the General Body. The fifteen members constituting the EC, elect among themselves four office-bearers viz. President, Vice-President, Secretary and a Joint Secretary. The EC meets once a month and reviews the Society’s plans and progress while addressing operational issues relating to procurement, processing, sales and finance.

The operations at the twelve primary processing centres consist of the following:

- Direct procurement of raw cashew from farmers around the processing centres on spot payment.
- Transportation of the cashew procured from the farmers to the primary processing centres.
- Drying raw cashew in the sunlight for four days and packing in gunny bags for storage.
- Boiling in wood-fired steam boilers of 40 kg capacity each for two hours.
- Open drying thereafter for about six hours.
- Manual cutting and shelling, drying, peeling and grading before delivery to central unit. After final processing and packing, the members of the Society also perform door-to-door selling of the packed cashew nuts under the brand name, ‘Paranky’.

The Project has benefited the women groups by way of wage income of Rs. 3,700/- per month on an average and they are employed for around six months in a year as much of the procurement of cashew happens between the months of March and May. To illustrate, in the Ajanur gram panchayat where one of the primary processing units is located, the six member team of women procured a total of 43 quintals (4,300 kg) during the period March – May 2016 at a total cost of about Rs. 5 lakhs, the price to farmers ranging from Rs. 105-128 per kg based on the market price. The cash needed for procurement and spot payment is advanced by the Society and at times, drawing on their long-standing relationship with farmers, the Society members do manage to procure small quantities on credit for two or three days. Though the wage benefit to the members is very thin, the women members seem to enjoy a sense of self employment as the society is managed by them.
1.0 Cashew Production in Kasargod District

The major cashew nut producing states in India are Maharashtra, Kerala, Andhra Pradesh, Orissa, Karnataka, Tamil Nadu, Goa and West Bengal. Kerala was the second largest cashew nut producer in India during 1991, accounting for nearly 48% of the total production in India; however, the share had declined to about 10% by 2010 (Fig. 1). The decline is attributed to several causes, such as felling of cashew trees, conversion of cashew area to rubber plantations and turmeric. With a total cultivated area of 49,105 ha, Kerala’s production of cashew nut stood at 33,375 tonnes during the year 2012-13.¹ Kannur, with a cultivated area of 21,238 ha for cashew nut and Kasargod with 7,811 ha accounted together for a little over 59% of the total cropping area deployed for cashew nut production in the state of Kerala during 2013-14. Kasargod accounted for 6,192 tonnes of cashew nut production, or about 19% of the total production 33,375 tonnes in the state.

Fig. 1- Year-wise share of Kerala’s production of Cashew in India
(Note: The dotted line shows the straight line trend)

1.1 Saphalam Project

Kudumbashree, conceived as a joint programme of the Government of Kerala and NABARD, is implemented through Community Development Societies (CDSs) of Poor Women, serving as the community wings of Local Governments. Among the various programmes of Kudumashree, the Samagra Programme for the economic development of the poor has undertaken a project ‘Saphalam’ in the district of Kasargod to promote the collection and processing of cashew grown in the district by the local women living in rural areas. This case study presents the findings of the study undertaken to look at the project, and documents the learning therefrom from a business perspective, and proposes certain steps for its strengthening.

Saphalam Project was jointly initiated by Kasargod District Panchayat, Block Panchayat, Grama Panchayats and Kudumbashree for the collection, processing and value addition of cashew in the district known for its high quality of cashew. 36 cashew nut processing units and one cashew apple processing unit are being set up. Twelve Grama Panchayats are involved in the project. It has been stated by Kudumbashree that this is the first time that a community-based cashew project has been attempted.

The Project cost is Rs 151.45 lakhs and the expenditure is Rs 123.36 lakhs. There are 136 beneficiaries. Cashew Apple juice is also manufactured. At present there are 12 units and 1 grading and packing centre. The stake holders are DP, NABARD, NRCC – Puthur, Cashewnut Development Corporation and Kudumbashree. The income per month per beneficiary is Rs. 3,700/-. In addition to whole sale, retail sale is also targeted. The project has come out with the first high value Samagra brand ‘Paranky nuts’. So far, 15 tonnes of cashew nuts were processed and sold in the market for Rs.45/- lakhs. As a part of the study, two units were visited to develop understanding of the nature of the project, its operations, membership profile, roles of members, and its technology, marketing and financial status.

¹ Agricultural Statistics 2013-14, Department of Economics and Statistics Kerala, January 2015
1.2 Saphalam Vanita Kashuvandi Samskarana Samiti, Chattanchal
The Saphalam Project works under the banner of Saphalam Vanita Kashuvandi Samskarana Samiti, Chattanchal (Saphalam Women’s Cashew Processing Society), registered as a charitable society under the Societies Act. Comprising 80 members, of whom 78 are women and two are men, the society operates thirteen processing units in thirteen panchayats spread over six administrative blocks. In effect, the average size of a group of members is six per panchayat.

The Central Office of the Society houses the Main Processing Unit, one of the thirteen units, and is located in Chattanchal. The Central Office provides the management and administrative support to the Central unit located in its premises and the remaining twelve units in the panchayats. The project is managed by an Executive Committee, comprising fifteen members, thirteen of whom represent the units located in the panchayats, one from the Central office and one from any of the thirteen units decided by the General Body of members. The fifteen members, constituting the Executive Committee, elect among themselves four office-bearers, viz. President, Vice-President, Secretary and Joint Secretary. The Executive Committee meets once a month and reviews the plans and progress and addresses issues relating to procurement, processing, sales and finance.

In a similar vein, the members of the units elect among themselves a President and a Secretary for their respective units and conduct monthly meetings; their reviews are discussed at the meeting of the Executive Committee of the Society.

1.3 Members’ Role in the Business
The members normally procure raw cashew during the period March-May every year directly from local farmers. The six members of Ajanur panchayat primary processing centre procured a total of 43 quintals (4,300 kg.) during the period March – May 2016 at a total cost of about Rs. 5.00 lakhs, which works out to about Rs. 116/- per kg. on average. The members paid Rs. 105-128 per kg. depending upon the market price on the day of procurement. They paid Rs. 50-100 per trip of auto carrying up to 5 quintals. The entire cash for procurement is advanced by the Society to the panchayat processing unit through bank account. The President or Secretary of the Society (two office-bearers out of a total of six members!) withdraws cash for procurement as and when necessary. The payment to the cashew farmers is to be made on the spot; however, due to the long-standing relationship between the Society members and the farmers, they get credit for two days after supply of cashew.

The members of the Society in the twelve primary processing centres located in twelve different panchayats are engaged in the procurement of cashew directly from cashew farmers in their respective geographical areas. The members negotiate the prices, wherever possible, with the cashew farmers, pay the prices on the spot and transport the raw cashew to the processing units for first level processing. After completion of primary processing, they supply the cashew from their respective village centres to the Central Processing Unit in Chattanchal for further grading and packing.

The members of the Society are also engaged in direct door to door selling of the cashew nuts marketed under the brand name ‘Paranky Nuts’. About 40% of the total sales revenue is generated through this mode.

2.0 Operations at the Primary Processing Centres
The operations at the primary processing centres in the twelve units consist of the following:

- Direct procurement of raw cashew from farmers around the processing centres on spot payment.
- Transportation of the cashew procured from the farmers to the primary processing centres.
- Drying raw cashew in the sunlight for four days and packing in gunny bags for storage.
- Boiling in wood-fired steam boilers of 40 kg capacity each for two hours.
- Open drying thereafter for about six hours;
- Manual cutting and shelling, drying, peeling and grading before delivery to central Unit. After final processing and packing, the members of the Society also perform door to door selling of the packed cashew nuts under the brand name, ‘Paranky’.

The operations at the Central Processing Unit are grading (Fig. 3), weighing and packing for sale in the market. The operations, as in the Primary Processing Centres, are manual and rudimentary.

![Fig. 2- Boiler for Processing Raw Cashew](image1)
![Fig. 3- Grading of Cashew Nuts in Chattanchal](image2)

### 2.1 Members’ Benefits

The members of the Society, i.e. primary or central processing unit, are paid as per their services at the following rates:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Operation</th>
<th>Quantity (kg.)</th>
<th>Unit Rate (Rs./kg.)</th>
<th>Total Income (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Procurement</td>
<td>4,300</td>
<td>3.00</td>
<td>12,900</td>
</tr>
<tr>
<td>2</td>
<td>Cutting</td>
<td>1,234</td>
<td>45</td>
<td>55,530</td>
</tr>
<tr>
<td>3</td>
<td>Boiling</td>
<td>4,300</td>
<td>150</td>
<td>725</td>
</tr>
<tr>
<td>4</td>
<td>Peeling</td>
<td>1,234</td>
<td>60</td>
<td>74,040</td>
</tr>
<tr>
<td></td>
<td><strong>Total Income</strong></td>
<td></td>
<td></td>
<td><strong>143,195</strong></td>
</tr>
</tbody>
</table>

**Total Income per member per year**

23,865

**Total Income per member per month**

1,989

The shells after cutting are sold by the central processing unit at Rs. 2.5/- per kg.

As per the information collected from the members, the quantity of cashew procured during the year 2016 was 4,300 kg; the quantity got reduced to 4,113.60 kg after drying. The members can secure 12 kg of full nuts per 40 kg of dry raw cashew. Based on this, the quantity of full nuts expected will be about 1,234 kg during the year 2016. Consequently, the total expected income for all six members during the year is shown in the above table (Table 1).
The above conclusion based on the study of Ajanur Panchayat Primary Processing unit is more or less similar across all units of the Society. The Society sold cashew nuts worth Rs. 10,296,257, for which the members’ income consisted of the following components:

- Procurement Salary : Rs. 131,952
- Production Salary : Rs. 1,785,464
- Bonus Incentive : Rs. 53,149
  - Total : Rs. 1,970,565

For eighty members of the Society, this amounts to an average wage of Rs. 2,053/- per member per month, which cannot be considered a decent income.

### 2.2 Members’ Efforts and Costs

All efforts in the total procurement and processing operations are manual, with very little mechanisation or automation. As a result and due to other factors, the women members have reported the following:

- Pain in the hands and feet due to continuous application of effort on the scissors used for cutting;
- Non-availability of drinking water during summer, as the nearby well gets dry;
- Payment of 60% of the power bill out of the wages of the members;
- Payment of full rent from the wages.

In addition, the members, employees as they are, do not have any social security measures like PF, insurance, etc.

### 3.0 Some Issues for Reflection

#### 3.1 Social Mobilisation, Governance and Convergence

Saphalam has done quite well in this sphere, considering the stability of the groups, conduct of regular meetings and the support of the local, block and district panchayats.

#### 3.2 Quantity Procured vs. Members’ Income and Working Capital

At a total procurement of about 4,300 kg. per annum at Rs. 5 lakhs, the members earn an average income of about Rs. 2,000/- per month. In the current case where all operations are carried out manually, the higher the volume handled, the higher will be the average wage per member. A simple way of doubling of the income is to double the procurement to about 8 to 10 tonnes per annum at an estimated expenditure of Rs. 10 to 13 lakhs. For twelve units, the total requirement of funds on account of procurement will be about Rs. 120 to 160 lakhs. As against this, the current availability of funds is about Rs. 50 lakhs. The first steps is, therefore, to find adequate working capital for scaling up the operations.

#### 3.3 Quality and Marketing

The cashew nuts of Kasargod are considered to be the best in quality in Kerala and the rest of India. Several private players are reportedly importing cashew nuts of inferior quality and selling them at higher market prices than Paranky Nuts. It becomes important for the project to position its product as a premium one through an appropriate marketing strategy.
3.4 Technology, Quality and Quantity
The raw cashew nut processing sector has seen many technological interventions and breakthrough in the various processing stages. In earlier days, cashew processing was mainly manual as it was a work of the artisan whose art of processing was the key to realize maximum value (whole kernel-W grade) from the raw material. Careful roasting of RCN for easy shelling but without having burning or breaking impact on kernel, peeling off the testa (skin) without using sharp tool to avoid the scratch on the kernel and grading the kernel based on the colour and size are the key processing steps, where minimum mistake committed by the labour would gain higher return.

Primarily, the following three factors are driving mechanization and automation trend in cashew processing:

- Availability and affordability of quality manpower with increasing education and aspiration levels of rural people and better job prospects in urban areas.
- As the markets develop, there is an increasing emphasis on adherence to stringent quality control standards and food safety norms from customers.
- Health and safety issues related with the labour involved in the cashew processing and environmental concerns (pollution).²

Saphalam Project needs to embrace the new technology practices from the above considerations.

3.5 Backward Integration for Scalability and Sustainability
The supply of cashew is on the decline, but the success of the intervention for the promotion of the workers critically depends upon scaling up of operations, market expansion and development, introduction of technology and infusion of huge working capital. An approach to enhance the availability of cashew is to have the cashew growers a part of the entire value chain by enrolling them as members of the Society and ensuring equitable returns to farmers and adequate income to worker-members.

3.6 Potential for Replication
Even though Kerala is no longer the largest producer of cashew, it is still a large producer. The model of Kasargod has not been effective, but has been stable. As stated earlier, scaling up of the operations, improved marketing and branding and infusion of technology can help the members have better incomes. The largest cashew producing district of cashew in Kerala is Kannur, adjacent to Kasargod. Saphalam can bring in economies of scale by developing an integrated processing centre with certain localised operations by combining the cashew produced in the two districts.

3.7 Professionalisation
Lastly, the intervention can be sustained only if the operations are managed along sound business line by professionalising the entire value chain. Essentially, the intervention needs a full-time professional manager to re-design and give a new thrust. Saphalam needs to re-discover its vision and strategy and chalk out a plan of implementation for the benefit of its worker members, and with the backward integration, for its farmer members.

² Cashew Handbook 2014, Global Perspective
Livelihoods Supplementing Human Nutrition
AMRUTHAM MAHILA NUTRIMIX ENTERPRISE CONSORTIUM

Gangi Reddy

Abstract

The promotion of Amrutham Nutrimix is an attempt to ensure supply of nutritious food supplement to all Anganwadis of Kerala under the Take Home Ration Scheme, implemented by the Government of Kerala’s Social Welfare Department as a way of strengthening the Integrated Child Development Scheme (ICDS) for nutritional support to children in 6 months to 3 years of age group. These schemes have been leveraged by the Kudumbashree – a network of neighborhood women groups - to encourage entrepreneurship and to economically empower the women groups. The Kudumbashree Mission formed a consortium called the ‘Amrutham Society of Kudumbashree Nutrimix Enterprises’ to enhance the capabilities of women groups associated with the management of the food supplement value chain and the Amrutham Nutrimix began its journey as a pilot in 2006. Currently, 368 microenterprise units fully owned, managed and operated by women (2023) supply food supplements to all the 33,115 Anganwadis in Kerala.

The Nutrimix model of business helps Kudumbashree in achieving its objectives by engaging the women groups in the production and distribution of nutritious food as per the nutrition formulae and guidelines developed for food supplements by the Central Plantation Crops Research Institute (CPCRI), Kasargod. The CPCRI has also imparted training to all the women groups involved in the production of Nutrimix. The Nutrimix ingredients are Wheat, Groundnut, Bengal gram, Soya flour and Sugar, which will provide essential Protein, Fat, Carbohydrates, Iron, Calcium, Thiamine, Riboflavin, Niacin, Crude fibre, are vital for the proper growth of children. The supplies are planned and delivered in response to the incidents placed by the ICDS Supervisors in consultation with local village panchayats.

In order to ensure the timely supply of raw materials, the Food Corporation of India (FCI) started allotting subsidised wheat @ Rs. 4.15/kg for the production of Nutrimix since 2009. Standardisation of machinery and Standard Operating Procedure (SOP) have become mandatory since 2013. This is a model for strong convergence of Kudumbashree Mission (NRLM), CPCRI, Department of Social Welfare, Local Self Government Institutions including Gram Panchayats, Banks and Nutrimix production groups.

There is an assurance of fifty percent of the time of every month that is to be devoted to production of Nutrimix, which is an obligation of every group to supply the same with assured market and the remaining time and capacity is to involve in similar food processing activities with a range of nutritious food supplements. Most of the units were running with good profit margins as they are able to maintain good quality in their product mix.

1.0 The Genesis of Amrutham

Studies reveal that there has been a loss of protein content in the food consumed by the rural people over the years. The lesser intake of traditional food like jowar, cereals, pulses, ragi, horse gram and cholam etc. have affected the health of the people in general and children in particular. The loss of protein content in food has thus adversely affected the health of these people and the trend is on the rise over the recent past. This in turn has prompted several state-level interventions, with the promotion of Nutrimix as one of them.

As part of the Prime Minister’s Gramodaya Yojana, social welfare department of the government of Kerala has introduced a scheme called - ‘Take Home Ration Strategy’ which aims at providing nutritious food to the children.
in age group of 6 months to 3 years at their home. Thus, in 2006, the Kerala government entrusted this responsibility to Kudumbashree to provide nutritious food supplement to all Anganwadis in the state produced by Amrutham Nutrimix groups of Kudumbashree. Since then, Kudumbashree women entrepreneurs are engaged in the production and distribution of nutritious food. Thus, Kudumbashree started supplying this food in a phased manner.

1.1 Nutrition Supplements

The target of the mission was to supply the Food Mix to all ICDS blocks in three phases to cover the entire state in one year. Accordingly, the capacities of District Missions and Nutrimix production groups were enhanced with the help of a series of training programmes combining entrepreneurship and skill development.

The story of Nutrimix started in April 2006 based on the capabilities of Kudumbashree members and the technical support from CPCRI, Kasargod. The primary objective of Nutrimix was to produce and supply the most qualitative food supplement by running it as an economically viable enterprise of women. Sufficient groundwork had already been done by the state and district missions of Kudumbashree by organising the women into NHGs, with a series of capacity development programmes so as to build the social capital among group members. From among these groups, a few women were identified for Nutrimix production based on their choice, who were then sent for training at CPCRI. Out of the 23 groups that received training during March 2006 to March 2008, 11 groups started in 2006 itself while the remaining 12 groups in 2007-08. The trainings furthermore were conducted in batches of different districts so as to give them an opportunity to mutually exchange ideas and experiences.

It is also observed that the total dependence on a single source for marketing of food mix has become a serious threat to the survival of these units. In the absence of corresponding increase of sale price by SJD, the food mix units were also given the responsibility of supplying 'Sabala' food supplement to all the adolescent girls in the respective villages enrolled with Anganwadis. The charges for packaging of Sabala food mix are also not very attractive and groups are able to produce as they are trained and manage their time without affecting the regular production chain.

2.0 Operations and Scaling Up

Kudumbashree has 369 Nutrimix Micro-enterprise units, fully owned, managed and operated by more than 200 women across the length and breadth of Kerala. The average sales per annum from each unit is ₹28.79 lakhs. The total sales in a year from all the 369 Nutrimix units in Kerala is thus estimated to be around ₹115 crores. The United Nations Development Programme (UNDP) has selected Kudumbashree as one among the 20 globally respected best-practices models.

Nutrimix business is considered as an important enterprise activity of Kudumbashree. It is expected that the big corporates who are at present the major suppliers of baby food supplement in the state are forced to cut the exorbitant prices charged by them in order to withstand the competition from these production groups considering their capacity to produce the food supplements with sufficient care for hygiene as they are trained and governed by the production protocol of CPCRI.

Nutrimix units were reported as the most favoured enterprise due to their relative profitability, assured supply of wheat at subsidised price, sustained demand for the product as well as stable income for the members. All the Nutrimix units are equipped with modern machineries to fry, grind, mix and pack the product to reduce the drudgery of the members.

In order to increase the productivity, generate more income and address the common issues and challenges faced by the units, the Nutrimix consortium was established by Kudumbashree. Nutrimix production and supply programme involves and interacts with various institutions dealing with raw material procurement, developing a centralised distribution channels, developing value added products, diversifying the products, preparing the
units to face competition from the market especially the multi-national corporates associated with the production of food supplements.

2.1 Nutrimix Formula and Product
The Amrutham Nutrimix is a cereal-based powder mix developed by the CPCRI, Kasargod, Kerala. Furthermore, the fortification of Nutrimix is also under progress with the support of WFP and NIN. Currently, each child is provided with 3.5 kg of Amrutham Nutrimix a month, at the rate of 135 grams per day for 25 days. Kudumbashree units supply Nutrimix to 39,922 Anganwadis in the state. The current price of ₹56 per kg is paid to Nutrimix production group by SJD.

2.2 Establishment of Nutrimix Unit
Local government institution especially gram panchayats extend necessary help and guidance to their respective Nutrimix groups of their locality including the facilitation for necessary buildings. The establishment of the Nutrimix production unit starts with the identification of appropriate and suitable location. Once the group is identified along with the location, Kudumbashree mission plans of their capacity development training. Each unit in turn is expected to get the following certificates before starting the production of the same: Kudumbashree certificate, legal metrology, SSI registration certificate, municipal certificate, central sales tax registration, state commercial taxes registration and FSSAI.

2.3 Infrastructure
The gram panchayats have helped the groups initially in accessing the vacant buildings and in a few places, the groups have taken locations on rent to run the units as per the hygienic standards specified in the training. Now, most of the units are able to construct their own buildings with the help of bank loans, apart from their own savings generated from different sources, including profits.
2.4 Capital Investment

The fixed capital investment, at current rates, needed for setting up an Amrutham Nutrimix Unit is about 7 lakh. The working capital requirements are estimated to be about ₹5.6 lakh for handling volume of 10MT/month. They are subject to changes depending upon the capacity of production groups. The fixed capital is primarily used to purchase the machinery and the remaining amount is used towards working capital. Initially, Kudumbashree Mission had supported each unit with an amount of ₹2,50,000 out of which ₹50,000 was subsidy and ₹1,50,000 was bank loan while ₹50,000 was their margin.

2.5 Marketing of Nutrimix & Other Products

Nutrimix production groups are involved in not only producing Nutrimix food supplement supplied to all Anganwadis as per the allotment by SJD but also producing few other products. Majority of the groups in Palakkad district are supported by Kudumbashree with another food supplement called ‘Sabala’ to supply to all adolescent girls in their respective Panchayats. The Sabala programme is limited to Palakkad, Mallapuram, Kollam and Idukki districts only. However, Kudumbashree also provide support to these products and groups by encouraging them to participate in regional and state-level exhibitions for marketing their products. Further, Kudumbashree has also introduced a new approach to market different products of these groups under ‘Home shop’ where members of these groups are involved in door to door delivery of these products within the local areas and market.

3.0 Analysis

The Amrutham Nutrimix business enterprise can be called a successful business model as most of the units are able to sustain themselves as profitable ventures since 2008-09. It is observed that several factors have led to the success of these enterprises, namely:

- Role of Kudumbashree Mission in creating such social capital among all these women who are associated with various enterprise activities including Nutrimix.
- The idea of Nutrimix food supplement to ensure in the context of ensuring nutritious food supplement is timely and has established a perfect link between the sourcing of the obligation and meeting the need of the young children.
- The process has identified different stakeholders and ensured proper flow of sourcing raw material the delivery of finished product.
- The recognition of opportunity that not only meets the quality standards but also generates profits.
- Enhancement of capacities of rural women to emerge as successful entrepreneurs.

4.0 Challenges

Nutrimix food supplement business appear to be the most dynamic and risk bearing in terms of the support being extended by different agencies and risks associated with the quality of food supplement and timely supply on monthly basis to the children. The target group of the consumers being sensitive, it is a great challenge for Nutrimix production units to ensure the quality, which is very essential, as the very goal of the Nutrimix project is to eradicate the malnutrition of both children and pregnant women. Any lapse by a single group can lead to lot of complications to all the groups in the district as well as the Kudumbashree Mission. Similarly, ensuring the timely delivery of food mix to all the Anganwadis by 15th of every month is a challenge. The crucial role is played by the District Consortium represented by every group in ensuring the quality standards of the product mix and timely supply of the same. The role of District Consortium is also significant in accessing the raw material for not only the supply of wheat from FCI but also the bulk purchases of other raw materials from private parties outside the state of Kerala.
The assured market support for Nutrimix food supplement is an advantage to all the units. However, total
dependence on SJD for marketing of Nutrimix has led to a serious threat to the sustainability of these food mix
units in the absence of timely and corresponding increase of the price of Nutrimix. The price of Nutrimix is fixed
by SJD based on the cost of production especially the prevailing market price of raw materials. Nutrimix
Consortium will calculate the same and submit to SJD through Kudumbashree for consideration to revise the
price so as to not only help the Nutrimix units to sustain but also to ensure the quality food supplement to all
the children of Anganwadis in the State. Though the wheat is supplied at subsidised price of ₹4.15 per kg, the
price of all other raw materials is increasing year after year. In spite of the increases in prices of every raw
material, the sale price of Nutrimix has remained at Rs.56 since 2011. This has become a serious concern for all
the food mix units and it has had a severe impact on the profitability of all the units. At the current prices, it is
estimated that cost of production of Nutrimix itself comes to Rs.56 and the same is the sale price fixed in 2011,
which paid by SJD till date.

The payment for the supply of Nutrimix is paid by ICDS project as per the data received from all the Anganwadis
on monthly basis. It is observed that the timely payment is not done by the SJD against the timely supply of the
same. Any business enterprise looking to ensure its profitability and sustainability on long term basis should be
free from the dependence at both ends. The food mix units of Kudumbashree are facing a serious threat to their
survival and it is very difficult to go away from this situation as the very establishment of food mix units was to
meet the nutrient food supplement to all the children of Anganwadis so as to eradicate malnutrition in the state.
Hence, there is a need to increase the sale price of Nutrimix paid by SJD from time to time keeping in view of
increases of the prices of raw materials and the cost of production. The representations of Consortium need to
be respected and timely increase of sale price by SJD is an urgent need and Kudumbashree should facilitate the
same.

Given the long term role of Kudumbashree in creating such enabling environment and social capital of all their
women groups and members, Nutrimix Production groups could be replicated as there is a need to ensure
nutritious food supplements to all the young children apart from pregnant women and adolescent girls in order
to enhance their nutritious health status. The experience of Amrutham Nutrimix shows that it can be scaled up
with lot of focus on the capacity development of all those who are associated with the project.
SUPPLEMENTING LIVELIHOOD WITH BACKYARD POULTRY

Surya Bhushan I K V Raju

Abstract

The intervention by JEEViKA – the Bihar Rural Livelihoods Promotion Society (BRLPS) to promote a low inputs-low output based backyard poultry rearing pilot project provides a compelling case of livelihood support and nutritional security for the poorest of the poor (PoP). The dual purpose pilot project implemented across seven districts of Bihar was studied sampling the Nalanda district. The key success factors for a poultry farm include – Feed conversion ratio (FCR), i.e., amount of feed consumed to gain per unit weight (a healthy 60 per cent here), time taken to attain desired weight, rate of laying eggs (varies from 150 to 210), mortality rate (varies from 2-4 per cent at mother units to maximum 20 per cent at individual rearers) and disease resistance (the bio-security is the major concern BRLPS takes into account).

Keeping these factors in view, the project identifies, engages, trains and integrates various actors involved in the entire value chain from farm to fork of the backyard poultry system from the initial input supply stage, through the various phases of production, to its final market destination,. The three key activities are: 1. Production Line, the initial input supply, which consists of Mother Units (Day old Chicks (DoCs) rearers and 28 old day chick suppliers) and individual rearers; 2. Supply Line, which comprises of DOCs, Feed, Vaccine/Medicine; and 3. Provision of services, which comprises group formation to provide social capital, credit, training and extension. Beneficiary households have increased their consumption of eggs, with positive returns in terms of household nutrition and health.

The experience shows how simple, cost-effective interventions, with adequate extension and support systems can contribute to the improvement of poultry and the farm-management capabilities of the PoP in Bihar, thereby contributing to poverty reduction. This project has the potential for replication and economic scalability and it has promoted rural household poultry successfully in one of the poorest state in the country. The project has now expanded to 24 districts covering almost 60,000 beneficiaries of the state. Its strength lies in building on and mainstreaming the backyard poultry rearing into the existing farming systems. The major constraints reported by the household rearers were: increasing feed costs, extreme climate conditions like hot and cold temperature, high price volatility affecting the cash flows, high vulnerability to disease outbreaks and shortage of feed.

1.0 Introduction

Poultry provides twin purpose of income generation and has the potential to correct household level nutritional imbalances, especially among low protein intake poor ones (Dolberg1, 2004). JEEViKA - State Rural Livelihoods Mission (SRLM) sponsored Bihar Rural Livelihoods Promotion Society (BRLPS) - with the objective of enhancing the social and economic empowerment of the poorest of the poor (PoP), especially through formation of community

1 Dolberg, Frands. 2004. “Review of Household Poultry Production as a Tool in Poverty Reduction with Focus on Bangladesh and India”, in Anuja, Vinod (editor), Livestock and Livelihoods: Challenges and Opportunities for Asia in the Emerging Market Environment, National Dairy Development Board, India and Pro-Poor Livestock Policy Facility (South Asia Hub) of FAO.
institution of microfinance among women, provides a compelling case to understand the impact of livelihood intervention of backyard poultry farming.

**JEEViKA** adopted a strategy to promote backyard poultry through a model of mother unit which function as a hub for the backward and forward linkages serving individual household level units. BRLPS had undertaken convergence with the Department of Animal and Fishery Resource, Government of Bihar, under the Integrated Poultry Development Scheme (IPDS) with the objective of leveraging benefits pertaining to initial investments made by the participating households. Based on FAO’s (2014) criteria, such as size of flock, management, and purpose of production including degree of commercialisation and location, **JEEViKA** intervention can be categorised as *semi-intensive poultry production system*.

The poultry intervention by BRLPS, started in 2013-14, has expanded exponentially in a short span of time, in terms of coverage. In the first year, 2013-14, for Patna and Bhagalpur districts, DOCs were lifted from Central and Regional Poultry Farm under the IPDS. However, the increasing demand resulted into the setting up mother units in these districts as well. The massive expansion resulted into an almost nine fold increase in the beneficiaries as well as Mother Units in the state.

### 2.0 Poultry Intervention Model

A Poultry Business Group (PBG), comprising 300 members, and represented by IRs of women SHG. This is an informal group at Nodal VO/CLF level and management of this group i.e. done by Board of Directors (BOD) of CLF /Nodal VO, a secondary level co-operative at cluster. CLF BOD, represented by- President and Secretary- from VO, also manages supply chain and marketing in poultry business. Figure 1 essentially captures the basic elements and the rationale of the poultry intervention done by **JEEViKA**. **Fig. 1 - The Value Chain of JEEViKA Poultry Intervention**
The three major components of the Backyard poultry Model are explained below:

2.1 Production Line

- **Mother Units**: These units, owned and operated by an experienced individual entrepreneur, are main functional unit for "Backyard Poultry Farming" and involved in rearing of day-old chicks (DoCs) up to four weeks of age, completing the necessary vaccination schedule and balanced feeding and then selling them to individual households would be making available/providing them to PBG group members. **JEEViKA** in collaboration with Department of Animal Husbandry and Fisheries, Government of Bihar monitors and evaluates DoCs from procurement from Government of India approved private hatcheries. The DoCs are reared for 28 days in Mother Units in intensive production system due to bio-security risks.

- **Individual Rearers**: They are key rearers who are smallholders and rear 150 birds after 28 days rearing at Mother Units, including male and female, each over 18 months. The birds are provided with shelter made from locally available material. The female birds are kept by key rearers to produce eggs that find their way to the market directly. These are also available for household consumption. The male birds are used for meat purpose and sold after attaining a weight of 2 to 2.5 kg within the 2 months of procurement from mother units; while female egg laying birds are slaughtered and sold for meat purpose after laying 180 eggs. The next step for some key-rearers is to increase their flock size to 35-100 hens primarily for egg production. These flocks are then reared in semi-intensive conditions and provided with domestically available feed (including leftovers of homemade foods), basic vaccines and medication. The birds get supplement feed from the scavenging in the backyard, especially the vegetables leaves, which improves their immunity and reduces their vulnerability as well.

2.2 Supply Line

- **Day-old-chicks (DOCs)** – The day old chicks are sourced from Private Hatcheries, identified by the Government of India. They transports the DoCs to its regional offices in the state and sells them to mother units at market price.

- **Feed** – The feed is supplied by a number of big private and small feed-sellers.

- **Vaccine/Medicine** – At every District level office in the state, Poultry Workers are trained to vaccinate the birds.

- **Marketing** – The huge gap in the demand and supply with former outstripping the latter, the model does not emphasise too much on marketing.
2.3 Provision of Services

- **Group Formation** – JEEViKA organises landless women into groups of Self Help Groups (SHGs), which are in turn federated into Village Organisations (VOs) and then Cluster Level Federations (CLFs). The groups hold weekly meetings to discuss progress and emerging issues.

- **Training** – All participants receive relevant training on poultry keeping.

- **Credit** – JEEViKA and Department of Animal Husbandry and Fisheries provides credit supports at various level, from Mother Units to SHG supported Poultry producer Households (Please see tables 2-3 for the details).

- **Extension** – Extension services are provided by PRPs, who are trained by the JEEViKA. Moreover, since women poultry farmers are members of village organisation (VO), they are able to raise their concerns in the monthly meetings of the VO.

Poultry’s feed conversion ratio (FCR) represents a major contribution to the profitability of the industry in terms of reduced feed inputs as well as in waste output. For 28 days at mother units, the chicks gain a weight of 450 gram with input of around 750 grams of combination of maize and soymeal, making a FCR, i.e., amount of feed consumed to gain per unit weight, close to 60% with an assumption of mortality rate of 5%. Feed costs form more than 60% of costs for a poultry farm with maize and soybean meal being the key feed ingredient. Maize is the primary source of energy for the Indian poultry industry and constitutes 60% of compound feed, while soybean is the main source of protein and forms 30-35% of the feed.

3.0 Key Learnings and Way Forward

The development narrative of breaking the vicious cycle of poverty for the poor has been changed in the recent times. In this context, market oriented backyard poultry is increasingly recognised as a stepping stone for the poor to move out of poverty in developing countries, particularly among small farm holders. JEEViKA showcases how livelihood intervention can create a viable business model by anticipating on the traditional know-how of women rearing backyard poultry. Another key feature of this practice is in widening the common understanding of poverty with the availability of an invaluable nutritional source which built household capabilities. Finally, rearers valued this business because of low rearing costs and the fact that the enterprise fit well within their limited resource base, social hierarchies, anxieties and gender-based household dynamics.

4.0 Scaling up: Generating a Virtuous Cycle

To generate a virtuous cycle of the intervention, which was socially inclusive, we need to transform this into forward-looking and market-oriented to scaled-up. The business model presented here shows that point interventions are clearly crucial, but the impact of each is limited by the weakest link in the value chain. This may constrain capacity of mother units and the SHG supported household producers. The challenge ahead demands approaches that will fundamentally shift the way the system operates.
Micro Enterprise based Livelihoods
Abstract

Among the various initiatives of the MP-SRLM is the identification and training of unemployed and underemployed young women in villages for developing skills like tailoring so that the self-help groups of women become more entrepreneurial and produce apparels. Two such ventures in the Mandla and Barwani districts were studied were it was found that enthusiastic and hard working women had successfully built the foundation to create sustainable and replicable business model though in parts. These ventures, however, had fulfilled the requirement in the value chain of apparel production. Whether it is school uniform production or job works for private garment suppliers, the SHGs have set an example of delivering quality product and service.

For the Maa Reva Producer Group in Tikariya, the Mandla Federation procures the order for making school uniforms from the District Project Coordinator-Education and the Federation in turn passes the order to the producer group for execution. The group then purchases the raw material like fabrics, buttons, etc. from reliable vendors after considering three quotes from the market. Group members also visit the schools where uniforms are to be supplied and take measurements to ascertain the number of uniforms of various sizes to be produced. During the initial years, they hired experienced tailors for cutting the fabric as per measurements, but since 2014 onwards, they have gained the confidence to do the cutting on their own. After discussing with the group members, the number of uniforms to be stitched are allocated to each member based on their availability and willingness. After that the scheduled work is completed for packing and delivering to the schools. The Mandla Federation also follows up with schools and other responsible persons for collection of payments. Pending payment from the schools, the Federation makes the payment after delivery of the stitched garments to the producer groups from their current account and later collects the payment from schools.

The other group at Thikri has a different marketing model where they go around the open market scouting for orders without depending on the government departments. They have the advantage of making better margins but the risks are also high as they face intense competition and the demands on product quality and delivery schedules is very high. They also face huge fluctuation in their activity flow in the absence of assured business.

1.0 Introduction

Madhya Pradesh State Rural Livelihood Mission (MP SRLM) is being implemented as per the decision of the Ministry of Rural Development’s (MoRD), Government of India. Under Madhya Pradesh Rajya Aajeevika Forum (MPRAF), the mission operated with intensive approach in 62 blocks of 10 districts & Non-intensive approach in remaining 149 blocks. Similarly, in 102 blocks of the 19 districts is being implemented with intensive approach.

Objectives of MP SRLM is to reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor.

Main thrust areas of MP SRLM are:

- Building strong institutions of all rural poor households for social and economic development.
- Federations are being formed to provide space, voice and resources for the poor.
- Improving the accessibility of the poor households to information and services.
• Financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations.

Under the Employability programme, providing skill trainings to youth for employment and self-employment. The mission is also providing placement facilities to youth by organising job fairs. One of an important livelihood promotion in Madhya Pradesh is being done through apparel production and marketing through BPL households. Till now more than 10,000 families have been benefitted through skill development and other hand-holding initiatives undertaken by SRLM, Madhya Pradesh under apparel production.

Under MP SRLM, households were identified and trainings imparted through professional agencies to interested and deserving unemployed women to engage themselves in self-employment in tailoring. Among these beneficiaries’ garment production centres are established at number of districts and places by grouping these trained women as SHGs or producer groups.

2.0 Govt. Dependent Business Model - Maa Reva Vastra Utpadak Samuh, Tikariya

Maa Reva Vastra Utpadak Samuh can be translated into ‘Maa Reva Apparel Producers Group’. This is the first group formed in Mandla for apparel production after completion of training in tailoring under MP SRLM.

This group is one of the members of the Mandla-based apparel cooperative society, which is a federation of number of producers groups in the district of Mandla and operates as one of the spokes of the district-level cooperative federation.

Mandla Apparel Federation is registered as a cooperative society and the objectives for founding this cooperative society was to successfully implement initiatives in apparel value chain in order to provide meaningful livelihood opportunities to rural families in the district.

Further objectives of the federation namely are:

• Selection and training to unemployed women in tailoring
• Guiding in formation of apparel producer groups and provide necessary support in business planning and marketing activities
• Helping out the groups in marketing through getting necessary orders from government schools and other customers
• Supporting the groups in deliveries of orders to the respective customers
• Supporting in arranging finances from banks and other sources for the operation of the group’s businesses

Currently, five producers’ groups from Tikariya, Rambag, Amanala, Silgi and Manadei are members, although the federation plans to expand its reach and include more number of producer groups across the district in the future.

Jabalpur is one of the important garment manufacturing clusters in central India and Mandla is within the operational vicinity of Jabalpur cluster. It is understood by the NRLM and Mandla that providing training in tailoring can help young women in the district get meaningful employment.

Keeping in mind the potential for stitching works in Mandla, the skill development wing of the mission started training interested women from various villages in December 2002. Till now, 500 women have been trained by RSETI in basic tailoring.

2.1 Producer Group Formation

Trained women have organised themselves to form producer groups — under the guidance of the district NRLM team — in order to manufacture garments and earn their livelihoods. First two groups were formed in 2013 at Tikariya and Rambagh. Other groups at Rasaiya (Amanala), Manadei, and Silgi were formed later in 2014 and 2015 respectively.
The Maa Reva Producer Group - Tikariya was formed in November 2012 and the tailoring centre was established in July 2013. All 16 group members paid ₹100 each as membership fee and they set up their tailoring centre in a house provided by the gram panchayat. While no rent is to be paid by the group, they are however expected to bear maintenance and utility expenses. All these 16 members were from BPL families with 50% ST members. Additionally, 46% of the members are unmarried women, while 38% are married and 14% are staying separate. Initially the group availed loan from Central Bank of India to purchase sewing machines and CC limit to finance operating expenses. In terms of products being produced, they were initially focusing on tailoring school uniforms for girls from class 6, 7 & 8 i.e. sizes 32, 34 and 36 respectively.

2.2 Management Structure

The group has appointed a chairperson and a secretary - with consensus - and both of them are responsible for driving the business of this producer group. The group works as a cohesive team and has divided the work amongst them. A work distribution chart is prominently displayed at the centre, clearly spelling out each person’s job and role.

The distribution of the work was done by the team after considering willingness, time allocation and education/skill level. Given that the group is a homogeneous group, work gets completed effectively, while the group meets once every month on the first Monday in order to review the progress. Minutes of each meeting is documented for future reference.

2.3 Value Chain

Operations commence at getting the order from schools to produce school uniforms. Mandla Federation procures the order from district project coordinator - education, after which the federation gives the order to these groups, who then complete the order according to specifications.

After getting the order from the federation, the producer group carries out the following activities:

- **Purchase of raw material:** The group purchases raw materials like fabric, buttons, etc. from reliable vendors after considering three quotes from the market.
- **Cutting of the fabric:** Group members visit the schools where uniforms are to be supplied and take measurements to ascertain the number of uniforms of various sizes that are to be produced.
- **Scheduling and stitching:** After discussing with the group members, work is allocated whereby the number of uniforms to be stitched is allocated based on their availability and willingness.
- **Packing and delivering of finished product:** Once the uniforms are stitched, they are packed and the stocks are delivered to Mandla federation, which in turns delivers the uniforms to the respective schools.
- **Receive payments:** The Mandla federation is furthermore responsible to collect the payments from schools, post the completion of the order. However, the federation does not wait till the realisation of payments (from schools) to make payments to the group. Thus, the federation often makes the payment to the group and then realises the payments from the schools.

2.4 Business Growth in Last 3 Years

Main business of this group is stitching school uniforms for girls studying in government-run schools. From a modest 2,000 pieces, the group is looking at scaling up to be able to stitch 10,000 uniforms in 2016-17. Additionally, the group also produced other apparels (such as lowers) for private customers, depending on demand.
2.5 Value Chain Analysis

Apparel value chains basically begins with raw material production (for fabric) till final garment is manufactured for the customers. However, in this case, end-to-end chain - i.e. cultivating cotton till the manufacture of final uniform - is not viable. However, value addition is being made through turning unstitched fabric into stitched garment through these apparel production units.

Maa Reva Producers’ Group procures suitable fabric to produce quality uniforms for the girls of class 6, 7 & 8, which ought to last them at least a year. As there is no design involved in creating the uniforms, the assumed value against design is not captured by the group. However, the group has procured cutting machines and are now cutting fabric themselves and thus do not have to rely on outside tailors. Although, placement of buttons is still being done manually, however, the group has plans to procure automatic machines, which will help produce higher-quality garments. In the case of uniforms, the group gets ₹85, which also includes their wages and profits. Although, there is scope for benchmark against industry standards, with demand for desired amount in other contracts.

[Graph showing a line chart with data points from November 2014 to June 2016.]

- Orders dried up after the initial one
- Now though small orders keep coming
- Good news is three customers are repeating

Jan – 16 new centre was established with fanfare and publicity generated. It spiked immediate order

[Diagram showing a flowchart of the value chain with labels for Fabric, Designing, Cutting, Stitching, Button/Finishing, Pressing, Packing, Delivery, Margin, and Market Price.]

Value addition at each stage of producing school uniforms per pair

Margin for Group is ₹40 while ₹15 is retained by the Federation

Schools provide their designs

Major income component of the members which is given to them

Figures are in ₹/pair of uniform
2.5.1 Impact on the Lives of Members
The average income of the 13 members has increased from a mere ₹2,400 to ₹13,500. As for the precise income, it ranges anywhere between ₹740 to ₹40,000 for the group members depending on their individual productivity. Besides farming and working for daily wages, tailoring has helped member households augment their income to support their livelihoods. As per the members, the income generated from tailoring is used for meeting household expenses while also being utilised for their children’s education. While the members are getting 3 to 4 months of regular employment, they want more number of days of employment.

2.5.2 Sustainability
Major business for these producers’ groups are school uniforms for government-run schools. However, in case the government decides to go for alternate methods to procure uniforms or withdraws the scheme, the business will be in trouble. Although, the good news is that the group is expanding to cater to private customers in order to become more sustainable.

2.5.3 Replicability
The skills of tailoring can be learnt by unemployed rural women easily through proper training and can be replicated in other villages too. Growing income and an increase in spending on garments also ensures a steady demand for skills at manufacturing at competitive costs. Thus, rural centres like Tikariya can complement the urban market clusters by providing job works. Moreover, as the investment for setting up a centre is low, these can be easily established by SHGs with support from banks/NRLM.

3.0 Market Oriented Business Model - Sri Ganesh Ajeevika Silai Kendra, Thikri
Under SRLM, women SHGs were formed to take up various livelihood activities. Thikri Gram Sangathan therefore was formed in October 2014 and consists of 9 SHGs, where each SHG has 10 members. The members, who were training on stitching formed the stitching centre - Ganesh Silai Kendra. They too have a chairperson and a secretary, both of whom were appointed through consensus.

3.1 Setting Up the Business
The first prerequisite for setting up the Silai Kendra was sewing machines. Thus, the group approached ICICI bank and availed a loan to purchase 5 sewing machines. They started stitching from a rented place provided by the Village Organisation.
Although the initial start was brisk, the team then approached schools, hospitals, shops, etc. for orders, with the first order from a local supplier for handkerchiefs, which was basically a work-order only, i.e. the customer supplied the raw material while the members simply stitched the side of the handkerchief. The group therefore managed to earn ₹1,50,000 from their first order @ ₹1/handkerchief.

3.2 Infrastructure Strengthening
12 more members were added to the group and second-hand machines were purchased, which were financed by the Community Investment Fund (CIF) worth ₹1,80,000. While there are a total of 17 machines as of now in the centre for 17 members, 10 more machines are being purchased which will further add to the asset, thus increasing capacity to 27 sewing machines.
Apart from the tailors, there are 26 support women members, who are working on a daily-wage basis, thus increasing strength to 53.
3.3 Business Operation
The members are organised and meet on the 2nd day of every month. New members who join and work on button fixing, pressing and packing are paid ₹100 per day. Older members who do the stitching are paid the wage received from the customer. Registers are maintained to record details of work done by each member, according to which payments are done in cash.

3.4 The Positives
This particular group of women have shown immense determination to work on their own and succeed. During periods, when there are no orders, they proactively seek additional orders till they succeed in getting them. While the other group focused on government orders, this group has solely focused on private orders.

3.5 Business Limitations
The centre is focusing only on job work which are of low value. In the apparel value chain, only stitching work is being carried out, which would make the payments stagnant. This is mainly owing to the skills-gap for the members are not trained on designing, cutting, button/khaza making, etc. Furthermore, they supply to middlemen and not to the direct customer, which means they get lesser margins for their work.

3.6 Sustainability & Replicability
This group has relied more on private business and it looks like job works will always be there in garment manufacturing. Indore being one of the largest garment clusters in India, garment manufacturers will require newer skilled people around for orders. If the government can facilitate to link these SHGs to the mainstream apparel industry, it can sustain number of centres like Thikri in Barwani district.

4.0 Future Possibilities
The following are the recommendations:

- **New Business:** All school uniforms are not stitched by the Tikariya group. Thus effort needs to be made to get orders for boys uniforms as well. Furthermore, they need to get more orders from more number of schools. In addition, aggressive marketing can also help the group tap private customers.

- **Skill Upgradation:** Skill level of the members in both the groups is limited to stitching and to some extent, cutting. However, members need to develop other skills like designing and giving proper finish to garments.

- **Modern Equipment:** Relatively costly equipment like button-fixing machines are required at these centres to produce better-quality garments.

- **PPP Model:** Involvement of private organisations or entities as stakeholders of this system will generate higher interest and bring in orders.

- **Collaboration with Apparel Retailers:** Online as well as offline retailers are procuring private label garments from reliable and economically-viable sources. Thus, the women SHGs can collaborate and supply quality garments for better margins and profitability.

- **IT Infrastructure:** As all book-keeping is being done manually at the moment, the centres need to develop an IT infrastructure for more efficient management.
MAHILA WORKERS MAKING INCENSE STICKS

Jitesh Kumar Panda

Abstract

The Odisha Livelihoods Mission (OLM), SRLM of Odisha State has been supporting “raw incense stick production” (agarbattis) as a business proposition for livelihood support to women members of SHGs. The business activity currently being promoted by OLM involves production of agarbattis by “hand rolling” as well as by use of “pedal machines”. Based on an MoU with ITC, ORMAS and OLM are promoting an exclusive supply chain for ITC by encouraging and integrating the women producer groups to take up production of both hand rolled raw incense sticks and “pedal machine made raw incense stick” for supply to ITC.

It is quite evident that efforts of ORMAS/OLM have led to increase in employment opportunity for rural poor women. In hand rolled mode of production, women are able to use their leisure time, and get additional employment, while in the case of pedal machine, it is gainful employment. Implementation of this business model has resulted in an increase in income for women SHG members. There has also been an increase in incense stick making units across the state.

The large scale intervention by ITC has motivated other companies to develop their supply chain in the State. The success of this business model is primarily attributed to facilitating market linkage of producer groups to ITC and identification of right profile of beneficiaries.

This study suggests that the business model may be replicated through other State Rural Livelihoods Mission (SRLMs), considering availability of market for incense sticks across India and increasing trend in consumption of incense sticks among consumers.

The replication efforts may consider key learning obtained through this study. This includes initiating promotion efforts from market and NOT from community; identification of right beneficiaries, looking for additional employment; and involvement of professional with understanding of market in such initiatives.

1.0 Introduction

Incense stick production and marketing has already assumed the shape of an industry in India. It is also gaining importance internationally. Traditionally in India, incense sticks are consumed on a daily basis. Its consumption substantially increases during festive seasons. There is also export of finished incense sticks from India, which is on an increasing trend. The per capita incense stick consumption in India is estimated to be 50 sticks/year approximately, which too is showing a positive slope in terms of growth. In India, this industry is currently estimated to be about ₹3,000 crore, which is growing at 15% per year.

Traditionally, this industry was dominated by cottage units (about 10,000 units). In recent decades, there is increasing interest of organised sector and private companies in this business. As of now, about 60% of the market is covered by private companies. Amongst private companies, “Cycle” brand is the market leader, followed closely by “Mangaldeep” brand of ITC. At present, the raw incense stick production process is dominated by pedal machines. However, just a few years ago, there was predominance of “hand rolling” method.
of production. There is an ongoing effort - both at an R&D and at operation level - to move towards semi-automatic and automatic mode of operation. However, in general, this industry continues to be labour-intensive, thereby providing livelihood option to poor people across locations in India. Bengaluru/Mysore is considered to be one of the major clusters for incense stick production in India. In recent years, import of raw material (including bamboo sticks), machines and raw incense sticks has increased significantly.

2.0 Business Activity

The business activity currently being promoted by OLM, relates to both production by “hand rolling” and by use of “pedal machines”. It is promoting production of “hand rolled raw incense stick” by involving women producer groups and facilitating marketing through different channels. In this case, raw material is supplied by ‘Incense India’, a private company to producer groups. The producer groups sales raw incense stick to incense India and other enterprises. In some cases, local individual entrepreneurs also transact with Incense India.

Based on MoU with ITC, ORMAS and OLM are supporting development of exclusive supply chain for ITC. Initially, women producer groups were encouraged to take up production of hand rolled raw incense sticks. At present, only “pedal machine made raw incense stick” is produced by the groups. Producer groups buy imported round bamboo sticks from ITC vendor and sale pedal machine made raw incense sticks to ITC vendor. The pedal machines have been supplied to producer groups as part of CSR initiative of ITC.

As a State level rural marketing promotion organisation, ORMAS promotes different livelihood activities. In early, 2000 it started promoting production of hand rolled incense stick involving women SHG members, through linkage with existing local enterprises. It soon realised the importance of involving large private companies to provide sustainable market linkage, to large number of women producers. In 2009, ORMAS signed MoU with ITC. ORMAS took responsibility of organising the producers and supporting their groups; and ITC simultaneously developed its exclusive supply chain involving its vendor and producer groups.

Initially, there was promotion of SHG clusters/federation involving women interested in hand rolled incense stick production. The women were provided skill training and basic equipments to make incense sticks. The federations were supported with revolving fund at subsidised rate of interest. Some of the federations were provided infrastructure support like sheds under SGSY. Initially, through its district level agency it took responsibility of raw material supply and marketing of raw incense sticks to ITC vendor. At Bhapur in Nayagarh district, it took initiative to form Common Facility Centre/Raw Material Bank. Later ITC appointed local vendor that resulted in strengthening the supply chain.

Meanwhile, under NRLM the cluster federations were reorganised as producer groups. By then, there was innovation in production technology to go for pedal machines. ITC provided pedal machines to producer groups, and took care of their maintenance. With support of NRLM, ITC provides skill training to women producers interested to use pedal machines. Under NRLM, producer groups were provided working capital of Rs. 2 lakh at subsidised interest rate. As ITC shifted to pedal operated machines, there was downside in hand rolled production. With involvement of Incense India, the hand rolled incense stick production is being revived. Efforts are being made for facilitating multiple market linkages for hand rolled incense sticks.

2.1 Key Activities and Actors

Key activities include: (a) purchase of raw material, (b) production of raw incense stick, (c) perfuming, (d) packaging, and (e) marketing. ITC has appointed an authorised vendor to manage its supply chain linked to the producer groups. The raw materials like round bamboo sticks and joss powder is directly imported by ITC and sold to vendors. It has identified authorised vendors to supply other raw materials like charcoal to ITC incense stick vendor.
The producer groups purchase incense stick and premix for ITC vendor. Producer group further engages its members and also non-members at specific production site to produce wet incense sticks. The group led by group leader and supported by LSP takes care of grinding the premix, drying, quality inspection including sorting. The producer groups sell the raw incense sticks to ITC vendor and are paid based on quality check. The quality check covers rejection of exposed sticks, Crack sticks (within and between) and measure of tip length. The ITC vendor is responsible for perfuming and packaging. The supply chain is controlled by ITC with regard to type of raw material, perfume and packaging to be used. The quality control is strictly followed at all stages including purchase of raw material, production process and at final production stage. The research and development, product development, brand promotion and marketing is responsibility of ITC.

Through CSR initiative, ITC provides pedal machines and takes up its maintenance; and also impart skill training for production of raw incense sticks. OLM/ORMAS is primarily involved in organising and capacity building of producer groups. It financially supports skill training. It also provides equipments like grinder and revolving fund at subsidised interest rate. It has appointed LSPs to provide day to day support to the producer groups. Promotion of LSPs involves identification of right persons, training, provision of incentives and monitoring their activities. Besides this, under SGSY, infrastructure support like sheds has been provided to some of the better performing groups. At ORMAS level, there is designated person to facilitate day to day linkage with ITC/ITC Vendor and monitor the activity at field level.

2.1 Business Model Analysis

It is quite evident that efforts of ORMAS/OLM have led to increase in employment opportunity for rural poor women. In hand-rolled mode of production, women are able to use their leisure time, and get additional employment; while in pedal machine, it is gainful employment. In both case, for women SHG members and their relatives associated with the activity, it is creation of additional employment opportunity. Implementation of this business model has resulted in an increase in income for these women SHG members.

There has been many indirect outcomes and impact of promoting this business. There has been an increase in incense stick-making units. The potential for business has motivated many individuals to become entrepreneurs. The large-scale production intervention by ITC has motivated other companies to develop their supply-chain in the state. The sale of incense stick-making machines like pedal, both automatic and semi-automatic, has also increased. The bamboo stick-making unit is also coming up at Panikoili in Odisha. The partnership of Government of Odisha through ORMAS/OLM and ITC is indirectly contributing to the rise of incense stick-making ‘clusters’ in Odisha.

2.2 Key Success Factors

The success of this business model is primarily attributed to facilitating market linkage of producer groups to ITC. This was possible through Memorandum of Understanding (MoU) between ORMAS and ITC. It is important to associate right profile of beneficiaries with proposed Income Generating Activity (IGA). In this case, there was effort for identification of right women beneficiaries i.e. women looking for home/village based additional employment. Active involvement of key person associated with PG like group leader and LSP supported functioning of PGs. Most of them are functioning like entrepreneurs and they have demonstrated ownership of business at PG level. Provision of support like training, financial assistance and infrastructure has also strengthened functioning of PGs. All the stakeholders have demonstrated business acumen, by adapting to changes in technology (moving to pedal machine) and business environment (more reliance on import of bamboo sticks).
2.3 Potential Threats

Although producer groups are business entities, they neither have a formal business plan nor are they formally maintaining a book of accounts. Members are therefore not aware of surplus generated by their group. In most of these groups, members have not experienced distribution of surplus or sharing of loss. Inadequate maintenance of records may affect smooth functioning of the producer groups. This initiative is considered as CSR strategy of ITC. The business model thereby as a model for livelihoods promotion could be taken up at a scale if it works out as a viable business proposition from ITC’s point of view.

Being import-dependent, there is a risk of irregular supply of raw material like bamboo sticks. The change in technology has led to significant reduction in number of SHG women associated with this activity. There is risk of continuance of this livelihood activity at family level, as it is unable to provide gainful employment, especially in case of hand rolling method of production. Uncertainty in import of raw incense stick and likely automation process of production of incense sticks can be perceived as potential threat for continuance of this as sustainable livelihood activity.

3.0 Lessons

- Market linkage is critical to promotion of livelihoods.
- Identification of right beneficiaries will enable promotion of livelihoods.
- Multiple hand-holding support needed, including training, infrastructure, credit, market linkage, which support promotion of livelihood.
- Women associated with SHGs are keen on getting involved in production and processing activities - with necessary backward and forward linkages.
- Relevant to promoting individual enterprises, besides group enterprises
- Involvement of committed professional with adequate understanding of business and market, which support the promotion of livelihoods.

4.0 Implications

4.1 Scalability

The business model is scalable, if it gets oriented and mainstreamed as core business strategy of ITC. The initiative can be taken up at a scale by exploring possibility of promoting producer companies that could take up the role of vendor in other clusters, where ITC is not providing market linkages. The producer company can take up market linkage with other private companies, who are currently part of the organised sector.

4.2 Replicability

The business model may be replicated through other State Rural Livelihoods Mission (SRLMs), considering there is an availability of market for incense sticks across Indian and an increasing trend in consumption of incense sticks among consumers. As there is a strong presence of the organised sector, there is also a possibility of facilitating market linkages with different companies. SRLMs could get into MoUs with specific companies to facilitate promotion of incense stick-making clusters. This replication efforts may consider key learnings obtained through this study. This includes:

(a) initiation of promotion efforts from market and not from community,
(b) identification of right beneficiaries,
(c) looking out for additional employment opportunities, and
(d) involvement of professionals with understanding of marketing such initiatives
4.3 Sustainability

This business model for the promotion of livelihoods would be sustainable in medium term. This is because pedal machines will be able to provide market linkage as part of its CSR strategy. However, it would be sustainable in the longer term, if policy support encourages production of raw incense sticks in India. There is also a need for developing backward linkage, mainly for production of round bamboo sticks, used in pedal machines. The long-term sustainability would also depend on systematic effort for promotion of incense stick-making cluster.
MAHILA ENTERPRISES FOR TERRACOTTA AND PALM LEAF PRODUCTS

Jaideep

Abstract
Terracotta and pottery is an age old livelihood of potters. While it was men centric in recent times, it has developed into a family based livelihood activity. Demand for terracotta products has been growing over the years and the Tamil Nadu SLRM in collaboration with the Tamil Nadu Corporation for Development of Women (TNCDW) has opened up opportunities for training of SHG women members in making terracotta products with appropriate skills in mixing raw materials, making and mounting moulds, wheeling, designing, dyeing, polishing and marketing. The SHG women are participating in all the activities across the value chain and the families are able to earn Rs.10000-25000 per month, net of all expenditures and investment.

The Government of Tamil Nadu has provided a Common Facility Center for making Terracotta products where they could source clay, water and sand but due to inaccessibility in the rainy season, the potter families continue to depend on the nearby Vallavanur forest for raw material support. As regards the value chain, it begins with blending of the black clay soil and red sandy soil to obtain the desired clay formation and through use of moulds and wheels, the planned designs and products are developed for further value addition through baking, colouring, dyeing, polishing and drying for packing and delivery through the marketing channels to potential domestic and international buyers.

A few women are now trained to handle the wheel when the husband is ill or not attending to work, though traditionally it was men who operated the wheel. The boys are also being trained at a younger age in craft making. The art of mounting the material on the wheel is a craft by itself as it needs correct assessment of the quantity of clay to be mounted for balancing the wheel. The men and women spin the wheel with the right stick, speed and timing to make different terracotta products. The terracotta business is making a difference in the lives of the families as they are able to realise a margin up to 50% on some products and designs. Considerable market support has been provided to the SHG women through participation in fairs and exhibitions and access to the marketing network of the State Handicrafts Corporation.

With Palm leaf handicraft also gaining a global foot-print in the last two decades and India’s palm leaf products becoming popular, the TN-SLRM has identified palm leaf based handicrafts too as a livelihood opportunity. The Government of Tamil Nadu has constituted the Palm Products Development Board and the Handicrafts Workers Welfare Board for the welfare of palm workers. The TNSRLM and the TNCDW decided to deepen the SHG process in the Kaniyambadi block of Vellore district to train women and secure livelihood for them through micro-enterprise development around Palm leaf based product development. The SHG members were trained in Palm leaf product development for generating alternate and supplementary livelihoods but in due course, it has become primary livelihood for many.

The value chain for palm leaf based products is similar in configuration to terracotta products though the raw materials and equipment used are different. As the women members have been successful in developing and delivering innovative product designs following their training and skill development, they could secure access to diverse markets with support from TNDCW and the TNSLRM in obtaining bank linkages and credit support. With gainful employment and enterprise growth over the years, the SHGs have federated at the block level into POOCHARAM Women’s Federation to market Palm leaf Products collectively. In course of time, the Federation was
successful in selling products at the local, state and national level and exporting the palm leaf products globally. Working on a full time basis, the women SHG members now earn a minimum of Rs.10,000 per month a few women form the Federation have become master trainers too, supporting the TNCDW in training members of SHGs elsewhere in the state.

1.0 Introduction

India has a long cultural history in art and craft, which has become monetised over a period of time, which is primarily the reason why it has become a primary livelihood for some and secondary for others. Over the years, the handicraft sector has increased manifold and has contributed significantly to the local, national and international economy. ‘In 2014-15, Indian handicrafts exports stood at US$ 4.5 billion, up approximately 15.4 per cent since 2008-09’\(^1\) in fact, various global markets forecast the scale of handicrafts operation to reach $100 billion by 2020.

For more than two decades, TNCDW/TNSRLM has been involved in various initiatives to empower women — both socially and economically. As a result of these continued initiatives, women are slowly becoming adept at addressing their issues collectively; and contribute and access savings & credit. TNCDW has been providing skill-enhancement training to women in alternate/diversifying livelihoods, which also includes handicrafts such as terracotta products and palm leaf products, while also facilitating bank linkages to enhance their livelihoods and assets. They, furthermore, also work towards creating marketing opportunities.

The SHGs were lending money internally and was leveraging the government’s economic assistance. The TNCDW established the State and District Supply and Marketing Society (S/D SMS) — a platform that works for the marketing of the SHG products at the district and state level. It furthermore also encourages women to participate in SARAS exhibitions, which are organised by the Department of Rural Development and is the Government of India’s umbrella brand for promoting rural products.

1.2 Terracotta Heritage

The Tamil Nadu handicrafts, including terracotta products, are widely known across the world. In Tamil Nadu, it is the men of the potter caste, Kalluvanar who are generally involved in making these terracotta products. In order to safeguard their interests and provide them welfare measures, the government established the Potters Workers Welfare Board and Handicraft Workers Welfare Board.

Two decades ago, Bullock Cart Workers Development Association - a NGO in Villupuram district - organised potters into groups to secure and protect their livelihoods and to help diversify their skills and products.

As of 2015-16, more than 10,000 manual pottery workers have registered with the labour department, while about 3,816 potters have enrolled as members in 34 different Potter Cooperative Societies.

The potters procure clay from the nearby tank beds and sand from the local area. At present, a tractor load of clay costs ₹5,000 and a tyre load costs ₹1,000, which is being regulated and any violation would result in fines to be paid to the revenue or forest department. Although despite these raw material constraints, potters are still managing to procure raw materials to manufacture the different Terracotta products. Using diverse marketing avenues, they are therefore able to raise their incomes — thanks to the increase in demand for terracotta products both within and outside the state.

\(^1\) India Brand Equity Foundation (IBED) is a Trust established by the Department of Commerce, Ministry of Commerce and Industry, Government of India - Internet site - 21.06.2016, 11.02 AM
1.2 Promoting Terracotta

The government of Tamil Nadu is at the forefront in making progressive efforts towards improving the lives of the poor and the disadvantaged, bringing several policies in their favour. The overall business climate in the state further favours opportunities, especially inclusive growth. Over the last two decades, TNCDW has been working towards bringing a positive change in the lives of women and their families, by promoting alternative and diverse livelihood opportunities, focusing on the handicraft sector. The investment made by TNCDW on women SHGs is significant, where it not only provides space, but also mentors the group and helps in establishing bank linkages and marketing support, which helps them capture market opportunities. As a result, numerous terracotta initiatives have sprung up, across the district.

TNSRLM and TNCDW have been actively collaborating to provide training to the women SHGs in the following areas:

- Identification of quality and durability of black clay and red sand
- Preparation of black clay and red sand
- Mixing of black clay - watering, soaking and drying
- Mixing of red sand - watering, soaking and drying
- Mixing appropriate proportions of sand and making a mixed was - watering, soaking and drying
- Filtering of clay and sand
- Smoothing of clay and sand by beating it
- Painting, polishing, drying and storing of the prepared products for the market
- Making of different pots and terracotta products
- Making of different mould and different motorised wheels for mounting the mould
- Wheeling the pottery and terracotta
- Drawing designs on the pottery
- Firing of pottery in furnace based on its design
- Creating designs on pottery
- Drying
- Marketing of products

The Handicrafts Development Corporation and TNCDW have been training 50-100 women in terracotta products every year, which is quite significant. Furthermore, there are significant efforts being made by the SMSS and DSMS in providing linkages and market support for the women SHGs to sell their products across various platforms.

With the available raw material and the skill that are gained over the years, the traditional terracotta makers are able to secure gainful employment. If necessary space, raw materials and training is provided, more SHG women would be able to double their income and it would also encourage the younger generation to pick up the craft and contribute to the economy.

2.0 Production Process

2.1 Preparation of Raw Material

The black sandy soil and the red soil sand are watered separately and soaked till the second day morning. It is then dried to thicken for desired clay formation, based on the established proportions. The clay and sand are thereafter beaten till the afternoon to make it smooth so as to produce the products in the desired shapes and sizes.
2.2 Mounting the Material on the Mould Wheel
The art of mounting the material on the wheel is a legitimate art in itself, as it needs a proper assessment as to what quantity should be mounted on the wheel so as to keep it balanced. The men/women spin the wheel using a stick at a specific speed for a specific time so as to make products in different shapes and sizes.

2.2 Drying the Product
The women dry the products before drawing the designs and colouring the products. Thus, the terracotta products are kept in the sun for a day or two till it is completely free of moisture.

2.3 Drawing Designs and Colouring with Natural Dyes
Post the drying of the products, the women draw different designs and colour them using natural dyes. Since it is a fine skill, it is a time-consuming process and the women, on an average, make 2 large terracotta products in half a day.

2.4 Baking Terracotta Products
Post the designing and colouring of the products, they are baked using coal till the desired texture is obtained.

2.5 Polishing
Some of the products require further polishing and colouring in order to get the desired texture and colour, which makes it look attractive and ready for the market.

3.0 Marketing of Terracotta Products
Koliyanur Panchayat Level Federation, a revived SHG federation, earned ₹3.5 lakhs during 2015 by selling the terracotta products collectively, while the SHG women are doing the trading individually, which are sold to (a) individual customers (through the village shop, Poomalai complex, exhibitions), and (b) retailers and wholesale sellers (at the village, state and national level).

3.1 Value Chain Analysis
The value chain analysis of terracotta products focuses on various components — the end market process, business enabling environment and constraints, the role of various value chain actors with the following: (a) individual customers/retailers at the local level, (b) wholesale sellers/traders at local and state level, (c) State Supply and Marketing Society at the state level and networking with the SARAS Exhibitions at the national level, and (d) Direct consumers identified by the producers themselves through networking and retailing.

3.2 Value Chain Actors and Their Relationship in the Value Chain
- Raw Material Suppliers: On an average, 60 tons of clay and sand is sourced from the local area and on an average, 25 terracotta-making families are involved in the making of these products, whose cumulative market value is more than ₹6 lakhs.
- **Market Map**: There are diverse marketing opportunities available for the terracotta products, be it at the local level, state level or national level.
- **TNCDW**: The State and District Supply and Marketing Society - a part of TNCDW - plays an active role at the state and district level and helps the women SHGs sell their products across the different platforms.
- **Wholesale Sellers/Traders/Retailers**: There play an active role in the lives of the terracotta makers as they procure the products in large volumes on a monthly basis.
- **Individual Customers**: The volume of products sold at the retail outlets varies from month to month, but helps in pushing sales volume.

### 4.0 Palm Leaf Products

Palmyra is the State Tree of Tamil Nadu and the state has the largest number of trees in the country. More than 30,000 SC artisans are engaged in the Palm Products industry, which revolves around the tapping of Neera, manufacturing of Palm Jaggery, Palm Fibre and making of Date Palm Baskets.

Through timely intervention, the government of Tamil Nadu encouraged women artisans to produce palm leaf products, which is a labour-intensive process and requires hard work and endurance. TNSRLM/TNCDW has provided an impetus to the industry by creating a brand value and through a diversified product range. The SHGs, NGO-facilitated producer groups, private agencies/wholesale and retailers — all participate in the marketing activities within the state and at the national level, including exporting the products to the international markets, which helps garner better returns. This has created a plethora of opportunities for the women to secure sustainable business in an enabling environment.

### 4.1 Business Idea

Two decades ago, CHAD of Christian Medical College Vellore had initiated health and nutritional support to women in 6 villages of Kaniyambadi Block of Vellore district. In a few months, the village women came forward, demanding supplementary incomes and manage the processes. This resulted in the formation of Self Help Association for Rural Education & Employment (SHARE) as an NGO. After exploring several options for securing incomes, owing to the low income generation from agriculture and agricultural wages, the women decided to undergo training in newer livelihoods in order to supplement their family incomes.

As Palm leaf products provide scope for international markets and quick revenue generation, SHARE decided to collaborate with the South India Producers Association, with Manpad Palm Leaf Products providing a platform for marketing. The exposure provided a few women to understand the making of palm leaf products and its diversity, procuring of raw materials, production processes and market opportunities.

### 4.2 Training in Palm Products

For interested women, DCH-TNCDW (DRDA/DWCRA) organised a formal training in order to train these women on palm leaf product-making. The initial one-week was spent in orientation so they could get an understanding
about palm leaf and the various products that could be made. Subsequently, training was provided for two-
months to give them a hands-on experience so they could become better in terms of both speed and quality. A
stipend of ₹1,000 per month was provided to these women. The training and reskill process focused on the
following and the new SHGs were trained for a year on the following processes:

- Develop an understanding on the importance of palm leaf - handling of the leaf for different products -
  Soaking, Dying, Texture
- Splitting Machine - A simple machine to cut the leaf
- Develop an understanding of product and design
- Procurement of raw material - Palm leaf and dyes
- Evolvement of new product design
- Making of products
  (a) Cutting and threading of leaves of various sizes through splitting method and
  (b) learning to handle the Splitting machine
- Production process and business management
- Management of Palm leaf for making multiple items
- Defining the quantity of palm leaf required for making each of multiple items
- Quality check for national and international markets
- Calculating wages - based on the type and size of products made in a day
- Procurement raw material stocking - Need analysis
- Transportation of raw material and products
- Stocking of finished products for domestic and international markets
- Negotiating with clients on the international Palm Product Pricing based on existing rate quote
- Understand types of markets - local/state/national/international
- Methods of Marketing (of the products)

4.3 Product Design Workshop
With growth in palm products, demands for newer designs are emerging, which makes it imperative for these
women to undergo skill development through product design workshops, which can last anywhere from weeks
to months.

4.4 Production Process
The palm leaf products are made by both full-time and part-time workers. The part-time and some of the full-
time workers go to the NREGS works and earn ₹100/day for 100 days. Also, 150 part-time workers are opting
for NREGS work, which is less labour intensive giving these women an opportunity to make palm leaf products
during their break time. The women thus see it as double advantage, as the women going to NREGS can earn
about 4000-5000/month.

Out of the 21 SHG women, 52 women are full-time workers and 150 women are part-time workers, who make
19 different types of palm leaf products of different shapes and sizes with speed and quality. All these women
also act as individual entrepreneurs and market the products through the networks or through peer contracts.
4.5 **POOCHARAM Federation**

It secures orders especially at the national and international level. It basically is involved in the following process: (a) securing order or standard products to meet market needs, (b) planning workshops, (c) quoting rates to customers, and (d) negotiation and re-negotiation with customers.

The POOCHARAM Women’s Federation acts as an apex body for the SHG women to leverage large orders especially for state/national and international level. SHARE was initially managing the body till a decade and a half ago. As the volume of business increased, it however divested the process from NGO to women-centric institutional process. Thus, in 2002, POOCHARAM Federation for Rural Women Self Groups was registered as an NGO and exclusively managed by the SHG women.

The individual and POOCHARAM Women’s Federation manage the business on their own, on a day-to-day, monthly or seasonal basis since their opportunities are specific and each of them secure orders for themselves or for the larger group.

4.6 **Pricing & Market**

The POOCHARAM Federation has evolved the pricing of the 19 items, based on the production cost. The product pricing is based on multiple factors. Though products are of small quantity for domestic and international markets, the procedures for marketing products in the international market is different. Furthermore, as the costs are high, international costs can sometimes be double the domestic costs. The markets for these products are diverse and exists at various levels, such as:

- **a)** local level (retail at DSMS shopping complex and individual customers),
- **b)** state level (SSMS - exhibitions and to individual large and small buyers),
- **c)** national level (SARAS exhibitions and to individual large and small buyers), and
- **d)** international level (FAIRTRADE buyers).
HILL BROOM MAKING FOR LIVELIHOODS

R K Sahu

Abstract

Hill Broom Grass collection is an age-old livelihood practice for the tribal people of Odisha. The grass grows naturally in fringe forest patches, especially in valleys near water bodies. Tribal habitants have traditional informal rights over collection of the grass and also have generational family rights over the hill patches for collection of this minor forest produce. The business of broom making from this grass is growing and it is estimated that each urban household uses at least 2-3 broom sweeps a year, and hence there is a huge market to tap. But it is constrained with lack of regenerative resources as the rights of the tribals have been diluted in favour of the gram panchayats and it is not a cultivable grass, being wildly grown. The quality of grass in Odisha is much superior in strength and colour in comparison to the grass collected elsewhere. This represents an attractive livelihood opportunity for SHGs with producer groups demonstrating capacity to handle up to 1000 quintals of dried broom grass (200 quintals per SHG).

There are two significant parts of the value chain, each of which bears considerable potential for livelihood generation. The primary part of the value chain covers harvesting, bundling and transportation of the hill broom grass for drying and storage. The dried grass itself is intensively traded but also serves as raw material for the second part of the value chain which involves re-bundling in to brooms and bundling them with metal wire or plastic rope. Broom Sweeps for domestic need is both wholesaled and retailed. Stocks at household level are generally used for cash realisation purpose, as brooms are bound in siali rope (traditional sisal plant fibre available aplenty) in bundles of 5 or 10 (5 kg dried broom grass) and sold in local market @ 35-40/- with each member earning up to Rs. 200/- per day and even up to Rs. 400/- on festive occasions.

While the bargaining power and accessibility to markets goes up with SHGs participating in both the above parts of the value chain, working capital remains a constraint as SHGs and Producer groups face intense competition from aggressive private traders, who still control two thirds of the raw material procurement for broom making. The SHGs and the collectives have been making efforts to take tighter control of the raw material supplies and the value chain for higher price realisation, with support from OLM, ORMAS and other government agencies.

There is also a need for technology intervention and tool scoping at all stages of the value chain for hill broom making to check drudgery and improve the productivity of women members of the SHGs. Research organisations like IGFRI and FRI should provide the botanical and agri-silvicultural support to the SHGs and Producers groups to make this livelihood more sustainable.

1.0 Introduction

Hill Broom Grass collection is an age-old phenomenon of local wage employment for tribal people of Odisha. It is a natural-occurring livelihood in fringe forest patches, especially in valleys near water bodies. Tribal habitants have traditional informal rights over the collections and also have generational family informal rights over the hill patch for collection of this minor forest produce. Off late, the government has divested the rights of collection to gram panchayats removing the administrative barrier and usufruct benefits.
The business of broom-making has moved from being traditional collection for the local traders to interim drying, collective bargain to sale, SHG & Producer groups investing own and government revolving funds for auction, collection, storage and finished broom-making of various market types. ORMAS, OFSDP and OTELP programs have added significant training, market exposure, invitation to national exhibitions and direct sales to this business. The business is growing and estimating each urban household uses at least 2-3 broom sweeps a year, there is a huge market to tap.

Despite the quality of grass in Odisha being superior in strength and colour, there are some constraints. For example, it is constrained with lack of regenerative resources as the rights are still diluted, hence it is not cultivated grass but widely grown. Furthermore, in spite of the huge programs, the subject once again falls in many hands such as the Tribal Development Department, including SC & ST development corporations, Forest department and revenue department (district authorities).

ORMAS/OLM are in a unique position at department of Panchayati Raj & Rural Development (DRDAs) to converge the line department efforts at the district collectors being the nodal points. Market exposures have been fairly built-in, trainings done with further scope as the product gets into finding further niche segments. With the established producer groups dealing with 1,000 quintals of dried broom grass, it is a good base for significant impetus to double or triple the transaction and arrest the seepage of dried raw material out of the zone.

However, structural gaps are not able to ensure enough working capital infusion, needing to create within groups to satisfy norms. SHGs and Producer Groups are not having enough capital to fight the aggressive private traders, who are still usurping two-thirds of the available material. However, the collectives are now getting organised to get into fair bargaining and repeatedly increasing price realisation.

2.0 Value Chain

2.1 Planting

Hill broom grass is available naturally in hill patches, mostly along water channels and valleys. Odisha types of hill brooms are silky, shiny and profuse in bunches per unit area compared to others. As the area belongs to forest department with right to collect among the residents, it is informally divided among families for the harvesting rights. Even different sides of hill patches belong to different resident villages of that side. This sort of arrangement generally leaves the choice only to extract than regenerate the stock. Moreover, the traditional practice of firing the leftover root stock brings in new regenerations but scientifically, this continuous process harms the strength of the broom sticks.

2.2 Collecting/Cutting of Raw Grass

The ideal practice of getting the grass out of the main plant is that of plucking the stem with a force or cutting at knee-level. The major and quicker way is to cut with sharp local-made heady sickle at a desired length and manageable as per height of the cutter. The grasses follow a “coppicing” method (primarily seen in Bamboo Grass or Elephant Grass) so scientific harvest can be trained by Forest Department. The cut grass that bundled at mutha (full both arm coverage spherical space of the person involved - that carries 15-20kg of fresh grass having 40-50% moisture content). Two of such bundles are then tied at both ends of a wooden bar and shouldered by male members down the hill to their habitations. Females, on the other hand, carry this bundle load on their heads.

2.3 Drying

The head loaded and bundled raw grasses are again unbundled and made to dry in open spaces through thick layers. In the districts and places SHG/producer groups, they do not have drying yards or any available cemented open places or access to large godown spaces. In case of bigger habitations, the villagers/tribal residents make available an open common big space for drying and manage their own lots. The grass are heavily moistened (40-
50%) need multiple turning/upside down around for proper drying for 08-10 days that reduces moisture to almost 5%.

2.4 Storage
Storing the dried grass helps the collectors to have bargaining power with the SHGs or traders. Because of onset of summer, drying becomes easier; however, hilly areas do have unseasonal rains. Storing in well-ventilated and airy places is critical to maintain the quality of broom grass. Air flow across the stored grass bundles is necessary to keep it in good condition. Otherwise, fungal infestation causes blackening of stem and also the discolouration of the main flush of grass.

The first stage of value enhancement from collection to drying involves many interim steps in between. The first stage itself occupies the initial three months (January to March), which engages the community at scale and helps generate local employment, providing handsome margins to those who take care of products during storage. Efficient drying helps provide maximum returns for the hill broom grass. Although often handicapped owing to the lack of right infrastructure at village or hamlet-level, the collectors face problems in right drying quality, price-quality matrix and owing to the informal nature of purchase. However, with the advent of the SHGs and Producer Groups, there is a bit of competition and thus fairness has come into the transactions over time, which has managed to push the gross margins.

With varied degree of gender involvement, the entire process is labour-intensive and hence the scope of wage employment is elaborate, based on the volume and value of material that is available and can be handled through best economic means. It is therefore a traditional business, slowly moving up the value chain at all levels of the grass collectors, interim processors, traders as well as customers.

Value Chain Analysis [Broom Making]

The traditional rights over the hill side patches have been demarcated between tribes, settlers in those directions over time. Among the hamlet rights, the settlers have their individual family rights and a good right is said to have 4-5 acre equivalent hilly tract in their control where their own families and other labour carry out
the collection work. In few patches protected by Van (Forest) Suraksha (Protection) Samitis (Societies) (VSSs are another form of special interest groups in fringe forest areas formed by the forest department) SHGs/Producer groups or private parties do auction out the same internally. The rights are informal in nature and there are conflicts with the forest department in certain cases.

3.0 Lessons

- Scope to build the skill base in both critical phase of drying and broom sweep product-making would enable the groups to be more competitive. Needless to say that regeneration, collection also needs to be aligned with best body of knowledge for sustainable practices.
- Use of tools to increase productivity, bringing in better & ease of operation need to be highly integrated in order to move the business from its basic stage to advanced stage. More meaningful about time would be available once the basic and time-consuming functions are softened out.
- Convergence efforts have been person-specific and champion-driven. These are to be brought under process and SoPs for seamless integration into the core activities, appropriate and usable infrastructure, knowledge assimilation and sharing platforms.
- Institutions are to be nurtured with specific reference to ease of funding, bringing in and aggregating coherent groups to benefit from scale.
- Employment generation can be fine-tuned not only on multiple stages bust also through large part of the year through augmented value chain and market-based products.
- Marketing efforts need to complement exhibition efforts and also need to move out form only event-based sales. Such interfaces need to test market new product ideas and plough it back into the process, institutions to meet the new or changing need. Branding, Trademarking, Advertising efforts should be planned through umbrella brand-building.
- Business Development Services are to be provided through specialised staff within the district level companies (to be formed). Such specialised team should be enrolled from the beginning with the district-level company itself with sales, marketing & operation benchmarks and deliverables.
- Risk mitigation should be endeavoured with scenario plans, patient funds, and risk funds inbuilt into the financing pathway. Without risk-taking ability, it is unlikely the entities would mature into long-term institutions.
Service based Livelihoods
UNNATI MAHILA IT SERVICES ENTERPRISE CONSORTIUM

G Krishnamurthi  I  K V Raju

Abstract

The Unnati IT Services Enterprise Consortium - a Kudumbashree initiative - seeks to provide employment opportunities to women having a minimum educational qualification of 10+2 or above with a diploma or certificate level exposure to computers. The first IT Services based livelihood opportunity for women groups in urban areas was the Technoworld Digital Technologies set up in September 1999 with presently 63 such computer data processing units and 5 hardware units staffed by 10-member women’s groups function across the state. Each unit generally starts with five computers, one 3 KVA Uninterruptible Power Supply (UPS), one printer, one scanner and the necessary furniture and are scaled up as the business expands.

The Unnati units take up government orders for IT related work such as data entry for provident fund offices, voters list, BPL survey, etc. in addition to low end software development, e-surveys, website design, hosting and maintenance. As the units offer employment to more than 2,500 women, Kudumbashree set up an IT consortium with capability to execute assignments for bigger clients including various government and quasi-government institutions.

The consortium has a pan-Kerala presence to canvass for business development from various sources. The consortium is branded under the name “Unnati” and is headquartered in Thrissur. Thus, the value chain extends from low skill photocopying centres and internet cafes to more value adding services that include software development and hardware maintenance. The physical location and adequate investment in basic infrastructure are critical to the success of the Unnati units. With mobile phone-based technologies and apps, it is possible to scale up these units and replicate them for the benefit of farmers, and others engaged in non-farming livelihoods.

1.0 Kudumbashree

Kudumashree was formally registered as the "State Poverty Eradication Mission" (SPEM) under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. The programme was launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of Local Self Governments. Kudumbashree perceives poverty not just as the deprivation of money, but also as the deprivation of basic rights.

The grassroots of Kudumbashree are Neighbourhood Groups (NHG in short) which send representatives to the ward level Area Development Societies (ADS). The ADS sends its representatives to the Community Development Society (CDS), which completes the unique three-tier structure of Kudumbashree. There are 2.58 lakhs NHGs, over 19,854 ADSs and 1,073 CDSs in Kudumbashree. The network brings women to the Grama Sabhas and helps them bring the needs of the poor to the attention of the local governments.

1.1 UNNATI Consortium

As part of major schemes launched by Kudumbashree over the last eighteen years, the mission felt the need to set up computer units by providing opportunities to women having a minimum educational qualification of 10+2
or above with a computer diploma or certificate. The first such unit, Technoworld Digital Technologies, was inaugurated at Thiruvananthapuram on September 15, 1999. At present, 63 Kudumbashree computer data processing units and 5 hardware units function in the state. They are run by 10-member women’s groups and are in urban areas.

The units generally start with five computers, one 3 KVA Uninterruptible Power Supply (UPS), one printer, one scanner and the necessary furniture. The IT units take up government orders for IT work such as data entry for the provident fund, voter’s list, BPL survey, and so on, in addition to software development, surveys, website design, hosting and maintenance. As the units offer employment to more than 2,500 women, Kudumbashree has set up an IT consortium that possesses the capability to execute assignments for potential clients including various government and non-government departments. The consortium has pan-Kerala presence to execute the work and to canvass orders from various sources. The consortium is branded under the name “Unnati” and is headquartered in Thrissur. It has 63 of the 75 such units in the State as its members.

2.0 The Study – Field Observations

As a part of the case study, a two-member team visited the following units in Kochi city/district to develop understanding of the nature of the project, its operations, membership profile, roles of members, their technology, marketing and financial status:

1. Technoworld IT Unit, Kalamaserry
2. Technoworld IT Centre, Angamaly
3. Sree Tech Computer Centre, Valakom Grama Panchayat
4. Technoworld IT Centre, Kaloor
5. Jan Sadharan Railway Reservation Counter

The observations in the write-up are based on the study of the above units and discussions with their representatives (members).

2.1 Technoworld IT Unit, Kalamaserry

Set up by a group of ten members drawn from as many number of NHGs on March 8, 2000 (to coincide with International Women’s Day), the unit is led by Ms. Regina, an M.Com graduate with specialisation in costing. The unit is now managed by five members and employs fifteen people on piece-rate basis. With 11 systems in place, the unit is engaged in several activities for its business operations, such as socio-economic caste survey 2015-16, data entry for Government departments, preparation of certificates, private work like typing in Malayalam, etc. For the last work, viz. typing in Malayalam, the unit charges Rs. 30/- per page.

The unit also operates the e-Seva Kendra in the RTO Office of Ernakulam, where two of its members are positioned. The total revenue of the unit is about Rs. 7-8 lakhs per annum gross and about Rs. 4 lakhs net expenses; this fetches about Rs. 12,000/- per member per month.

2.2 Technoworld IT Centre, Angamaly

Set up in the year 2000 with ten members, the unit is now managed by five members, as the others have left on account of marriage and settlement elsewhere, migration to the Gulf countries or securing a job in the Government. In addition to undertaking Government jobs and private jobs like typing in Malayalam, the unit is engaged in conducting IT-related training programmes for the staff of municipalities and panchayats, and to the students. The
topics for the training programmes cover MS Office, PageMaker, Photoshop, Corel Draw, Oracle, C++, etc. Three of its members are positioned at the e-Seva Kendra at the RTO. The unit replaces its equipment every five years.

The unit operates in the rear part of a building near the old municipality of Anagamaly and has limited space. The members are on the look-out for space facing the road to attract customers for jobs. As in the earlier unit, this unit also employs about ten to fifteen salaried workers on a continuous basis; the number goes to 50 at times. The members do not draw any salary, but divide the net proceeds from the business equally among themselves.

2.3 **Sree Tech Computer Centre, Valakom Grama Panchayat**

Started on July 15, 2005 with ten members, the unit has only five active members now, the other five having left for personal reasons. Even though the members had ceased to be active, they had left certain loans which had been discharged by the remaining five members. The unit was engaged only in data entry work during the period 2005-10, and had not made any profit. However, the members who had work to do in the unit were earning wages at Rs. 300/- per day. However, post-2010, the unit has started getting work as a result of digitisation of records. The current activities of the unit cover printing of certificates, DTP work (such as printing of notices, students’ projects, voter ID card, online application filling, scanning of documents), photocopying, Malayalam DTP, and internet surfing. The major activity of this unit is from Akshaya, and the unit is involved in conducting training programmes.

As of now, there is continuous work only for three members in the unit. Further, the business is seasonal in nature, and the unit is busy for six months from April to September. The fixed expenses amount to Rs. 460/- per day which the unit is in a position to meet. When the business is slack, the members cut down their wages, and two-thirds of the members work at Rs. 150/- per day. The members also undertake work elsewhere, with a clear understanding that 75% of the revenue should vest with the unit and the remaining 25% with the member. The unit had made sufficient profit last year and the profit per member (after wages, repayment of loan instalment, etc.) was Rs. 10,000/-. The success of the unit post-2009 was attributed by the Secretary, Ms. Sheeja Jose (a graduate in physics with PGDCA) to the change in the location of the unit. Currently located in the rear part of the Block Panchayat office, the unit is looking for better location and larger space. In addition, the other enablers for better revenue for the unit appear to be investment in printers, photocopiers, laminating machines, Aadhar card machinery, and availability of good internet connectivity at stable speeds.

2.4 **Technoworld IT Centre, Kaloor**

Started on March 29, 2000, by representatives of 10 NHGs, but left with only five members now, the unit is led by Ms. Nimmy Jerome, Secretary of the unit. She is also the Vice-president of Unnati IT Consortium. The unit, like many others, is engaged in Government work, PAN Card printing, internet, colour printing, scanning, etc. The unit is the first and only one to have established a second centre. The net annual income generated by the unit is about Rs. 25 lakhs, or about Rs. 5 lakhs per member per year.

The operations of the unit are limited by the following:

- Inadequate finance for investment on facilities;
- Lack of Business Development Skills like inventory management;
- Inadequate skilled labour;
- Working capital to manage the delayed receipt in respect of Government jobs.
2.5 **Jan Sadharan Railway Reservation Counter**

This IT unit has been set up by two women Ms. Smitha and Ms. Paseela, unlike other units which require ten women to form a unit. Kudumbashree had extended special exemption from this condition for this unit due to considerations of economy. The infrastructure for the unit has been provided by the collectorate and the initial investment of Rs. 2.50 lakhs was mainly used to buy proprietary items from the Railways like computers, server, software and special printers. The unit has two counters, viz. one for train reservation, and the other for issue of local travel tickets.

The source of income for the unit is the service charge it receives from the Railways at the rate of Rs. 1.50 for every Rs. 100/- of tickets sold. The major expenses are office rent, power, and internet charges. A sample record showed a daily ticket sale of about Rs. 68,000/-, translating into a daily income of Rs. 1,020/- for the unit. The two members are able to earn about Rs. 300-400 per day each. The customers visiting the counter were appreciative of the quality of service, including the courtesy shown to them (very different from what one encounters in a typical Govt. owned, Govt. managed railway counter or any other service provided by a Govt. employee!).

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Kalamaserry</th>
<th>Angamaly</th>
<th>Valakom</th>
<th>Kalam</th>
<th>Jan Sadharan Railway Reservation Counter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Activities</strong></td>
<td>Govt. jobs</td>
<td>Govt. jobs</td>
<td>Printing of Certificates</td>
<td>Govt. jobs</td>
<td>Railway Ticket Booking Issue of tickets for local rail travel</td>
</tr>
<tr>
<td></td>
<td>Surveys</td>
<td>E-Seva</td>
<td>DTP Work (Students’ Projects, Voter ID Card, etc.)</td>
<td>PAN Card</td>
<td>Internet Café Colour Printing Scanning</td>
</tr>
<tr>
<td></td>
<td>Data Entry</td>
<td>Malayalam Typing</td>
<td>Malayalam Typing Internet Café</td>
<td>Internet Café</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Railway Reservation</td>
<td>Training in IT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Approximate Income</strong></td>
<td>Rs. 7 – 8 lakhs (Gross)/ Rs. 4.00 lakhs (Net) per annum; Rs. 12,000/- per member per month</td>
<td>Rs. 12 lakhs (Gross)/ Rs. 10 lakhs (Net) per annum.</td>
<td>Rs. 3-4 lakhs per annum; Rs. 300/- per member per day, plus Rs. 10,000 per member per annum</td>
<td>Rs. 25 lakhs per annum; Rs. 5 lakhs per member per annum</td>
<td>Rs. 300-400/- per member per day.</td>
</tr>
<tr>
<td><strong>Number of members</strong></td>
<td>5 members 15 employees</td>
<td>5 members</td>
<td>5 members</td>
<td>5 members</td>
<td>2 members</td>
</tr>
<tr>
<td><strong>Strengths and Weaknesses</strong></td>
<td>Location</td>
<td>Location (weakness)</td>
<td>Limited Market due to location</td>
<td>Investment and Good Financial Management; only unit to start a second unit.</td>
<td>Steady Business Limited scope, as the business is confined to only railway tickets.</td>
</tr>
<tr>
<td></td>
<td>Ability to source and service new markets</td>
<td>Training Capacity Free Placement Services</td>
<td>Seasonality of work arising from location</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eleven Systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Striking Feature(s)</strong></td>
<td>Entrepreneurship, Willingness to explore beyond Govt. jobs., Desire to achieve and excel</td>
<td></td>
<td></td>
<td></td>
<td>Entrepreneurship, Desire to achieve and excel by innovative thinking</td>
</tr>
</tbody>
</table>

*Table 1: Summary of Main Business Parameters of IT Units studied*
3.0 Conclusions

3.1 All units studied are run by women with good formal education and sufficient urban exposure. They have the requisite technical expertise and are driven by a desire to be economically independent and a zeal to do something different. Many have a clear vision of where they want to take their units, and have well-conceived plans. In short, they are good technopreneurs.

3.2 Most of the members interviewed were supported by their family members and were enjoying their freedom. The technical education has provided the women unique skills, but they require strong business development and management skills for long-term sustainability.

3.3 The location and investment in basic infrastructure appear to be critical to the success of the units. The units require support in these two areas for scaling up; failing this, they will languish as petty photocopying centres and internet cafes, with some typing work for the Govt.

3.4 With mobile technology and assistance for the women members to acquire proficiency in the technology, it is possible to scale up these units even further, and simultaneously replicate them in rural areas, with the support of mobile service providers (like BSNL, Airtel, Vodafone, Reliance, Aircel, etc.). Further, with training of members on rural applications, they can provide critical information services to farmers, and others engaged in non-farming support activities and other livelihood initiatives.
**BUSINESS FACILITATION AND LOCAL MARKET DEVELOPMENT**

Rohini Kumar Sahu

**Abstract**

The State Rural Livelihood Mission in Wardha District has promoted a total of 5001 SHGs in 312 villages with 333 Village Organisations (VOs) and 15 Cluster Level Federations (CLFs) benefiting 54,000 households.

The Mission has been seeking to train educated rural youth in diverse areas to position themselves as professionals adding value to the rural economy. Some areas targeted for professional training include;

**Agriculture Support under Community Managed Sustainable Agriculture:** The effort is towards promotion of better package of practices in crop and livestock farming as Community Resource Persons (CRPs). CRPs from Andhra Pradesh have been identified to serve as trainers.

**Goatery:** The programme is being run in 40 villages to train Para-veterinary workers in vaccinations, veterinary services, insurance documentation, etc.

**E-bookkeeping:** As part of a pilot, 174 Tablets were distributed for capacity building of village accountants. They are being assigned responsibilities for record collection and data entry.

**Wardhini Resource Cell:** Wardhinis are resource persons who help in institution building and social mobilisation. One Wardhini is expected to stay in a particular village and work for 15 days towards SHG formation and building awareness about Hygiene, Sanitation, and Education, etc.

**Micro-Enterprise Consultants (MECs):** A special cadre of 60-70 micro-enterprise consultants has been created to promote micro-enterprises through the SHG members across the programme area. They also assist the entrepreneurs with other services like DIC Registration, Counseling, Udyog Aadhar, Food License, Applications for Bank Loans, etc.

Furthermore, based on market surveys across 15-20 villages with the support of gram panchayats, Weekly Haats are being promoted to facilitate marketing of products in the Non-Farm Sector like khadi wear, terracotta jewellery and other products of SHG members. Weekly Haats also provide a market for villagers to purchase vegetables and other household groceries thereby reducing travel time and expenditure on travelling 15-20 km. The effort is also seen as a source of earning for the panchayats and the MECs as all vendors are supposed to pay Rs. 10 as ‘Bazaar Chitthi’ to the panchayats who in turn will pass on some incentive to the MECs.

**1.0 Introduction**

The SRLM programmes are being run intensively in Wardha, Samudrapur, Deoli blocks of Wardha district, covering 312 villages where mobilisation and institution building has been done. A total of 5,001 SHGs have been formed under 333 VOs, with 15 CLF- Cluster Level Federations - being formed. A total of 54,000 families are considered beneficiaries under the programme. Moreover, Community Investment Fund has been conceptualised with the help of the government, which is a kind of a substitute of bank linkages to boost up the funds availability for these SHGs.

The Non-Farm Sector activities for income generation being done in Wardha district (as told by the district mission manager) are as follows.

1. Weekly Haats
2. Agriculture – Soyabean, Cotton and Tuar being the main crops
3. Goatery
4. Vardhini Seva Sangh

5. Poultry

**Agriculture Support - Farming** – BAIF is one of the support agencies. Under this some of the schemes being run are CMSA – Community Managed Sustainable Agriculture, Low cost farming, etc. The effort is towards promotion of better practices (local in nature), NADEP, etc. For this purpose Krishi Sakhi, Pashu Sakhi and CRP (Community Resource People) have been roped in. The flow of the training is through the VO (Village Organisation) and at the Block level where demos and practicals are being conducted. Community Resource Persons from AP have been roped in for 180 days, who are still there to help with the planning part.

**Goatery** – This programme is being run in 40 villages. The various Para-workers have been trained in the form of Pashu Sakhi, Pashu palaks (10 villages), and Cluster Coordinator (Community Livestock Manager). The flow of the programme is through the Village Organisation, SHGs. Various services are being provided in the form of:

- Vaccinations
- Insurance
- Better Management practices
- Medicines (kit)

**Vardhini Seva Sangh** – (in the long term a brand name is also being targeted with the same name) – This effort is towards marketing of products in the Non-Farm Sector like Khadi wear, terracotta jewellery, and other products manufactured by SHG members.

**Kaushalya Vikas – Skill Development** – In the district there are currently 6 PIAs to implement the programme of skill development. Namely RBS, A-one, workforce foundation, Saheji, Keshav Computers, MPTA (Pune) - Earn and Learn. 375 students have got placement. Village level Mobilisation camps have been organised in Wardha for the same.

**E-bookkeeping** – As part of a pilot, 174 Tablets were distributed in the VO level for capacity building of a VO Accountant. The VO Accountants shall be responsible for record collection and entry into the software. This software shall make the data available even offline. 1700 SHGs are covered under this programme and their monthly accounts are being maintained using this. One time feeding of the record of 6 months is also being done by a private company of Pune called Leaps and Bounds. Reports can be generated using the software to judge the performance of the SHGs.

**Wardhini Resource Cell** – Wardhinis are resource persons who help in institution building and social mobilisation. One Wardhini is supposed to stay in a particular village and work for 15 days towards SHG formation, spreading awareness on Hygiene, Sanitation, Education, etc. Under this initiative, SHG formation has to be done in 15-45 days. A 5-day training is also organised for the SHG for Books of A/C Maintenance etc. 250 Wardhinis have been identified and 239 have been placed. This is an initiative in Social Mobilisation – (Institution Building) in 5 districts of Yavatmal, Ratnagiri, Thane, Sindhudurg, and Gondia.

**Senior Wardhinis or** Senior CRPs are also selected for VO establishment. 19 have been chosen so far though the target is more than 100.

**MECs - Micro-enterprise Consultants** – A special cadre of 6-70 micro-enterprise consultants has been created to promote small enterprises through the SHG members across the programme area. Targets have been setup for each of these MECs for promoting MEs. They also assist the entrepreneurs with other services like DIC Registration, Counseling, Udyog Aadhar, Food License, Bank Loans, Bank Proposals, Bank Submission, Document collection etc. The MEC programme, which started in 2013, is currently operational only in four Blocks of the district.

MECs themselves have undergone exhaustive capacity building. These Micro-enterprise Consultants underwent various kinds of training at Kudumbasree regarding various Business models and even an Exam was conducted to test their knowledge levels. Their first batch passed out in December 2014. 54 MECs were selected and 40 MECs are currently working since January. 15 more MECs are going to join soon. The MEC programme is supported by Mentors Ms. Shailaja, Mr. Stephen and Mr. Arun Srinivasan from the National Resource
Organisation (NRO). The DMU plans to have 400 MECs in place. Deoli – Block where most of the haats have been piloted has 18 MECs at the moment.

2.0 Weekly Haats

Weekly haats have been organised in 6 villages, in collaboration with the Gram Panchayat. Before these weekly haats were organised, market surveys were conducted in 15-20 villages with the help of these gram panchayats. The effort has become an earning source for the panchayats and the local micro-entrepreneurs. In turn, SHGs now have a market where they can purchase vegetables and other household groceries, which thereby reduces their travel time and expenditure incurred on traveling 15-20 km.

As an incentive for MECs, all vendors are supposed to pay ₹10 as Bazaar Chitthi. To avail the other services, they can simply register online with the DIC (for ₹100). Through registration, the vendor can also get a loan from banks since he/she has all the necessary documentation in place.

2.1 Business Activity

The area is characterised by the presence of traditional haats, which are held on a fixed day. Furthermore, there are traditional shopkeepers too who tend to move from one haat to another, selling their product. Earlier, a few SHGs tried retailing, wherein wholesalers were contacted and collective procurement was undertaken, based on demand estimate.

2.2 Process of Creating a Haat

1. **Scoping study:** First, a scoping study is conducted to determine where to initiate the weekly haats, depending on requirement. CCs, CRPs and MECs explore the scope and interest of villages and then finalise the village-level organisations, GPs and location.

2. **Location Identification and Finalisation:** The selection of villages for the haat is done on the basis of the following criteria: (a) they should be at least 15-20 km from the nearest weekly market, (b) areas with at least 1,000 household with at least 1-3 villages in the vicinity, and (c) availability of suitable locations - preferably along the main road - to ensure better access.

3. **Discussion with VO or set of SHGs in the village:** Group discussion with the SHGs by MEC.

4. **Demand Assessment:** Local demand is assessed for the area - based on population, products and consumption patterns.

5. **Profiling of existing micro-entrepreneurs in the region:** Profiling is done for their products and prices, their unsold supply and common difficulties they face.

6. **Consultation, discussion and permissions from Gram Panchayat:** MECs first talk to the VOs, who then subsequently discuss the possibility of a haat with the Gram Panchayat regarding this proposal and raising capital for the same. Preliminary discussion will revolve around permissions for organising the haat, with discussions focusing on a suitable place, day and time for the market.
7. Environment creation and preparations: Plan of action is drafted for predatory activities leading to the conduct of the market.

8. Resource mobilisation in terms of logistics: Arranging resources for the haat such as mike announcements, pamphlet printing, market site set-up, provisioning of water, etc.

9. Entrepreneur mobilisation: This involves encouraging SHGs and entrepreneurs among Umed SHGs to participate as sellers. The MEC team coordinates among all entrepreneurs to ensure they bring diversified products in adequate quantities for sale to the market. Umed community members are encouraged to start enterprises to meet the unmet demand.

10. Buyer and vendor mobilisation: Umed’s community cadre (CC, Sanghatika, CRP) participate through buyer mobilisation. The MEC team ensures adequate mobilisation for buyers and sellers for the market by organising ward-level meetings, meeting existing traders in other local markets, and through megaphones, pamphlets, and one-on-one interactions. The local community is encouraged to participate in the market (as buyers and sellers) to ensure money circulates within their own village. Mobilisation for buyers and sellers is done in the adjoining villages (within 5 km radii) also to ensure adequate buyers and sellers.

11. Publicity through promotion and advertisements: Pamphlets are printed and distributed to the prospective vendors and mobilisation through direct meetings with them. The MEC group distributes the pamphlets and gets in touch with Bada Bazars, Taluka level vendors in Deoli.

12. Arrangement and conduct of haat: Engagement with the Gram Panchayat ensures that the market site is cleared and levelled, arrangements for drinking water and street lighting etc. are made, and the inauguration ceremony is organised.

13. First Bazaar: The inaugural market is subsequently organised on the publicised date through the coordinated ministrations of the GP representatives, VO leaders and professional support of the MEC team.

14. Post market analysis: After the market day, the MEC group analyses the sales figure for each of the entrepreneur, and consults them about business communication, sales, and marketing, etc.

2.3 Business Facilitation

The major investment for the weekly haat revolves around the following:

- Trainings
  - Special training
  - District-level training
  - TED-training in entrepreneurship development
- Handholding support
- Information material, pamphlets
- Overheads
- Salaries for the MECs
- Training for business development to MECs
- Minor inputs in terms of
  - Cleanup and arrangement of the place
  - Service registration
  - ME registration with the DICs
3.0 Expected Outcome

- Provides first-time women entrepreneurs, visible and accessible markets for their products. There is an environment creation for small producers affiliated with Umed SHG households to market their products. It reduces the risks to limited means producers and traders due to the vagaries of distant markets.
- One of the objectives of the weekly haats was to provide a local platform for the products of the SHGs.
- Aims to cater to demand for a wide range of items required locally: from fresh produce to clothing.
- Weekly markets would ensure money circulation within the local community through exchange of goods and services and maintain diverse employment generating opportunities within the local economy to reduce risks.
- To enable the MEC to hone their enterprise development skills better and to provide the Umed community network a meaningful opportunity to work with the MEC.
- To provide C grade enterprises benefit from these markets.
- To ensure enterprises understand customer needs, market dynamics so that they themselves get motivated to upgrade and diversify their products.
- Buyers will get different types of products at village-level and will not be required to spend money to reach markets at far-off locations.
- The MECs play a significant role for regular conduct of markets in a professional manner.
- For the local entrepreneurs, it helps keep the product prices low for the entrepreneurs - no shop rental, low investment in Stock Keeping Units (SKUs), low transportation costs, etc.

3.1 Social Benefits
The weekly haats provide the following social benefits:
- Savings in terms of travel expenses
- Business acumen instilled in villagers
- Women empowerment
- Self-confidence and popularity for SHG entrepreneurs and MECs leading to improvement in social standing, both within and outside the village

4.0 Issues and Challenges
The weekly haats provide the following social benefits:
- Mobilisation of customers was the biggest challenge faced by MECs on the day of the haat.
- More demand for everyday items such as vegetables, but not as much for items like clothes, jewellery, etc.
- Challenges to make these markets a regular affair including acquiring a permanent place for organising these markets.
- Training SHG women on how to market their products in competition to regular products.
- SHG entrepreneurs’ discomfiture to display wares on the ground like conventional markets.
- Price differences across same and similar products leading to some unequal gains within the market.
- Estimation of adequate stock to be brought to the market by first-time SHG entrepreneurs.
5.0 Initiatives for Future

Following are the plans by the MSRLM for the weekly haats:

- Support SHG entrepreneurs for product decisions, pricing, and sales of the products
- Ensure that SHG affiliated entrepreneurs from the main sellers in these markets - in terms of total participation and sales revenue
- Conduct exhibitions that are market-centered around festivals and events
- Conduct markets at taluka and district-level
- Community ownership with the VOs and revenues may also go to the VOs
- Provide better infrastructure to make haats more attractive compared to the mandis
- Specialised haats may be arranged, for example, for goatery
- Scaling up of endogenous products
- Helping entrepreneurs with various services and legal requirements like registration with the DICs, process replication, forward linkage with traders, etc.