Project Profile

Supporting young rural entrepreneurs

Gujarat CSR Authority

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Background & Rationale

Rural entrepreneurship has an important role to play in the development of any economy and is a key growth driver. Nowadays, it is also a major opportunity for the people who migrate from rural / semi - urban areas to urban areas. However, their growth is constrained due to non-availability of primary amenities in rural areas within India. Lack of education, financial problems, and insufficient technical and conceptual ability make it further difficult for the entrepreneurs to establish industries / enterprises in the rural areas.

India has made impressive strides on the agricultural front during the past three decades. Much of the credit of this success should go to the several small farming families that form the backbone of Indian agriculture. Policy support, production strategies, public investment in infrastructure, research and extension for crop, livestock and fisheries have significantly helped to increase food production and its availability. While most of the erstwhile interventions have targeted the head of families for training and technology transfer, it is to be borne in mind that young farmers often have greater capacity for innovation, imagination, initiative and entrepreneurship than older adults and these characteristics should be effectively harnessed by extension services to provide better livelihood opportunities for youth in agriculture, including agri-entrepreneurship.

Few of the new initiatives taken up by the government in promoting rural entrepreneurship in agriculture service are[1]:

- **Agricultural Skill Council of India (ASCI)**: Considering the need for skilling the work force in agricultural sector, the Agricultural Skills Council of India (ASCI) has been recently proposed by National Skill Development Corporation (NSDC), which could be **an institution to train rural youth**. The ASCI proposes to train, certify and accredit 56.5 million workforce comprising of farmers, wage workers, entrepreneurs and extension workers, over 10 years through its training partners[2].
- **ASEAN-India Farmers Exchange**: The Ministers of the ASEAN (The Association of South East Nations) concerned over the **small number of young farmers' involvement in the agriculture sector**, agreed on the Agricultural Extension in South Asia (AESA) importance of promoting innovation and **entrepreneurship among young farmers** to achieve more sustainable agriculture development. This initiative is expected to create greater awareness among the young and innovative farmers on the promising career in the agriculture sector.
- **ARYA (Attracting and Retaining Youth in Agriculture):** The Indian Council of Agricultural Research (ICAR) has constituted a seven-member expert committee, to suggest ways of **attracting youth to agriculture**. This would involve a series of activities, including exploring opportunities in secondary agricultural operations such as value addition of crops and hiring, and servicing of mechanized farm implements. This is going to be an important strategy of the ICAR focused on rural youth mobilization for agricultural transformation during 12th plan. This programme is going to be implemented by KVKs.
- **National Rural Livelihood Mission (NRLM)**: NRLM aims at creation of opportunities for both wage employment and **skill development for the rural youth**, who lack skills in many areas of agricultural production and processing. National Skill Development Mission and the National Skill Qualification Framework are, thus, aggressively pushing the agenda of skill development to build the capacity of rural youth so that they are meaningfully employed in rural areas itself. Thus, need based experiential skill learning supported by public sector banks/organizations in rural areas is the key to

[1] *Review Paper, Technology Transfer and Skill Development towards Improved Livelihood in Rural India, M.R. Hegde1 and R. Venkattakumar, October28, 2015, Indian Res. J. Ext. Edu. 15 (4), Special Issue, November, 2015 227*
[2] *Chander, 2013*

strengthen the Rural Self Employment Training Institutes (RSETIs) being set up in all districts under NRLM to assist such youth[3].

In Gujarat, almost two thirds of the population is engaged in agricultural activities for their livelihood. There is ample scope for mechanization in agriculture from stage of land preparation, thrashing to harvesting. According to the farm size and crop, optimal use of machines e.g. zero tillage seed drill, tractors, raise and fro planter, laser land leveller, rotavator, automatic seed drill etc. is possible. Expensive machinery can be brought or rented between groups of farmers. Farmers can also be given trainings on the proper use and maintenance of machinery.

The Government has recognised the need for a venture fund to cater to the needs of prospective entrepreneurs who have developed or acquired unique technologies in Agro & Food Processing, Horticulture, Aquaculture, Sericulture, Hi-tech Agriculture and such other Agro related projects. The State Government intends to create venture funds for agro industries in association with financial institutions/ banks, etc. The State has a wide network of co-operative societies in dairy, fruits & vegetables and other agricultural commodities, which play a pivotal role in extension, financing and marketing agricultural produce. Other than this, various activities are carried out by Directorate of Agriculture through **Krushi Mahotsav** and **Agricultural Support Schemes** so that all villagers can take maximum advantage of innovative technology and participate in financially remunerative farming.

Objectives of the project

Rural entrepreneurship controls concentration of industry in cities and thereby promotes balanced regional growth in the economy. The objective of this project is to support young rural entrepreneurs from tribal areas by offering them **(a) agriculture services and (b) bio material manufacturing** related support services. The project aims to encourage new initiatives and ideas for improving the livelihood and income generating activities for the poor. Local youth needs to be promoted as local micro entrepreneurs.

Expected Benefits

The support provided by sponsoring companies would result in reaping tangible and intangible benefits as outlined below:

Tangible Benefits	Intangibles
❖ Community support & appreciation ❖ Social license to operate, through cooperative community engagement ❖ High levels of employee satisfaction ❖ Recognition through awards	❖ Enhanced reputation by way of supporting projects benefitting communities at the 'bottom of the pyramid' ❖ Social branding ❖ Enhanced credibility within community and sector

Opportunities for CSR intervention

Rural entrepreneurship creates an avenue for the rural, educated youth to promote it as a career. Vast opportunities to harness agricultural potential and pave way for young rural entrepreneurs still remain to be tapped. With a goal of providing increased income and better living to young farmers, the objectives of the project are manifold - to increase production & productivity and to ensure remunerative prices for the farm and to create a cadre of young rural entrepreneurs in agriculture & allied activities.

[3] *Likhi, 2013*

The role of community in engaging entrepreneurs and the potential rural youth is very vital and shall have a long-term impact on enhancing rural livelihoods and overall socio-economic development. Promoting entrepreneurship in agriculture will be the opportunity cum strategy to address the needs of farmers and youth. The training, tools and technology project interventions are required to be designed and implemented to promote entrepreneurship and overcome the barriers to promote entrepreneurship in agriculture.

Potential project area

For maximizing benefit to the poor, project would be implemented in the selected villages of the tribal blocks of Surat, Bharuch, Dangs, Valasad, Panchmahal, Vadodora and Sabarkantha district.

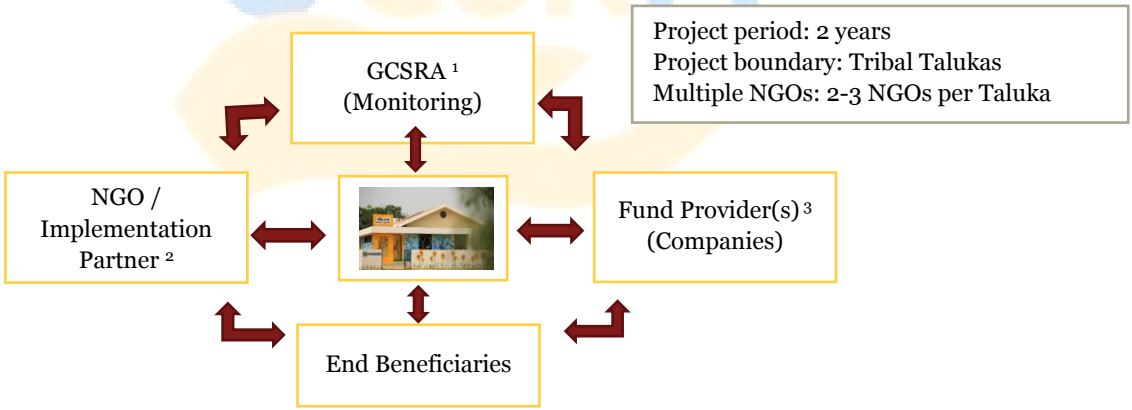
Target group

Youth (age 18-35 years) from socio-economic backward populations with low size of landholdings, with an emphasis on SC and ST households, and those from minority communities.

Project Implementation

The project would be implemented for a minimum period of two years. Under this model, the private partner (funder : the corporate) shall finance project facilities (e.g. mini tractors with attachments, insurance & other expenses). The NGO will ensure proper delivery and quality of project services, which shall include facilities to be bundled along with trainings for budding rural agriculture entrepreneurs. The NGO would mobilize resources to promote young agriculture entrepreneurs in selected talukas under the current government infrastructure.

Figure 1: Implementation model



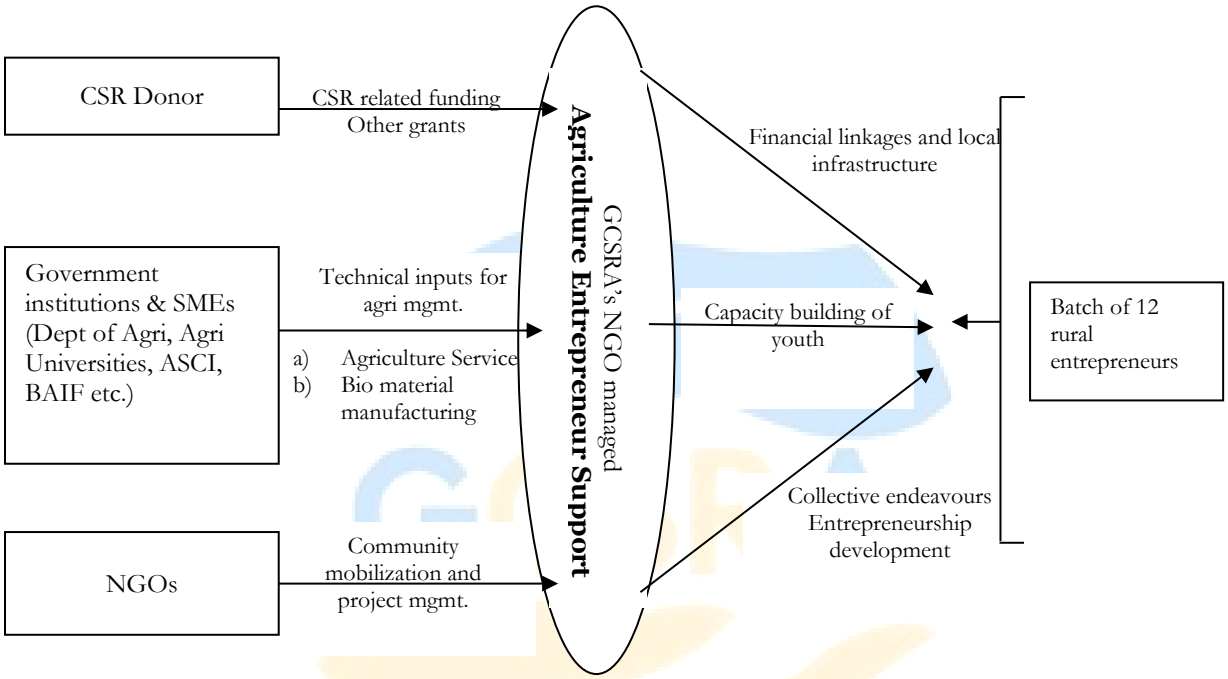
[1] GCSRA will act as monitoring partner for the project. GCSRA will channelize the fund to implementing agency
[2]Implementation partner will be an NGO having expertise in implementing rural entrepreneurship and agriculture focused projects
[3]Fund Provider(s) are the companies undertaking projects in partnership with GCSRA and responsible for timely disbursement of CSR funds.

Detailed implementation plan for the 'Young rural agriculture entrepreneurs' solution is mentioned below:

A. Implementation

A resource unit – **Agriculture Entrepreneur Support Centre (AESC)** would be set up, with oversight and strategic support from the GCSRA and staffing from a NGO and community (youth). The AESC will be a convergent point of service delivery and will house critical data on all the beneficiaries in its catchment. It will also have all information on demand side - markets, prices, etc.; supply side - on inputs, technology, suppliers, banks and government programs. The AESC will help the entrepreneurs develop their technical & management competencies and also help them develop basic business plans. The project shall focus on organizing youth from smallholder SC and ST community households to provide them with support in agriculture services.

Figure 2: The AESC Model



Process of implementation:

1) Situational assessment of the project villages (developing a baseline status)

- Identification of tribal talukas across all 249 talukas in 33 districts and segregating villages based on secondary data assessment and local community need assessment. As per the Ministry of Tribal Affairs[4], following are the schedule areas in Gujarat:

Table 1: Schedule areas in Gujarat

S.No.	District	Tribal talukas
1.	Surat	Uchchhal, Vyara, Mahuwa, Mahuwa, Mandvi, Nizar, Songadh, Valod, Mangrol and Bardoli
2.	Bharuch	Dediapada, Sagbara, Valia, Nandod and Jhagadia talukas
3.	Dangs	Dangs
4.	Valasad	Bansda, Dharampur, Chikhali, Pardi and Umbergaon

[4] *http://tribal.nic.in/Content/ScheduledAreasinGujarat.aspx*

S.No.	District	Tribal talukas
5.	Panchmahal	Jhalod, Dohad, Santrampur, Limkheda and Deogarh Baria
6.	Vadodora	Chhotaudepur and Naswadi talukas and Tilakwada mahal
7.	Sabarkantha	Khedbrahma, Bhiloda and Meghraj and Vijayanagar mahal

- GCSRA (with NGO support) will undertake a detailed study of the project area. The study will be a baseline study and would include benchmarking of secondary & primary information on the agri-based households in the identified villages, assess their S-E status and credit performance, productivity, availability of economic infrastructure, current and emerging markets/trends etc. w.r.t. the local demand. Through this baseline, the potential for income increase and the success criteria shall also be defined.

2) Entry point interventions - Community sensitization and mobilisation

- An initial round of sensitization meetings will be organised in identified villages with potential entrepreneurs to sensitise them on the project strategies and interventions, and the ensuing possible benefits. The sensitisation program will be an intensive effort to inform the rural women/SHGs/youth on the project model and end of project scenarios. The same will be done with the help of animators/field coordination partners through continuous interactions with entrepreneurs.
- Stakeholders will be identified for associating with the project (subject matter experts and resource organisations) and the project design and strategy shared with them for their feedback.

3) Technical support for productivity enhancement

- A package of practices shall be developed in consultation with Subject Matter Experts (SMEs) and Resource Organisations (ROs) such as BAIF, ASA, SWADES Foundation, IRMA etc.
- A series of exposure visits and trainings shall be planned in consultation with SMEs and ROs, to visit best practices and progressive farmers, so that the practices can be seen on ground. At least 2 such

Key aspects:

- In **one batch** ,**12** Entrepreneurs will be developed - **8** for Agriculture Services and **4** for manufacturing of bio material
- Local youth would be promoted as **local micro entrepreneurs**.
- Project would aim towards being a **successful model** for entrepreneurs' development in the tribal areas.
- Project would support **new initiatives** and ideas for improving the livelihood and **income generating** activities of the poor.
- Training to young entrepreneurs to run the unit like **business venture**
- Organize mechanic & maintenance camps with the support of tools suppliers
- Procurements of equipments as per standard practices
- Set Monitoring and Documentation systems

exposure visits and 1 training to be provided to the beneficiaries.

4) Batch formation (one batch of 12 Entrepreneurs)

- As an entry point activity, batch formation shall be initiated, the governance and management systems set up, and credit activities initiated. For generating local level financial sustenance, a Revolving Loan Fund (RLF) could be set up with the help of a 'returnable grant' being sought from the Corporate for the

purpose of loan lending. The RLF can lent through the medium of SHGs/Batches to enforce peer pressure as one of the collaterals.

- The interest rate structure could be such that the RLF (initially housed in the *Livelihoods Security Fund* of the GCSRA) on-lends to the SHG/Batch at a discounted rate (compared to the banks), and the SHG/Batch in turn, on-lends to its members at a rate near the commercial rate of lending.

5) Developing the results framework

- Based upon the progress of the year, GCSRA will provide support to the NGO to develop a success framework, under which, success indicators shall be defined, the baseline levels defined and targets defined over a 2 year horizon, on an annual basis. The same can then be broken down into half-yearly input-output-outcome targets, with impact criteria defined over 2 years.

List of success indicators

Project Outputs

- 12 entrepreneurs to be covered for a period of 2 years
- At least two private sector partners in agribusiness linked with the project over a 2- year period
- Increased access to credit, through microfinance institutions and SHGs

Desired Outcomes

- Generation of social capital
- Changes in asset profile of the rural household (consumption assets)
- Improvements in farm productivity by at least 25% (from baseline levels) over a 2-year period

Potential Impact

Sustainable increase in the incomes of vulnerable & marginalised communities (by at least 20%, due to the increase in crop productivity), leading to an improvement in their living status (to be evidenced by increase in welfare spending, assessed by way of proxies)

B. Implementing agency

- The Project shall be implemented by the GCSRA, with local livelihood support organisations (NGOs) having expertise in agriculture management and community mobilization
- Roles and responsibilities
    - **GCSRA** : baseline survey, strategic plan for the project, coordination between donors, technical service providers, monitoring & evaluation, documentation and (physical/financial) reporting for the Project
    - **NGO:** implementation and community mobilization, on-field support for capacity building, progress reporting as per the results framework. A tripartite contract agreement, between all three parties (GCSRA, Corporate and NGO) would be signed. The project aims to cover maximum tribal talukas in Gujarat and hence multiple NGOs (on-ground project implementing partners) may need to be identified.
    - **Resource Organisations / Subject Matter Experts** (like BAIF, Agricultural Skill Council of India (ASCI) , DSC, ASA, SWADES Foundation etc.): technical support for farm productivity improvement and training of para-professionals
    - **Corporate** : funding the initiative and timely disbursement

C. Partnerships

- Government Institutions: The Agriculture & Co-operation Department of Gujarat Govt; NABARD

- NGOs/Civil Society: BAIF, SWADES Foundation, Tata Chemicals Society for Rural Development (TCSRD) etc.
- Alternative sources of funding (co-funding): **NABARD** – is the apex institution for all matters relating to policy, planning and operation in the field of agricultural credit. Other potential donors could include the **Tata Trusts**.

D. Anticipated benefits from the project

Given the broad understanding amongst all stakeholders that poor households depend upon a 'diversified portfolio of subsistence livelihoods' to generate incomes, it is easily comprehensible that when multiple vocations are supported within the same household, it would result in increased incomes, and correspondingly, a greater degree of economic sustainability for the rural community. The finer impacts could be studied as:

A. <u>Agri-entrepreneurs and farmers:</u>

- Timely availability of services & inputs at affordable rates
- Reducing the drudgery essentially in case of women work force of the rural and tribal areas, enabling them spend more time in alternative income generation activities
- Sustainable increase in the incomes of entrepreneurs and farmers due to a locally sustainable market and improved efficiencies

B. <u>Manufacturing of Bio material:</u>

- Decreased use of chemical pesticide and fertilizer, leading to efficiencies by way of decreased production cost of agri-products
- Improved soil health and ground water quality, and reduced incidents of soil & water contamination related health hazards
- Potential for agri-products to be labelled as 'natural' and/or 'organic', having potential for better revenues and marhins.

Work Plan

#	Activity Description	Y1, Q1	Y1, Q2	Y1, Q3	Y1, Q4	Y2, Q1	Y2, Q2	Y2, Q3	Y2, Q4
1.	Identification of tribal talukas and project villages								
2.	Situational assessment of the project villages (developing a baseline)								
3.	Entry point interventions - Community sensitization and mobilisation (including group formation)								
4.	Technical support for productivity enhancement								
5.	Execution of key project components by NGO								
6.	Exposure visits and trainings								
7.	Developing the results framework								
8.	Project Monitoring & Evaluation by GCSRA								
9.	Impact Assessment								

Estimated Financial Costs

The Project activities will focus on effective delivery mechanism by making concerted efforts. The estimated financial cost for supporting **one batch of 12 Entrepreneurs**:

- 8 entrepreneurs for agriculture services
- 4 entrepreneurs for manufacturing of bio material

The costs also include 4% administration costs to be paid to GCSRA as an overall agency for monitoring and managing the project.

Table 2: Estimated budget for one batch

S. No.	Particulars	Total amount (INR)	Nos	Total Cost (INR)
A.	**Capital Expenses**			
1	Mini Tractor with attachment with Insurance & Other Expenses @Rs.481810/-	4,41,810	8[5]	35,34,480
2	Manufacturing units of Amrut pani & Brahmashtra @Rs.50000/-	50,000	4[6]	2,00,000
	Total-A			37,34,480
B.	**Trainings**			
1	Operation & mechanic training to entrepreneur @Rs.1500/- per entrepreneur	18,000		18,000
C.	**Facilitation charges**			
1	Bank loan, RTO & Purchase process- @Rs.4000/- per entrepreneur	48,000	12	48,000
	Total Cost (A+B+C)			**38,00,480**
	Techno management Charges (5% of Total Cost))			1,90,024
	Logistics cost (10% of Total Cost)			3,80,048
	GCSRA Administrative costs (4 % of Total Cost))			1,52,019
	GRAND TOTAL			**45,22,571**

Unit Costs

S.No.	Product	Specification	Unit Price (INR)
1	Mitsubishi Shakti MT 180 D Tractor	18.5 HP, 3 Cylinder	2,95,200
	Accessories	4 wheel drive	12,450
	RTO & Insurance		25,110
	Cultivator	7 tines Adjustable	20,000
	Rotavator	2PR1100 MM	43,050
	Automatic seed drill	7 tines Double Hopper	30,500
	Land leveller		15,500
		TOTAL	**4,41,810**
2	Manufacturing units of Amrut pani & Brahmashtra	Mini- grinder, boiler and containers Rate: Approx	**50,000**

Monitoring

- Based upon the perceived progress of the year, GCSRA will provide support to the company to develop a success framework, under which, performance indicators shall be defined and the baseline levels as well as targets defined over a 2 year horizon, on an annual basis. A baseline survey is conducted to check the current status of the beneficiaries covered under the project.

[5] 8 entrepreneurs for agriculture services
[6] 4 entrepreneurs for manufacturing of bio material

- Once defined, the targets can then be broken down into half-yearly input-output-outcome targets, with impact criteria defined over 2 years.
- GCSRA team will supervise periodic monitoring of the project, whereas NGO will collect data and provide progress reporting as per the results framework. Under the same:
    - NGO will establish a strong concurrent monitoring mechanism for the output and outcome of the components of the project.
    - NGO will emphasis on repayment of bank loans.

- GCSRA will also conduct evaluation and impact assessment of the projects

Reporting

The implementing agency would be responsible for the following:

- ensure regular monitoring and follow up and updation of records in the database and generate progress reports for GCSRA and company as per agreed timelines
- ensure reporting on CSR activities to GCSRA on monthly, quarterly and annual basis as against the funds disbursed to them

GCSRA would be responsible for reporting on the overall CSR activity management and annual compliance and issue a compliance certificate on the same to the company.