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Ministry of Rural
Development Government of India

Workshop Proceeding (Working Draft)

Concept Notes and Background Papers of the National Workshop

DEVELOPMENT OF A FRAMEWORK FOR LINKING CORPORATES TO STRENGTHEN SHG-LED ENTREPRENEURSHIP DEVELOPMENT

National Rural Livelihood Mission Resource Cell & Delhi
Branch

National Institute of Rural Development and Panchayati Raj
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FOREWORD

The Ministry of Rural Development, Government of India is committed to the goal of eliminating rural poverty in all its forms. Empowering women by creating sustainable livelihood through SHGs is one of the major instruments used by the Ministry to distribute the benefit of programs to rural community, empower women and create sustainable livelihood.

There is a need to upscale and develop the self-help groups into successful business enterprises. Government of India has intensified the initiatives of entrepreneurship development among women such as Start-up Village Entrepreneurship Programme under DAY NRLM including linking SHGs to marketing platforms, dedicated market outlets in large cities, intensive market linkage and digital presence of the SHGs among many other initiatives. For sustainable livelihood promotion, MoRD has achieved several milestones in the past year. The new Economic Survey 2022-23 has acknowledged the enormous potential of SHGs as “effective conduits” for developmental goals such as women’s workforce participation. As the pathway to higher order SHGs is being laid out, some of the key issues need to be deliberated. A key issue in developing any business enterprise is linkages with a market. While livelihood skilling may help women learn to produce and add value to a raw product, for the production to reach the level of a business will require a much larger and holistic approach.

As women have started producing and selling their products, a major developmental need is to connect them to the right markets, high return and high demand sectors and ensure their sustainability. A highly competitive market will be easily captured by a properly branded and attractively packaged product. A key pillar of developing brands is also maintaining a standard quality of products. The SHGs will have to be strongly capacitated to build their brands, perform at a scale, and develop strong and sustainable market linkages.

The Ministry of Rural Development has been promoting the linkages of SHGs with different corporate entities for improving the marketing capability of SHGs and also providing direct link to remote markets. In 2022, an MoU was signed to build on and leverage on mutual strengths of SHGs of DAY-NRLM, Ministry of Rural Development and Patanjali. SHGs have also been registered with Amazon, Flipkart et cetera digital market platforms for easily reaching a large customer base.

The business development of SHGs is a continuous process and linking with the Corporates will mainstream the women-led businesses. Linking the SHGs with Corporates will require a structured framework and actionable roadmap. There also needs to be stakeholder coordination and consensus for this roadmap to go ahead. It is hoped that this workshop organized by the National Institute of Rural Development and Panchayati Raj will bring out the framework for collaborations between the SHGs and the Corporates.

Secretary, Rural Development

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Introduction

India's development sector has seen close engagement and contributions from Corporates from before the independence. From driving the country's national domestic income to developing local areas and communities -- the private enterprises have had a tremendous role in expanding the opportunities, increase competitiveness and assist the Government of India in development. As more than eight crore women have joined the DAY-NRLM SHGs, and micro-finance has become regular and well-spread, a new developmental challenge has emerged for the Government - that is to develop the SHGs into self-sustainable economic entities. With the emergence of this new developmental need, the need for linking Corporates with the SHGs has found new impetus.

Corporate's engagement with communities and public sector has been widely documented for the Corporate Social Responsibility (CSR) initiatives implemented through Civil Societies, CSR practitioners, and research organizations. Relatively less documents are there for initiatives directly linking the public sectors and community-level producers with corporate value chains as part of mainstream production and service system.

This proceeding documents the discussion and deliberations of the NIRD-PR workshop on the mechanisms to arrange collaborations between the SHGs and the Large Corporates. The workshop brought multiple stakeholders of SHG-led development across the table and brainstormed the framework for collaboration, identify existing practices, challenges and propose solutions to achieve the SHG-corporate collaboration.

The discussion of the workshop was structured into three main segments - first, the existing evidence and experience on SHG enterprises in India, second the experience, practice and possible way forward for Corporate-SHG linkages and third, the business models for integrating SHG into Corporate value chains. The proceeding documents the synopsis of segment-wise concept and learnings, and the background papers and discussion notes by researchers and panelists that contributed to these segments.

SHG-led enterprises in India: Retrospect and Prospect

Self Help Groups (SHGs) have emerged as a crucial instrument for realizing Localization of Sustainable Development Goals (LSDGs) and strengthening of local economy through Vocal for Local. SHGs have now become a platform for many group-based interventions based on the basic premises that mobilization of marginalized and poor (women) people have higher outreach of interventions to improve the rural development outcomes.

The SHG programs have been observed to have significant impact on women's access to livelihood, food intake, social capital (Gash 2017), and social empowerment (Banerjee et al.; Brody et al., 2016; Raghunathan et al., 2019). The SHGs also have shown indirect impact on economy leading to overall household welfare by reduction of borrowing rates and usury (Hoffman et al. 2018). SHGs have come a long way from group savings and microfinance to developing microenterprises and employability through training and skills formation, and facilitating public service delivery (health, education, nutrition etc.). SHGs have not only been able to make a presence in the rural manufacturing and services landscape but also emerged as social safety net during the pandemic era and beyond. The economic survey 2022-23 acknowledges the impact of SHGs in reaching the rural community in the pandemic. A new form of governance coalition between local institutions such as Panchayats, NGOs and other stakeholders operating in the rural space, where SHGs played a crucial role.

Although, the impact of SHGs on development outcomes is much talked about, equal impetus should be given to talk about what the development organizations and stakeholders can do for the SHG-growth. As the requirement of next-tier of SHGs as small and viable enterprises has emerged, there is a need to go beyond the established value chains and identify areas where further business development of SHGs can take place.

Although there is prospect, but there is a data-gap without a large scale centralized SHG-survey to understand the exact background, work, challenges, and solutions for lining SHGs to large markets and corporate supply chains. This may be taken up to create an informed roadmap for SHG-graduation.

Corporate and SHG linkages: Present experience, learnings and way forward

The National Rural Livelihood Mission (NRLM) of Ministry of Rural Development has reached its peak by creating nearly 82 lakh SHGs with a registration of 8.8 crore women across India. The impetus is now given on further graduation of the SHGs into sustainable and viable enterprises by linking them to formal banking, forming higher level production clusters, improving their branding, packaging and marketing capabilities and as supply chains to large manufacturers and corporate bodies.

Under DAY-NRLM many interventions have been implemented towards livelihood and income enhancements, such as value chain development for high value farm and non-farm commodities, enterprise development. A major shift in focus of the Ministry of Rural Development (MoRD) strategy was to leverage institutional platforms to promote convergence.

Enhanced thrust was given for economic initiatives related to: - (a) agriculture, livestock, non-farm and skills development, (b) financial inclusion and (c) convergence initiatives to improve access to other states and Government of India (GoI) welfare schemes and services. It was also envisaged that (a) State Rural Livelihood Missions (SRLMs) work with other Government departments to award high-value public-sector contracts to firms owned by SHG members; b) women-owned enterprises are enlisted as registered vendors to supply raw-material to beneficiaries of government schemes; and (c) women-owned enterprises leverage opportunities to capitalize on an array of service-sector requirements within government-run facilities.

Although SHGs have expanded their entrepreneurial activities, but very few of them have transformed into productive and viable business entity. Many of the SHGs continue to operate at the subsistence level and failed to grow and scale up their economic activities.

Recent studies have highlighted a stylized set of concerns, constraints and challenges which are very much similar to that of any MSME unit operating in rural India, including SHGs based enterprises. For example, a) lack of suitable financial products for growth-micro individual and collective enterprises b) lack of access to market, technology, business skill, mentoring and handholding c) lack of customized business development services for existing viable high-performing


micro enterprises (individual and collective enterprises) of NRLM for graduation d) lack of higher-order specialized technical assistance e) lack of a mechanism and support system to develop higher order enterprises like Producer Groups and Producer Companies f) lack of collaboration between various stakeholders such as private sector, academic institutions and social enterprises g) lack of data base on SHGs, especially on economic data.

In addition, one of the critical concerns of enterprise promotion on SHGs platform is training and capacity development of Community Resource Persons - Enterprise Promotion (CRPs-EP). The Start-up Village Entrepreneurship Programme (SVEP) and Aajeevika Grameen Express Yojana (AGEY) focus on development of CRP-EP as local level mentors for supporting rural women to start (or expand) their small businesses.

Going forward, there is a need to linking these SHG-enterprises with market, formal institutions and large enterprises. It is important to create a robust and process driven ecosystem with multi-dimensional initiatives such as the following.

Formalization: Utilize the wide network of formal institutions operating at various levels to promote enterprise development. We have multiple central Govt. ministries (such as Min. of MSME, MoRD, MoPR, MSDE, MoFPI, MoAFW)), State Govt. departments, specialised agencies (like SIDBI, APEDA, NSIC, KVIC, MSME-DIs) and also institutions at district level such as District Industries Centre (DICs), RSETIs for working towards inclusive and sustainable enterprise development. It is also equally important to simplify regulatory compliance formalities for rural start up. The recently announced PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme) by the Ministry of Food Processing Industry (MoFPI) aims at providing support for capital investment for upgradation and formalization with registration for GST, FSSAI hygiene standards and Udyog Aadhar. More such efforts are called for other industry groups as well.

Digital Empowerment. Many online/ IT-enabled portals or platforms have been initiated by the Government to reach out to all intended beneficiaries and provide much needed support. MSME 'Sampark', MSME 'Sambandh', MSME 'Samadhaan' , MSME Idea Portal, Udyamimitra etc. provide multiple services including registration, easy access of financial and non-financial service needs, provisioning skilled workers, grievances related to delayed payments and so on. It may be noted that access to computer or internet, quality of internet network in rural areas continue to remain as huge concerns. A preponderant majority of rural



entrepreneurs also do not have the required skill to get benefited from these digital services, which are meant for them. Adequate funding along with training and capacity development of rural entrepreneurs to navigate smoothly to a digital ecosystem is required.

Mentoring and Handholding: Regular and continuous mentoring and handholding is an important ingredient of an entrepreneurial ecosystem. The need for these services are even more crucial in the wake of Covid pandemic.

Convergence and Collaboration: A series of efforts are being made by MoRD to create synergies between different government programmes, which led to convergence of various public services, entitlements and programs at the household level, resulting in better targeting of the development programs including increased access to nutrition services and reduction in malnutrition and infant and maternal mortality, increased access to social safety nets including pensions, PDS entitlements and insurance services. Convergence are being promoted with Corporates for furthering the market linkages. Under National Rural Economic Transformation Project (NRETP), many SRLMs have started working with different IIMs to provide incubation supports and other higher order business and technical support to SHGs. The Airport Authority of India (AAI) has undertaken the “AVSAR” (Airport as Venue for Skilled Artisans of The Region), initiative to strengthen SHGs by allotting space at AAI Airports.

Onboarding the Panchayats: The Gram Panchayat Development Plan (GPDP) can play a direct role in identifying sectors, sub-sectors and activities by their respective business potential and devise a mechanism to prioritise resource allocation and helping those entrepreneurs and rural artisans who suffered varying degree of losses during the pandemic times. The panchayat secretariat can play a role of a ‘point of contact’ by connecting these entrepreneurs with various Govt. schemes and programmes and also help them to get access to support measures available on IT enabled portals or websites.

There are many models emerging from the states which will help lay out the roadmap of Corporate-SHG linkages.



Business models for linking SHG with Corporate Value Chains



Background Papers and Discussion Notes

ADOPTING A HOLISTIC APPROACH FOR SELF-HELP GROUP-LED DEVELOPMENT

Ruchira Bhattacharya and Vanishree Joseph

Introduction

Community-based interventions and collectivization have been hailed as silver bullets against poverty elimination in the last half-century. Evidence suggests that self-help benefit women directly by providing access to information and funds and indirectly by improving women's wellbeing through agency and self-worth (Mohiuddin et al. 2002; Moyle, Dollard & Biswas, 2006; Sundaram, 2012, Kalyani, Samyuktha, and Agnes 2019). In India, after the COVID 19-led economic lockdown, there has been a consensus among policy makers and practitioners that Self-Help groups should be re-capitalised for mitigating some of the distress emerging from lockdown.

India has been a pioneer country in mainstreaming the creation and regularization of self-help groups for the empowerment of women. The National Rural Livelihood Mission (NRLM) alone has approximately 78 lac SHGs (27% pre-NRLM) with a registration of more than eight crore women. There are other community-based interventions by non-government bodies and private sector social workers, leading to the near saturation of villages in terms of group membership and registration. Evidence also points to the positive impact of collective action or SHGs in India in pulling households out of vulnerability, poverty and improving certain health and nutrition behaviours.


If we delve into the question of why governments like SHGs, three distinct benefits of SHG can be noticed in the literature:

(A) Economies of scope – from a single platform, multiple flagship programs can reach the communities directly (Siwach 2022; Diaz-Martin 2020)

(B) Direct financial empowerment through micro-finance and fulfilment of practical gender needs by creation of livelihood and improved credit market through reduction of non-institutional lending rates in the villages (Hoffman 2021; Brody et al. 2015; Chhatoi, Sahoo, and Dash 2022)

And (C) a third body of literature that points to the larger impact of collectives on creating an empowered, engaged citizenry which in turn leads to strong institutions, successful service delivery and efficient governance (Kumar et al. 2019; Desai and Olofsgard 2019).

The question of low economic opportunities for women has prompted the government to respond with a stronger collectivization approach, where the focus has shifted from SHG-led micro-finance to SHG-led enterprises. With the policy question being “how can the SHGs be strengthened as a profitable entity”, the discussions have now steered towards finding roadmaps for connecting self-help groups with



larger business entities, digital marketing platforms, and export councils for business networking and capturing larger markets. The Government of India is also regularly organizing large-scale urban marketing platforms in cities, such as SARAS (trade) fairs and opening dedicated outlets for SHG-made products.

It is imperative that while we deliberate how the platform of self-help groups should be strengthened, we do not lose sight of the larger development goal of improving economic participation and opportunities for women and eliminating poverty of all genders. However, to reach the goal of gender-redistributive opportunities, discussions around SHG-led enterprises must begin to identify larger issues from a holistic lens.


How can small enterprises evolve into sustainably profitable businesses?

Majority of the work on entrepreneurship development is concentrated on developing the entrepreneurial capacity of women members, such as training women on brand building or packaging, linking SHGs with digital platforms, etc. For business development there has to be a more holistic approach beyond the skilling of rural women.

Although, many SHGs have been formed into enterprises through NRLM, the SHG-owned or SHG-led businesses are either restricted in small sectors such as livestock, basic value chain development in farm, arts and craft material, and culturally perceived ‘feminine’ businesses such as beauty parlours or small shops in non-farm. As a general rule, low-income women’s home-based enterprises are small-scale and under-capitalised. They also routinely revolve around food, and other domestic activities which dovetail closely with women’s reproductive roles, symbolically as well as pragmatically (Chant, 2014; Gosh and Bhandari, 2014).

Products produced by farm-based enterprises rarely invite a turnover sufficient to sustain the business in the long term. The quantity produced are also often not enough to compete with mass production scales required for a tie up with large Corporates. In addition to these, large-scale illiteracy among poor rural women restricts high-end market integration, branding, quality control, and the proper pricing of products.

How can a viable business be created by small groups with limited capital? The creation of a market and demand is a much larger process than micro-level interventions for skilling and financing. At a macro level, businesses will develop and thrive when economies are strong, and people have a high marginal propensity to consume. Therefore, the policy of enterprise development is inherently linked and dependent on the policies of overall income growth, reduction of inflation, and an increase in disposable income.




Similarly, a healthy and sustainable agrarian sector must develop for a farm-based value chain to be successful (FAO 2014). Without profitable farm production, the value chain neither sustains nor captures a stable market. Even within the SHG-led programs such as the NRLM, enterprise development strategy needs extensive access to data. Having correct information such as ‘which product is in demand?’ ‘Where is the potential market for this product?’ ‘What are the safe channels for distributing?’ ‘What is the cost implication?’ is important for business survival. Any change in demand should be communicated quickly to enable the fast adaptation of the enterprise. There are good examples where SHG-producing garments have quickly adapted to the pandemic and have started producing facemasks. However, these are limited examples on a small scale. Expecting enterprises to go into high production and investment in a product that is no longer in demand may result in loss, which in turn reduces women’s engagement in the enterprises. With the information at hand, there needs to be active mechanisms to explore new innovations to produce more with less.

SHG women-led art and craft businesses also have a limited, primarily domestic, market. SHG-led businesses currently revolve around low-investment low-return products, such as homemade processed or semi-processed food (pickles, sweets, condiments), traditional art and crafts (clothes, linens), wood, and pottery work. However, in a single market, the scope for extending the demand for these products is limited. As the experience of different marketing platforms shows, few products struggle to make any profit. Developing new businesses should have internal strategies to analyse and communicate market conditions, demand status, and capacity to swiftly enter new markets. The internal strengthening of production should be met with the external strengthening of the markets. Therefore, the overall economic health of the rural and adjacent urban areas should be closely monitored.

Not just ‘economies of scope: How can women engage in the mainstream economy?’

For ensuring success in enterprise and livelihood development, new SHGs should be trained in sectors beyond the traditional low-return SHG-led business and skills, such as processed food and/or small crafts and products. A potential sector in this case is roads, transport, and infrastructure maintenance (Manisha Gupta et.al, 2018). The entry of women into these sectors is still much lower than that in other sectors, whereas the demand for transport in rural areas is an ever-growing market. It is time for a viable business model to be developed for SHG women to assume rural transportation businesses and establish high-return enterprises. Key stakeholders may be invited to coordinate in terms of creating the business model, identifying sectors that will be integrated with the transportation sector, along with sources of investments beyond SHG’s own funds. Corporate Social Responsibility in India spent around 426 crores on gender equality and old age-related work in 2021-22 FY (NITI Ayog, 2021). Compared to nearly



8700 crores of CSR in health and sanitation works, gender-related work did not get much focus from CSR. The private sector should be invited to establish SHG-led business models in the rural transport sector as a new and sustained livelihood intervention under CSR.

Other than the transport sector – maintenance of constructed roads in PMGSY, road assets such as toll booth management and vehicle maintenance contracts for small and large vehicles may also be done through SHG-led enterprises. CSR funds may also be invited by State Rural Livelihood Missions under ‘skill training’ vertical of CSR in India for designing special training for these new areas and imparting the skills on the SHGs across India. For the true development of SHGs to the next stage of economic entities, the SHG platform should be utilized to train women in highly productive and high-return skills.

Breaking the gender paradox: How to ensure continued participation of women in the mainstream economy?

Undoubtedly, entering a high-remuneration domain is not easy as these spaces are often gender segregated and non-flexible (Siwach, 2020). The key policy challenge is the paradox in women’s achievements in the economy and empowerment. As large-scale datasets suggest, women exit the labor market or remain under-employed or unemployed for a long time if there are gendered barriers such as lack of autonomy to move out of home or value-attachment to certain types of jobs as unsuitable. Increased employment opportunities also have a negative impact on women’s health and mental wellbeing due to the excessive double or even triple burden of productive-reproductive-mental labor. The paradox of higher income relating to lower autonomy for women is also reflected in women-led bodies’ financial decisions. As the business grows and finances become complicated, men increasingly enter the management and control of strategic decisions due to the lack of exposure and experience of women, illiteracy, and apathy of financial institutions such as lenders and banks to fairly treat women-led businesses.

Rural Indian households still consider domestic chores as the primary task for women and resist their participation outside of domestic chores. According to the 2019-20 National Family Health Survey data, one in five rural women still needed permission to visit the market or meet friends, and two in five women had no access to money. Data also points to low financial autonomy of women in terms of cash payments against work, or access to savings account for self-use.



Source: Authors using NFHS 5 (2019-20)

Unless there is a financial need, families do not encourage women to participate in non-domestic activities, an attitude that is reflected in the low enthusiasm of women in the non-financial meetings of SHGs or gender- or nutrition-related training. Policy responses such as community groups for setting up business enterprises may see active engagement when the family is in financial stress, but as income increases, participation may drop due to the withdrawal of women from the labor market as the primary role of women is seen in domestic work and negative value is attached to women doing business (Chant, 2014).

Ensuring women's sustained participation in the enterprise will require resolving the paradox, which will require interventions in both domestic and non-domestic spheres. While intervention is needed to sensitize households towards the importance of women's autonomy and make the outdoors gender-friendly and secure, the most important reason for women's low participation in the economy relates to the excessive care burden on women.

Resolving this paradox, a gender-just care economy needs to be built for women to be free to develop and sustain an enterprise (Swamy, 2014). Interventions must be developed to reduce the burden of care on women through institutional and non-institutional support.

Internally, skill training and financing of SHGs should be accompanied by holistic development of the psychosocial health and well-being of the members. The entire social-protection network – food security, health protection, assured education, and protection from domestic and non-domestic violence–must continuously function and improve livelihood security to work and show a visible result. It is also not farfetched to state that a child-friendly village where institutional mechanisms of care and child

development and protection are strong will be able to provide opportunities for the entrepreneurial development of its women.

While there is a need to collaborate with local governance institutions, communities, and households to improve women's autonomy, financial institutions also need to be sensitized to create a gender-equal environment. It has been widely observed that small businesses run by women have a harder time mobilizing business loan, especially those run by unmarried women (Sunaina Kumar 2022). The banking sector needs elaborate sensitization on gender issues so that women-led enterprises do not face undue hurdles in accessing financial products. (Datta and Sahu, 2021; Viswanathan et.al, 2014)

Market volatility is a major vulnerability of women in small enterprises (Quak & Barenboim, 2022). Even during a recession, it is important to create a diverse portfolio of investments and savings to sustain small businesses. A dedicated financial mentor should be placed in the community to facilitate the financial planning and security of small enterprises as well as ensure protection from fraudulent schemes. Even with existing SHG-led enterprises, there is still much to be done.

- Change perception of lenders towards women-entrepreneurs from high to low-risk borrowers
- Intensive business and financial mentoring for capacity building, network development and assigning an expert business mentor at the community.
- Assigning a financial advisor for enterprises with a stable turnover helps them diversify investments and prepare a stable yet profitable portfolio of profit re-investment and individual financial security.
- Assigning a product advisor/design mentor for low-return products
- Prepare an advertisement plan to identify multiple distribution channels.
- Quality control for catching higher markets. Since the domestic market is limited, SHGs should have in-depth and continuous training to match the export quality of their products.
- Markets must be accessible and gender friendly to increase women's participation as producers and entrepreneurs. Interventions for providing provisions of childcare, investments in good roads, well-lit streetlights, and public washrooms may all go a long way in assuring women's participation outdoors and increased mobility.

The large-scale gender planning in India is also restricted by a lack of disintegrated data that captures all aspects of SHG development and functioning along with their progress and roadblocks in terms of formation of enterprises. Further SHG-to-enterprise planning will be possible when a *national level SHG database* is prepared that can capture all the aspects of the existing SHG operations along with socio-demographic attributes of the member households and condition of the surrounding environment or business-ecosystem.


In summary, developing a rural self-help group into a viable business enterprise would require multidimensional action from a holistic perspective. Capacity building, financial empowerment, and capitalization may be the beginning. The right solution will emerge once we start asking the right question.

Note

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TRANSITIONING FROM SHGS TO PRODUCTIVE BUSINESS ENTITY: CHALLENGES AND POSSIBILITIES*

Partha Pratim Sahu*

1. Introduction


In the emerging discussion on Localization of Sustainable Development Goals (LSDGs) and strengthening of local economy through Vocal for Local, reconsidering the role and potential of Self Help Groups (SHGs) could be a crucial strategy for realizing inclusive and sustainable rural development discourse. Improving and sustaining livelihoods through group-based interventions have emerged as a development practice to address many rural development issues and concerns. SHGs have now become a platform for many group-based interventions based on the basic premises that mobilization of marginalized and poor (women) people and organizing them into group and prepare them to participate meaningfully in the development process to improve targeting and rural development outcomes. SHGs have come a long way from group savings and microfinance to developing microenterprises and employability through training and skills formation, and facilitating public service delivery (health, education, nutrition etc.). SHGs have not only been able to make a presence in the rural manufacturing and services landscape but also emerged as social safety net during the pandemic era and beyond. We witnessed a new form of governance coalition between local institutions such as Panchayats, NGOs and other stakeholders operating in the rural space, where SHGs also played a very crucial role.

2. Current Scenario

Of late, under National Rural Livelihood Mission (NRLM) many interventions have been implemented towards livelihood and income enhancements, such as value chain development for high value farm and non-farm commodities, enterprise development. A major shift in focus of the Ministry of Rural Development (MoRD) strategy was to leverage institutional platforms to promote convergence. Enhanced thrust was given for economic initiatives related to: - (a) agriculture, livestock, non-farm and skills development, (b) financial inclusion and (c) convergence initiatives to improve access to other states and Government of India (GoI) welfare schemes and services. It was also envisaged that (a) State

* This note has been prepared for discussion at the National workshop on “*Development of A Framework for Linking Corporates to Strengthen SHG-led Entrepreneurship Development*” during 8-9 February 2023, India Habitat Centre, New Delhi. This note liberally draws from author’s earlier works, Sahu, 2021 and 2022.


* *Views expressed are personal.*



Rural Livelihood Missions (SRLMs) work with other Government departments to award high-value public-sector contracts to firms owned by SHG members; b) women-owned enterprises are enlisted as registered vendors to supply raw-material to beneficiaries of government schemes; and (c) women-owned enterprises leverage opportunities to capitalize on an array of service-sector requirements within government-run facilities (Kumar *et. al.* 2020).

Although SHGs have expanded their entrepreneurial activities, but very few of them have transformed into productive and viable business entity. Many of the SHGs continue to operate at the subsistence level and failed to grow and scale up their economic activities. Recently, many comprehensive studies have been conducted to assess and evaluate the performance of various interventions of National Rural Livelihoods Programme (NRLP) (Kochar, A, *et. al.* 2020; Deshpande, 2022; Garima Siwach, *et. al.* 2021). These studies have highlighted a stylized set of concerns, constraints and challenges which are very much similar to that of any MSME unit operating in rural India, including SHGs based enterprises. For example, a) lack of suitable financial products for growth-micro individual and collective enterprises b) lack of access to market, technology, business skill, mentoring and handholding c) lack of customized business development services for existing viable high-performing micro enterprises (individual and collective enterprises) of NRLM for graduation d) lack of higher-order specialized technical assistance e) lack of a mechanism and support system to develop higher order enterprises like Producer Groups and Producer Companies f) lack of collaboration between various stakeholders such as private sector, academic institutions and social enterprises g) lack of data base on SHGs, especially on economic data. In addition, one of the critical concerns of enterprise promotion on SHGs platform is training and capacity development of Community Resource Persons – Enterprise Promotion (CRPs-EP). The Start-up Village Entrepreneurship Programme (SVEP) and Aajeevika Grameen Express Yojana (AGEY) focus on development of CRP-EP as local level mentors for supporting rural women to start (or expand) their small businesses.

Creating awareness of livelihood and entrepreneurial avenues in rural areas and providing continuous and long term marketing, technical and financial handholding is major concern for sustainable entrepreneurship development. Linking these SHG-enterprises with market, formal institutions and large enterprises will also enhance their capability to scale up their production and expand employment. What is lacking now is to develop a holistic perspective of the complex process of developing entrepreneurial abilities, managing and nurturing their capabilities and providing long term handholding to both potential and existing entrepreneurs, which will not only ensure sustainable livelihood of them but also create



employment opportunities for local people. It will enable us to make substantial progress in our journey towards achieving Sustainable Development Goals (SDGs). There is also a need for convergence and synergy of all the government initiatives relating to entrepreneurship development and encourage dialogues and partnerships among various stakeholder. In such a scenario, it is important to create a robust and process driven ecosystem, which will :- a) empower both existing and aspiring rural enterprises/entrepreneurs to access formal institutions b) prepare them to get benefitted from various programmes and schemes relating to enterprise promotion and c) put these enterprises on a scale ladder, so that these enterprises over the years grow and create employment opportunities.

3. Possible Pathways to Transcend SHGs into a Business Entity

3.1 Formalization


There is a wide network of formal institutions operating at various levels to promote enterprise development. We have multiple central Govt. ministries (such as Min. of MSME, MoRD, MoPR, MSDE, MoFPI, MoAFW)), State Govt. departments, specialised agencies (like SIDBI, APEDA, NSIC, KVIC, MSME-DIs) and also institutions at district level such as District Industries Centre (DICs), RSETIs for working towards inclusive and sustainable enterprise development. But a large majority SHGs women or women-led rural located enterprises are not aware of these institutions and their schemes. Even if few of them are aware, they are not able to access. On the one hand, the rural entrepreneurs are not adequately skilled and educated to be aware of and access to these formal institutions and on other hand, the regulatory procedures and formalities are still cumbersome. There is a need to sensitize these entrepreneurs about formal institutions and the whole of range of programmes and schemes, which are meant for them. It is also equally important to simplify regulatory compliance formalities for rural start up. The recently announced PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme) by the Ministry of Food Processing Industry (MoFPI) aims at providing financial, technical and business support for upgradation of existing micro food processing enterprises. It provides support for capital investment for upgradation and formalization with registration for GST, FSSAI hygiene standards and Udyog Aadhar. Under this scheme, skill training and hand holding support is also provided to prepare bankable business plan. Support towards capital investment, common infrastructure such as Common Facility Centres and branding and marketing are also provided to FPOs, SHGs and PCs to formalize and grow. It is important to enhance the access to information and

support for these enterprises and provide all support measures on a single platform. More such efforts are called for other industry groups as well.

3.2 Digital Empowerment

Recently, on a single platform a bouquet of services including registration, regulatory compliances, connect with banks, connect with govt. schemes, mentoring and handholding, peer network, investor connect, marketing and business advisory, branding, quality and market research etc. were ensured. A number of online/ IT-enabled portals or platforms have been initiated by the Government to reach out to all intended beneficiaries and provide much needed support. To list a few, such as MSME ‘Sampark’, MSME ‘Sambandh’, MSME ‘Samadhaan’ , MSME Idea Portal, Udyamimitra etc. provide multiple services including registration, easy access of financial and non-financial service needs, provisioning skilled workers, grievances related to delayed payments and so on. While such initiatives are welcome moves, it may be noted that access to computer or internet, quality of internet network in rural areas continue to remain as huge concerns. A preponderant majority of rural entrepreneurs also do not have the required skill to get benefited from these digital services, which are meant for them. Therefore, in addition to, sensitizing the rural entrepreneurs about these portals and platforms, adequate funding along with training and capacity development of rural entrepreneurs to navigate smoothly to a digital ecosystem is required. Such digital services may also be provided in Common Service Centres or Me Seva Centres or in Panchayat offices. Panchayats should collaborate with other stakeholders such as officials of SRLMs, MSME-Development Institutes, District Industries Centres (DICs), MSE Facilitation Councils (MSEFCs) operating in rural landscape to leverage on these digitization efforts.

A cadre of CRPs called *Tablet Didis* have been created in Jharkhand state under NRLM who are providing a bouquet of services at the doorstep of BPL families and keeping all the financial activities of SHGs on MIS software. Apart from bookkeeping, *Tablet Didis* show short films on their tabs to families to create awareness about various livelihood avenues, animal husbandry and also on social ills such as child labour, witch hunting and domestic violence. The **Leelavati Project** seeks to improve the digital and financial literacy of at least 500,000 women members across six Indian states, i.e. Gujarat, Rajasthan, Uttar Pradesh, Bihar, Meghalaya and Assam, which is supported by the Japan Social Development Fund (JSDF) and managed by the World Bank. The Self-Employed Women’s Association (SEWA) under this project, trained women weavers in Gujarat’s Anand district and help them to showcase their products online, create WhatsApp groups of customers, and enable digital payments for



purchases. The training has helped other crafts persons in setting up their retail through Facebook and Instagram. Women have also become financially independent and carried out basic online transactions through Paytm, the BHIM App, Google, and UPI. There are other initiatives, such as **Digital Unlocked** - an initiative by Google in association with FICCI and Indian School of Business, aims to help Indian businesses unlock exponential growth with digital. **Digital Saksham** initiative by CII-Mastercard-NIMSME aims to educate and train micro and small business owners and entrepreneurs enabling them to integrate into the digital economy and access credit, expand their market access, diversify their customer base, digitize their financial operations and solidify their supply chain. Many such good interventions are in operation in different parts of country, which need to be documented and attempts should be made to replicate, with necessary customization, if any.

3.3 Mentoring and Handholding

Regular and continuous mentoring and handholding is an important ingredient of an entrepreneurial ecosystem. The need for these services are even more crucial in the wake of Covid pandemic. The micro and small entrepreneurs need mentoring and handholding not only on business and technical skill but also to deal with various psycho social problems. Mentoring and hand holding services may include digitisation and formalisation, availing of government loans, subsidies or other benefits, ensuring compliance with local, regional, and national regulation, aiding partnership with digital marketing platforms and digital payment platforms, etc. There are large number of agencies such as RSETI, EDI and MSME Tool Rooms (known as MSME Technology Centres), ITIs, DICs, banks and industry associations and chambers to provide hand holding with respect to entrepreneurship development, credit counselling, formulation of business plan, financial literacy, vocational training etc. But most of the rural located enterprises are neither aware of these services nor being able to get benefits from these institutions. The rural entrepreneurs need to be adequately sensitized about these agencies and their services. Recently, a mentorship-led entrepreneurship development programme has been initiated called 'Going Online As Leaders (GOAL)' by Ministry of Tribal Affairs (MoTA) in partnership with Facebook to provide mentorship to tribal youth through digital mode on Digital Literacy, Life Skills and Leadership and Entrepreneurship and help them to be an entrepreneur.

An expert committee set up by the Reserve Bank of India (RBI) has recommended focused attention to the financial and operational needs through handholding by both banks and the government. The committee recommended to increase the number of MSE Facilitation Council (MSEFC) particularly in


larger states. It also recommended to set up Enterprise Development Centres (EDCs) within District Industries Centres (DICs) and further enabling these to run professionally and facilitate development of entrepreneurs into full-fledged, self-sustaining enterprises.

3.4 Convergence and Collaboration

A series of efforts are being made by MoRD to create synergies between different government programmes, which led to convergence of various public services, entitlements and programs at the household level, resulting in better targeting of the development programs including increased access to nutrition services and reduction in malnutrition and infant and maternal mortality, increased access to social safety nets including pensions, PDS entitlements and insurance services. Convergence are being promoted with schemes and Govt. departments such the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Swachh Bharat Mission – Gramin (SBM-G), Jal Jeevan Mission (JJM), Panchayatiraj institutions (PRIs). In entrepreneurship domain, efforts are being made so that more and more SHGs will get benefited from other programmes such as MUDRA, PMFME, SFURTI, Van Dhan Vikas Kendra, One District One Product (ODOP), Cluster Development Programme (CDP), Common Facility Centres (CFCs), One Stop Facility Centre (OSFC), PCs and FPOs.

To address the problems of marketing many new initiatives have been undertaken, including connecting SHGs with GeM Portal, MoU between MoRD & Flipkart (Flipkart Samarth Programme); Gujarat Govt. signing MoU with Amazon to help 10,000 tribal entrepreneurs and so on. Many SRLMs are also closely working with National Agricultural Cooperative Marketing Federation (NAFED) and Tribal Cooperative Marketing Development Federation of India (TRIFED) to address the marketing and branding concerns of SHGs. Pradhan Mantri Van Dhan Yojana (PMVDY) by the Min. of Tribal Affairs (MoTA) is a market-linked Entrepreneurship Development Programme for forming cluster of tribal SHGs and strengthening them into Tribal Producer Companies. To address the challenges of inadequate financial linkages and market access, there are schemes such as: Institutional Support for Development and Marketing of Tribal Products/Produce, Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and Development of Value Chain for MFP, Tribes India E-Marketplace.

Under National Rural Economic Transformation Project (NRETP), many SRLMs have started working with different IIMs to provide incubation supports and other higher order business and technical support to SHGs. The Airport Authority of India (AAI) has taken an initiative to allocate space to SHGs at its




airports for selling/showcasing the self-made products of their region. Under the “AVSAR” (Airport as Venue for Skilled Artisans of The Region), initiative to strengthen SHGs by allotting space at AAI Airports will provide huge visibility to these small groups and prepare them to promote/market their products to the wider spectrum, reaching out to the larger population.

3.5 Capacitating Community Resource Persons (CRPs)

The CRPs are chosen from within the community and trained in life-skills and leadership, business development, risk management, market analysis, communication, marketing, financial linkages, etc. The trained CRPs will further identify women, from their own village as well as those nearby, who already have an existing business or are aspiring to start a new business. These CRPs besides imparting training, play a facilitation role in creating backward (say, with financial institutions) and forward (with markets and clientele) linkages for these small businesses in the value chain. They also mentor and provide psycho social support to the women entrepreneurs to build self-confidence, capacity for decision making, and staying power in handling social pressures and family crises, while managing and growing the business. We have a large cadre of CRPs such as Kisan Sakhi / Krishi Sakhi, Pasu Sakhi (Livestock CRP), Doctor Didi, NTFP CRP, Matsya Sakhi (Fisheries CRP), Udyog Sakhi (Value Chain CRP), CRP-Enterprise Promotion (CRP-EP), Bank mitras, e-CRPs, Setu Didi (a change agent-bridging the gap between the services, service providers and the beneficiaries and whose key responsibilities are making the benefits of government schemes/programmes and entitlements reach its intended beneficiaries), Tablet Didi, Patrakar didi and so on, implementing rural development schemes and programmes. The success of the CRP-led mentorship model lies on the methodology and curriculum adopted for imparting training to these CRPs. There is a need to improve the training and capacity development of these CRPs with a regular interval to appraise them about changes in the policies and programmes and also impart them new skills to facilitate them to implement both on-farm and non-farm livelihood programmes more effectively. However, there is no systematic and robust mechanism to assess and track the competencies and performance progress of these CRPs. In a few states, however, the exercises of accreditation and gradation of CRPs have recently been started.

Regular and continuous training and capacity development of not only CRPs but also other functionaries associated with implementation of various farm and non-farm livelihood interventions is equally important. The NRLM Resource Centre (NRLM RC) at NIRDPR has been conducting series of customized and curated training programmes, workshops, exposure visits on specific themes, drawing




inputs from MoRD, NMMU and SRLMs for various functionaries and officials who are closely working with SHGs. Improvisation in these training programmes are also consistently made based on detailed and critical feedback from participants.

3.6 Panchayat as a hyper local platform

The Gram Panchayat Development Plan (GPDP) can play a direct role in identifying sectors, sub-sectors and activities by their respective business potential and devise a mechanism to prioritise resource allocation and helping those entrepreneurs and rural artisans who suffered varying degree of losses during the pandemic times. Special Gram Sabhas may be conducted to flag up and discuss issues of local entrepreneurs and artisans. The panchayat secretariat can play a role of ‘hyper local platform’ or a ‘point of contact’ by connecting these entrepreneurs with various Govt. schemes and programmes and also help them to get access to support measures available on IT enabled portals or websites. Thus Gram Panchayat Development Plan (GPDP) could be truly an effective tool to mainstream entrepreneurship and livelihood challenges in the rural development strategies and overall economic policies. Thus the Panchayati raj institutions, being the last mile institutions can play a significant role, with support from various stakeholders such as SRLMs, NGOs, CSR affiliates and create an ecosystem for SHG-based enterprises to expand, scale up and generate employment opportunities. Panchayats should also make due efforts to sensitize SHGs about schemes and programmes on enterprise development, especially for which SHGs are eligible.

3.7 Learning from the States

Many states have also been undertaking series of innovative measures to empower SHGs and supporting them to explore entrepreneurial ventures. For instance, recently Odisha has started a campaign ‘*SHG to SME: Invest in Her*’ under which there are initiatives such as a) Rs 5 lakh interest-free loans for women SHGs, b) organizing district level investors’ summits and providing women an opportunity to interact with successful entrepreneurs, officials from various local industries and members of the Chamber of Commerce, c) improving capacity of enterprising women in the district by giving market access to their products, d) providing training to SHG women on hospitality management, goods and services, e-auto operation, Mission Shakti Cafes. Odisha (Department of Mission Shakti) has signed an agreement with Apparel Made-ups and Home Furnishing Sector Skill Council (AMHSSC) New Delhi to launch an initiative for skill development of 10,000 Mission Shakti SHG members on apparel manufacturing. This



is a part of programmes promoting entrepreneurship among women through the formation of Micro Enterprises of Mission Shakti SHGs. Similarly Odisha Govt. has also partnered with the Rubber, Chemical & Petrochemical Skill Development Council (RCPSDC) to train SHGs women in rubber slipper manufacturing and empowering them to set up their manufacturing/ assembling units. SHG women engaged in electricity metre reading and bill collection works, will now be trained to work as linewomen as well. Under the Odisha Millet Mission (OMM), attempts are being made to create a cadre of Milletpreneurs among SHG women. Good practices and initiatives across Indian states are to be documented and efforts are to be made to replicate and scale up.

The phenomenon of ‘SHGs becoming a business entity’ has captured our imagination *albeit* lately, but over the years SHGs have expanded their entrepreneurial wings from making papad or pickle to running café, restaurants, Patrol Pump, Fair Price Shops, and SHG-women collecting electricity bills, constructing Citizen Information Boards (CIBs) for MGNREGA and so on. Emerging entrepreneurial possibilities in Food Processing, Rural (agro-) Tourism, Homestay, Solar Energy, repair and maintenance services are also to be explored and leveraged. Seeding and supporting more SHG-based and women-led rural entrepreneurs will give credence to ‘Vocal for Local’ and energise the local economy and built a self-reliant nation, what we are aspiring for India @ 2047.

Notes


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PROMOTION OF SHGS-LED RURAL ENTERPRISES BY PANCHAYATS

Rajesh Kumar Sinha

Panchayats are institutions of local self-governance in rural areas and as per the part IX of the Indian constitution inserted through 73rd amendment, State legislature may empower them to plan for and implement schemes for economic development and social justice on 29 subjects listed under Eleventh Schedule of the constitution.

A SHG (Self Help Group) is a community based group with 10-20 members. They are usually women from similar social and economic backgrounds, all voluntarily coming together to pool their resources to become financially stable, taking loans from their collective savings in times of emergency or financial scarcity, important life events or to purchase assets. In 1999, Government of India, introduced Swarn Jayanti Gram Swarajgaar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs. The programme evolved as a national movement in 2011 and became Deendayal Antyodaya Yojana **National Rural Livelihoods Mission (DAY-NRLM)** which aims to reach out to all the rural poor families (BPL families) and link them to sustainable livelihoods opportunities. DAY-NRLM works on three pillars – enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs.

Entrepreneurship is the ability and readiness of an individual or a group of individuals to set up, run and grow a business enterprise. As farming is unable to provide productive employment to everyone in rural areas and there are not enough wage employment opportunities either in rural or in urban areas to absorb all rural unemployed and poor, there is a need to promote micro and small enterprises in rural areas. SHGs are institutions of poor and SHG-led entrepreneurship development is considered to be one of the ways to create farm and non-farm livelihoods. There are many examples of successful SHG-led enterprises all over India. Balinee Milk Producers Company, established with financial support from DAY-NRLM and technical support from National Dairy Development Board's (NDDB) has mobilized more than 25000 women milk producers spread across 602 villages in the districts of Jhansi, Hamirpur, Banda, Chitrakoot and Jalaun. The members' contribution has been around Rs. two crores towards share capital till July 2021. Nari Shakti Cluster Level Federation in Rudrapur, Uttarakhand set up a bakery unit after receiving training from Rural Self Employment Training Institutes (RSETI) under DAY-NRLM. The bakery is now able to produce about 55000 multi-grain biscuits packets per month supplied as nutritious food to Integrated Child Development Services (ICDS). The Bakery now employs 35

members in two shifts and provides each member with a wage of Rs. 7500 per month besides earning profits for the Unit. Total sale of is approximately Rs. 2.50 Crore in 2021-22. Nalla Panjanpatti Plastic Recycling Centre, a plastic shredder unit, was set up in 2010 by three SHGs in Athur block, Dindigul district, Tamil Nadu. The shredded plastic is sold for road construction. They have been able to have a total turnover of Rs. 10.80 lakhs in the previous year and could process almost 32 tonnes of plastic waste. This enabled them to provide work to their members for almost 20 days in a month at Rs. 400 per day (PIB, 2021).

Policy Frameworks for PRI- SHGs Convergence for Entrepreneurship Promotion

PRIs are local governments and has the mandate to plan and implement schemes for economic development and social justice. Promotion of SHG-led entrepreneurship will go a long way in economic development as well as social justice as most of the SHG member come from poor households and marginalised sections of the society. Among the subjects listed under Eleventh Schedule, khadi, village and cottage industries; technical training and vocational education; agriculture, land improvement; minor irrigation; water management and watershed development; animal husbandry; fisheries; minor forest produce; poverty alleviation programmes; maintenance of community assets are subjects which are directly linked to rural economic development and micro enterprise promotion.

The Handbook on Convergence brought out by DAY-NRLM Cell of the National Institute of Rural Development and Panchayati Raj (NIRD&PR) has identified some areas where Panchayats and SHGs/ SHG Federations can work together. These areas, inter-alia, include allocating resources to the priority demands of the SHGs and their federations in the annual plans/activities of the PRIs; Gram Panchayat Development Plan (GPDP) and Planning for Poverty Free GP need to have a clear integrated poverty reduction plan; PRIs can lease out panchayat resources (like fish ponds, common properties, market yards etc.) to SHGs and their Federations; PRIs can entrust SHGs and their Federations with responsibilities for managing select civic amenities, executing civil works, extension and outreach mechanism for delivery of services etc.; and that PRI may provide accommodation (office space etc.) and other basic facilities to SHG federation(s) and support them at various levels for their effective functioning (NIRD&PR, Undated).

Further, the Ministry of Panchayati Raj (MoPR), Government of India, issued an advisory for State Governments on February 4, 2016 suggesting that an independent space at the premises of GP office may be provided to house the office of SHG federations; GPs may be required to accord priority to SHG in accessing common resources like land, ponds, market places etc. for enhancing livelihoods opportunities; SHGs can be involved in delivery of services such as mid-day meal, house to house

collection of taxes, solid waste management, operation and maintenance of piped drinking water supply, e-services etc. State Governments may notify cost norms of SHGs engagement in identified areas of service delivery on behalf of GPs; and that Micro-credit plans under NRLM and reports of participatory identification of poor etc. may be incorporated into the GPDP prepared by GPs (Ministry of Panchayati Raj, 2016).

Framework for revamped centrally sponsored scheme Rashtriya Gram Swaraj Abhiyan (RGSA) for the period from FY 2022-23 to FY 2025-26 has continued with the provision of fund for project based support for economic development and income enhancement in rural areas. Under this component, as per earlier guidelines issued by the Ministry, Gram Panchayats/Cluster of Gram Panchayats will be funded for micro projects on economic development and income enhancement. Financial assistance in the form of viability gap funding for micro projects catering to subject areas enlisted in the Eleventh Schedule would be provided based on the merit of the proposal and its viability and sustainability. Panchayats may accord high priority to the convergence of Self Help Groups (SHGs)/Federations towards the creation of more sustainable employment, promotion of entrepreneurship and other additional opportunities for economic growth in local areas by tapping existing local resources and potential in order to address the critical gaps of development. Focus areas suggested by the guidelines of the Ministry, inter-alia, include support to Women SHGs for micro enterprise development; stand-alone projects for processing and marketing of secondary agriculture, sericulture, animal husbandry, fisheries and poultry; value addition and packaging units for the rural products; tourism promotion activities; rural product marketing centres; local manufacturing of organic inputs (Ministry of Panchayati Raj, 2022). These existing policy frameworks may be effectively operationalized to enable Panchayats promote SHG-led micro and small enterprises in rural areas.

What panchayats can do to promote SHG-led enterprises


1. Identify all SHG members in the productive age who have no/under employment and map their skills. Map and list various production potential/labour potential/enterprise opportunities in the village. Map employment opportunities suitable to persons with disabilities based on nature and degree of disability and facilitate job creation through convergence of ongoing schemes, sponsorships and ensuring local placements. Identify potential SHG/CBO for setting up of enterprises and skill mapping of the interested candidates. Undertake situation analysis of existing micro, small and medium enterprises within the Panchayat area. And based on this ground work can organize entrepreneurial development training/skill training with the help of

DAY-NRLM, Entrepreneurship Development Institutes, Rural Self Employment Training Institutes, various sectoral institutes and CSR wing of corporates operating in those areas.

2. Panchayats can make use of its own source revenue (OSR) and grants from central/ State governments and devolution from Central/State Finance Commissions to develop SHG-led micro enterprises in their areas. It may create production cum storage facility to be utilised by SHG entrepreneurs at a nominal charges. For transportation of finished products to the market, Panchayats may ensure rural connectivity to the nearby markets. Further panchayats at the district level i.e. Zila Parishad can provide space for display and sale of products of SHG-led enterprises. Panchayats may also facilitate digital services/internet connectivity to these micro enterprises so that they can access information to improve design and quality of products and also market their products on various digital e-market platforms.
3. Working capital is required by start-up enterprises and also at the growth Stage. Chairpersons of district level Panchayats are members of District Level Banker's Committee (DLBC). Demands and grievances of SHG-enterprises with regard to loans may be represented by these elected representatives in the DLBC and follow up with their resolution.
4. Panchayats can also help SHG-led enterprises in accessing training, technology, inputs, mentoring etc. from various sources like Krishi Vigyan Kendras, Corporates, NGOs, SIRD, etc.
5. For marketing of the products of SHG-led enterprises, panchayats may create rural haats, rural marts, organise village fairs etc. to provide enough opportunity to rural entrepreneurs to demonstrate as well as to sell their products.
6. Further, Panchayats may procure goods and services from local SHG-led enterprises. During the Covid-19, many Panchayats procured masks and sanitisers prepared by SHGs. Further, if any SHG-led enterprise produces stationeries or provides services such as O&M of water and sanitation services, panchayats may take a decision to procure them within the scope of extant financial and procurement rules.

Successful cases of SHG-led enterprises promoted by Panchayats

There are several successful examples in different parts of the country where Panchayats have facilitated SHG-led micro and small enterprises for economic development and income enhancement of poor households in rural areas. Kodariya GP in Madhya Pradesh has trained women and set up sanitary pad making unit for economic development of poor women of the GP. This training is done in association with a local NGO Healthy India Society. This programme will build capacities of and provide livelihoods to 1000 women in a year. These sanitary pads are of high quality and at least 25% less in price as



compared to established brands. GP is also helping trained women get loans from bank and set up their units. In addition to sanitary pads, GP is also promoting other enterprises.

Digambarpur GP in West Bengal in convergence with Anandadhara, i.e. SRLM, has promoted livelihoods activities in the GP such as like mushroom cultivation, fodder cultivation and training for tailoring and such activities. Sundarban area is rich with natural resources. District Administration and GP involve local Self Group women as agents of collection of raw materials, processing & standardization and marketing of final products. The identified products as of now are milk, egg, honey, moog dal, mushroom etc. Standardization, branding, packaging and quality control has been assigned to expert agencies like Vivekananda Institute of Bio-technology, Nimpith, Krishi Vigyan Kendra, Narendrapur, Sundarban Milk Union Limited etc. Finally the processed items are being marketed through clusters and groups through retail marketing chain system. These clusters/groups are acting as distributors to reach out every locality with pure and natural products which have a high demand. Another initiative of the GP is that eligible SHGs/Clusters are being assigned the role of rural sanitary marts who are the actual executing agency for construction of toilet at village level. Rural Sanitary Mart is an excellent alternative employment opportunity for the SHGs by which they can gradually transform themselves into civil construction agencies and ensure their livelihood.

Unemployment, lack of livelihood opportunities, distance from the main cities and widespread poverty force people of Haldachaur Duna in Uttarakhand either to migrate or to work as cheap labour. For women, there are no opportunities of empowerment and income generation in the locality. GP formed the Self-Help Groups (SHGs). A corpus fund was created by local contributions and Panchayat Samiti contributed one lakh rupees to this corpus fund. Vocational training was arranged by GP to the women, loans and guarantees were arranged for these groups. Now, SHGs are playing an important role in employment creation and poverty eradication in the locality. These groups are providing employment opportunities to many people. More and more people are joining the program. GP monitors the development and day to day activities of these groups. If needed money is infused and interest free/low interest loans are arranged. This has helped the locals to break the trap of Mahajans, poverty and other social problems.

Zilla Parishad (district level Panchayat) of Belagavi in Karnataka partnered with Siddha Events and Marketing Institute to train SHG members to make incensed sticks, dhoop and mosquito repellents. In this partnership the Zilla Parishad provided logistics support for the training while experts from Siddha Events and Marketing Institute provided the training. Further, Siddha is providing raw material to SHG members and purchasing the finished product and marketing them thorough their channel. This

partnership which started in the year 2017 has led to additional income to SHG members and have also enhanced their confidence (Bahadurdesai, 2017).

Key challenges faced by Panchayats

Although Panchayats have key role to play in the economic development through SHG-led micro enterprise promotion and several Panchayats have also demonstrated that this can be achieved with dedicated leadership, community mobilization and administrative cooperation, Panchayats today are facing serious challenges without overcoming that it will be very difficult to pursue this path. Although most of the State Panchayati Raj Acts have assigned all the 29 subjects listed under Eleventh Schedule to Panchayats, these subjects have not been actually devolved to Panchayats at the appropriate level based on activity mapping. These Panchayats do not have sufficient number of functionaries. In several States one Gram Panchayat Secretary is in-charge of many Gram Panchayats. Line department functionaries are not accountable to and do not report to Panchayats. Except a few States, Panchayats are still dependent on central and State governments for funds which seriously affects their identity as institutions of local self-government. Panchayats have not been able to raise own source revenue (OSR) which continues to be less than one percent of their total fund. Inadequate infrastructure such as lack of own office building, poor internet connectivity, inadequate office equipments makes it difficult for them to function. MoPR data shows that till 2022 approximately 20 percent Panchayats did not have their own office building and half of the total panchayats do not have even one computer for office work. Inadequate capacity, confidence and motivation among elected representatives are other bottlenecks. Panchayats do not receive cooperation of block and district administration which have so far failed to recognize and respect elected representatives of Panchayats the way members of legislative assemblies and parliament are recognized and respected. Gram Panchayats are chairperson and secretary centric and not functioning collectively. As a result of all this, people do not see Panchayats delivering public goods and services effectively and hence do not participate enthusiastically in Gram Sabha and other processes of Panchayats. DAY-NRLM, although recognises role of Panchayats, but PRI- CBO convergence has not been effectively established barring a few States such as Kerala and few GPs in other parts of the country where Kudumbashree has facilitated such collaboration. In fact, some elected representatives of Panchayats see leaders of SHG and CBOs as their potential political rivals.

Recommendations

1. Empower Panchayats starting with devolution of functions by State based on activity mapping and principle of subsidiarity followed by devolution of funds and functionaries to carry out

devolved functions. This cannot be achieved merely by issuing central advisories to States. A forceful demand should come from elected representatives themselves through their State and national level federations.

2. At least one beacon model Panchayat in every block need to be developed where SHG led enterprises have been facilitated by Panchayats through specific grant. Other Panchayats of that block may get motivated and this beacon Panchayat may mentor other Panchayats to initiate promotion of such SHG-led enterprises of their choice. Further annual award may be instituted for best performing Panchayats in every State/UT.
3. Block level Panchayats and CSR of one Corporate should adopt Block Resource Centres under Startup Village Entrepreneurship Programme (SVEP) of DAY-NRLM. While Block Panchayat can provide logistics support such as training hall, storage facilities, marketing outlets CSR programme can provide capacity building, technology, finances, raw material, marketing related support and mentoring.
4. Swachh Bharat Mission and Jal Jeevan Mission has created a huge demand for hardware products and plumbing services in the rural areas. Corporates, Department of Drinking Water and Sanitation and Panchayats can come together to train, finance and mentor SHG groups to take up entrepreneurial initiatives in marketing of hardware products, providing plumbing services and also water quality testing services.
5. PRIs must strengthen its financial position by increasing own source revenue generation. Better revenue administration and consultative processes through involvement of Gram Sabha can help. To enable this capacity building of Panchayats and incentives for high increase in OSR be provided by Central and State governments.
6. Gram Panchayat Development Plan (GPDP), Block Panchayat Development Plan (BPDP) and District Panchayat Development Plan (DPDP) may earmark at least 10 percent of resources (schematic or OSR) to SHG-led entrepreneurship activities apart from no-cost activities like awareness creation and motivation.
7. Central, State government and other institutions run on government grants may have a policy to give preference to SHG entrepreneurs in its procurement of goods and services.
8. Elected representatives of Panchayats can take a pledge to promote at least 05 new enterprises in their areas during their 5 year tenure. It can be announced in the first Gram Sabha after their election and progress can be reported back to the Gram Sabha meeting held before their tenure is over.

9. Enterprises should be supported not only at the start up stage but also at growth stage. Panchayats and DAY-NRLM must continuously monitor the health status of enterprises under their jurisdiction.

Conclusion

Panchayats have an important role in promotion of SHG-led micro and small enterprises in rural areas. There are some successful examples too. However, Panchayats face several challenges which create bottlenecks in promoting SHG-led enterprises. Some policy decisions and operational measures are needed to enable Panchayats in facilitating rural enterprises.

Notes

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LINKING SHGS-BASED ENTERPRISES WITH CORPORATES AND EDUCATION INSTITUTES

S Ramesh Sakthivel and Partha Pratim Sahu

Abstract


This article highlights the importance of leveraging the potentials of corporates, education institutions and SHGs for promoting effective entrepreneurial solutions in rural India. The proposed framework will help in effectively utilize the inherent strengths of the corporate, education institutions and SHGs spread across the country to develop enterprises which are backed by better knowledge, higher skills levels, right mentoring and business support towards realizing the objectives. Unfortunately, the enormous potentials of (i) corporates which have the knowledge and expertise over the business models, (ii) the vast network of education institutions present in the country which have enormous human resources and required infrastructure, and (iii) the capacities of vibrant SHGs present on the ground at the moment remains largely untapped. This note provides some examples which can be considered towards realizing this goal and the way forward to establish an appropriate model of entrepreneurial development through a framework involving these entities in rural India.

Key Words

Corporates, Education Institutions, SHGs, Community Engagement, Entrepreneurship

Introduction

The SHG movement, which started in India by the various entities around the year 1986, is being nurtured by the Ministry of Rural Development under the National Rural Livelihood Mission (NRLM) with the support of state governments and other stakeholders. There are ample evidences to testify that the SHG movement has successfully led to overall empowerment of women especially in the areas of social and economical progress (Gurumoorthy, 2000). As per latest available number from MoRD, there are over 8 Million SHGs spread across the country, engaged in various economic development activities from low scale and labour intensive to relatively larger scale. However, it has been observed that the successful entrepreneurial activity of majority of the SHGs are being constrained due to various factors such as lack specilised technical skills, financial products, customized business development solution, training and capacity building, etc., (Sahu, 2022). On the other hand, linking these SHG enterprises with the market, formal institutions and large



enterprises will also enhance their capability to scale up their production and expand employment. Bringing up a holistic perspective of the complex process of developing entrepreneurial abilities, managing and nurturing their capabilities and providing long-term handholding to both potential and existing entrepreneurs, will not only ensure sustainable livelihood for local people, but also create employment opportunities towards achieving various Sustainable Development Goals (SDGs).

Improving Entrepreneurial Capacities of SHGs

The call of the government to step-up local manufacturing and production hubs under various initiatives such as the Atmanirbhar Bharat, Make in India, Vocal for Local and others further reinforces the need for sound technology dissemination and promotion initiatives in order to bring about a strong and vibrant innovation and entrepreneurial ecosystem in the country. The Science, Technology and Innovation Policy, 2013 also envisages the need for strengthening the innovation ecosystem by creating various decentralised platforms and networks for information sharing and disseminating improved access to knowledge and support in the form of resources, linkages, mentoring and outreach (MoST, 2013). In India, unlike the agriculture sector where there is deep rooted extension system in place to demonstrate and train stakeholders in a more decentralised mode, the small industry sectors do not have adequate extension machineries. In order to achieve it, what is needed is a strong practice-oriented demonstration initiative to infuse confidence among the people to appreciate and adopt technology based solutions for creating successful entrepreneurial ventures.

The existing institutions, including The State Science and Technology Councils, Khadhi and Village Industries Commission (KVIC), Incubation Centres and the District Industrial Centres (DIC) have limited outreach for promoting and handholding technology based entrepreneurs and start-ups with ideas and skills to ignite technology based entrepreneurship at the ground level. It is also important to note that for ensuring successful technology dissemination and enterprise promotion requires a wide decentralised network to create an ecosystem wherein demonstration, capacity building and mentoring initiatives can be rolled out. However, considering the difficulties faced by SHGs, the kind of support required by them need to be more specific and customized than what is being offered in the regular entrepreneurship development programmes.

Potentials of Educational Institutions


In recent years, community engagement of education institutions is being recognized as one of the important ways in which the knowledge and capacities of these institutions will benefit of rural people. Among the various initiatives aimed at engaging students and teachers from education

institutions for community service, the National Service Scheme (NSS) instituted in the year 1969 under the Ministry of Youth Affairs and Sports, Government of India and the Unnat Bharath Abhiyan (UBA), which was launched in 2014 and anchored by IIT Delhi with the support of the Ministry of Education (MoE), Government of India, to mobilize the higher education institutions to undertake technology based interventions to address various socio-economic problems in surrounding villages. However, these initiatives with limited focus and of short duration engagement of their students on specific projects reflect underutilization of the enormous skills and knowledge of faculty and students as well as the huge infrastructural facilities available in these institutions. The National Education Policy 2020 aims to bring about many transformational changes in the educational institutions and to provide special attention on holistic and multidisciplinary education in higher education institutions in the areas of community engagement and service, environmental education and value-based education. In India, there are about 55,165 higher education institutions, which include universities, colleges and standalone institutions (MoE, 2020). These education institutions with a whopping 3.85 crore students and 14.89 lakh teachers, have immense potential to undertake decentralised technology dissemination and training activities. In addition, if we include 3,805 Polytechnics and 14,768 ITIs, the combined impact that can be created through such a widespread network of education institutions will be phenomenal and we can take advantage of this vibrant platform already existing.

Leveraging the Corporates for SHG Led Enterprise Development

The contribution of corporates in the development activities has significantly evolved from pure philanthropy to a formal and mandatory part of private sector work. The Corporate Social Responsibility (CSR) has emerged as a strategic undertaking by companies shifting the form of donations by setting up domestic and foreign charities, funding agencies and foundations. Several initiatives to formalise and regulate the CSR activities has been taken up by the Government and led to the introduction of the Corporate Social Responsibility (CSR) as a statutory obligation under Section 135 of the Companies Act, 2013. As per latest statistics, over Rs. 17853 crores is being spent by the corporates under the CSR initiatives across India. However, a disproportionate share has been spent on building infrastructure projects and also concentrated in states like Maharashtra, Karnataka, Andhra Pradesh, Gujarat, Tamil Nadu and Delhi which have received approximately 40 % of the total expenditure on CSR for the years 2014-15 to 2017-18 (MoCA, 2018).

There are very few initiatives under the corporate–SHG partnership, including Hindustan Unilever (HUL) under project Shakthi, USHA Silai School initiatives by USHA, etc., which have



instilled confidence among SHG women in undertaking entrepreneurial activities. In the recent past, the online marketing platform support being offered by corporate such as Facebook and Flipkart is also being taken up in large scale. However, a focused approach to utilize the technical knowledge, advanced skills, business development and marketing support of the corporates, especially related to the products in their line of business, to SHGs would result in ensuing greater success rates in developing SHG led enterprises at scale in the country. Creating specialized programmes, wherein SHGs operate under direct mentorship of corporates can help both to increase their volume of business. It will enable bringing transformational changes in the development of rural India that will go beyond the usual achievements through typical CSR funded projects.

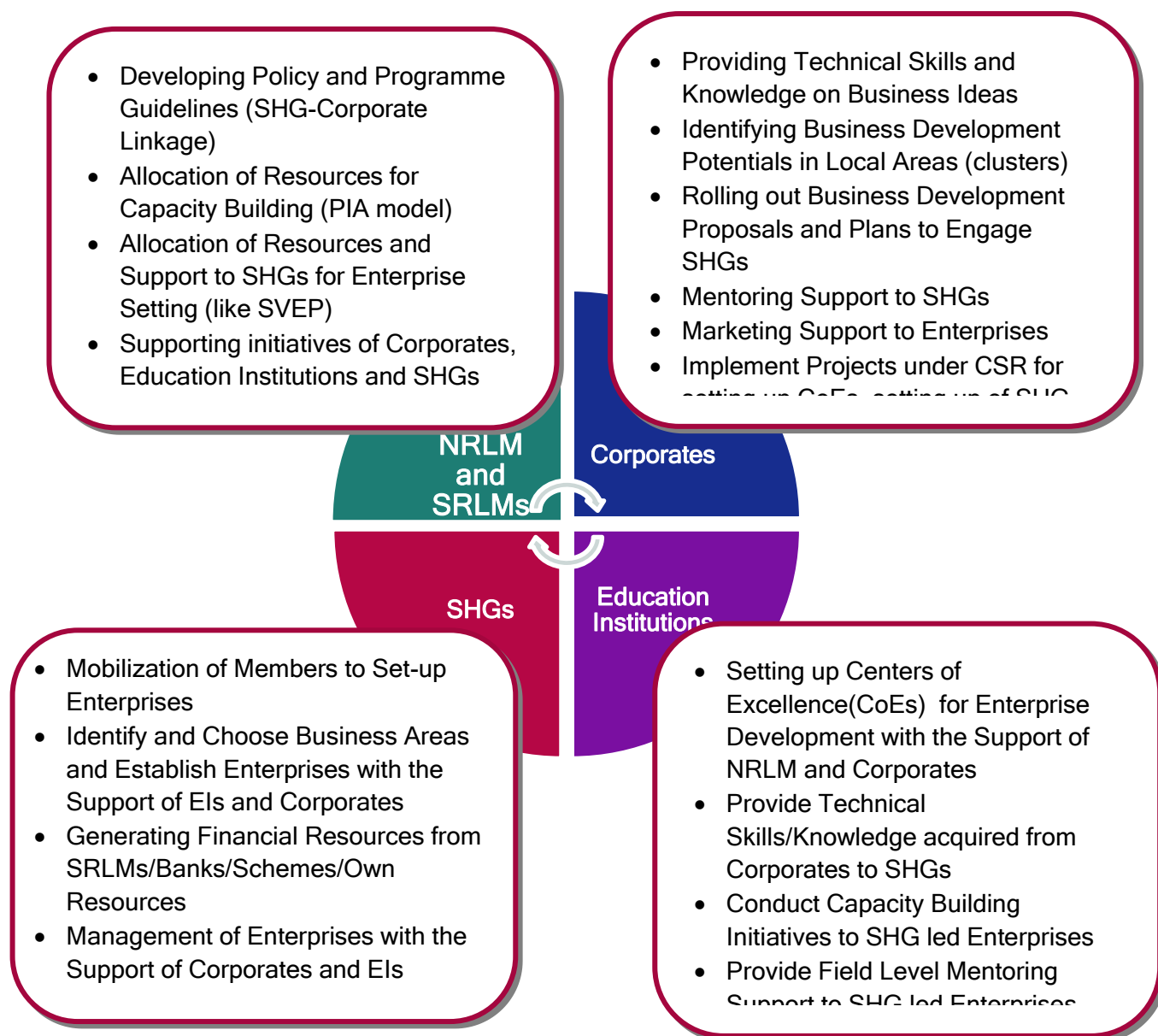
Proposed Model

It has been observed that a systematic process of capacity building, technology transfer and mentoring can lead to successful entrepreneurship development. The proposed corporate led initiatives to develop SHGs led enterprises can offer an end-to-end support of high quality and assurance. The NRLM and SRLMs can devise a specific scheme to achieve such large scale interventions across the country through a targeted approach of engaging corporates in association with education institutions and other institutions of similar nature. Specific guidelines in terms of providing resource allocation, funding support for capacity building and SHG enterprises and developing processes involved to promote it can be worked out by the NRLM in consultation with corporates, education institutions and SHGs. Government can even consider providing incentives and tax concessions to corporates who are ready to support SHGs led enterprises across the country for activities like setting up of processing centres, cold storage, warehouses, common facility centres, products manufactured, services, etc.,

On the other hand, corporates can support and handhold preparing bankable business plans and help SHGs to start new business and/or expand the existing ones. The business models can range from manufacturing, servicing, marketing, etc., based on the potential of an area and backed up by consultations with all the stakeholders. A well-conceived model for promoting entrepreneurship development of SHGs through education institutions with the support of corporates can provide long term support and engagement in an area. The initiative can be undertaken by proper mapping in which enterprise development suited for an area by the initiative of respective State Livelihood Missions with the support of corporates and education institutions. The knowledge and skills of the corporates on a particular product focused for enterprise development can be provided through the education institutions which then can impart it to the SHGs in an area. Under the CSR funds, the Centre of Excellence (CoE)

can be created by the corporates on specific business development proposals in education institutions which can be further supported by capacity building funds through the Livelihood Missions.

Proposed Corporate-Education Institutes Linkage and SHG Led Enterprise



The potential of education institutions can also be optimally tapped for promoting technologies and imparting training and capacity building which are needed in the local areas after careful considerations. The human resources and infrastructure can be optimally utilized for setting up of the CoEs. For example, a chemistry lab in an education institution can offer training programmes on

preparation of various home based products such as handmade soap, phenyle, floor cleaner, liquid handwash, sanitiser, washing power, diswash powder, candle making, agarbatti making, etc. The faculty and staff of the lab will be able to undertake such programmes with little orientation. The advantage of setting up of such units in collaboration with the corporate and educational institutions is that these can be established with minimal financial outlays due to the human resource capacities and infrastructure which are already available. These units also can be managed with relatively lower recurring costs by the way of developing local linkages. By creating number of such hubs in the education institutions to cover relevant thematic areas which are to be addressed in each region, a vibrant technology dissemination and enterprise development network can be created in the country. It will also help in furthering the government's vision of promoting science and technology for ensuring social good and economic wealth among people⁴. By undertaking such initiatives, the education institutions can also create a systematic vocational education stream and practice- orientated learning with the help of corporate which can benefit not only the students but also SHGs.

Conclusion

The proposed initiative of leveraging the potentials of corporate, education institutions and linking them with SHGs will provide the necessary fillip to the goal of achieving a critical mass of enterprise development. This initiative can be carved out in the NRLM programme with specific end to end support from the corporates. The corporates can engage on specific business development processes in line with the products and services in which SHGs can engage and the required support such as technical skills and knowledge, business development and marketing can be provided to ensure development of successful SHG led enterprise development. Through such an end to end support system by corporates and education institutes, SHGs will emerge as productive business entity and will contribute significantly to industrial development.

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INTRODUCTION OF IT BASED SOLUTIONS FOR FPO MANAGEMENT TO ENSURE TRANSPARENCY AND ACCOUNTABILITY AT FARMER END: INTERVENTION OF FOUNDATION FOR DEVELOPMENT OF RURAL VALUE CHAINS (FDRVC) – A CASE STUDY

Foundation for Development of Rural Value Chains (FDRVC), New Delhi, India

Background

MoRD initiated its flagship program DAY-NRLM to harness the innate capabilities of the underprivileged women and encourage them through information, knowledge, skills, tools, finance, and collectivization to participate in the growing economy of the country. NRLM is instrumental in mobilizing 8.31 Cr. Households into 73.4 lakh SHGs encompassing around 70 million women members. The DAY-NRLM farm livelihoods strategy evolved to leverage the program's social infrastructure to deliver intensive and targeted capacity building of small women farmers and streamline access to credit for farm needs. Key sub-sectors under the DAY-NRLM farm livelihoods portfolio include agriculture, livestock and non-timber Forest Produce (NTFP), supported through a combination of programs including the Mahila Kisan Sashaktikaran Pariyojna (MKSP), National Rural Livelihoods Project (NRLP), NRETP and Sustainable Livelihoods and Adaptation to Climate Change (SLACC).

Small and marginal farmers in general and women farmers are more vulnerable in dealing with the volatilities caused by changes in climatic conditions and uncertainties due to it. This calls for a more augmented approach for making women farmers better equipped to adapt and manage their livelihoods through agriculture. Country's climate mitigation and adaptation strategies require including women farmers as an important stakeholder and through FPO model it can be done more effectively.

The farm livelihoods strategy under DAY-NRLM has evolved over the years from its initial focus on enhancing productivity through improved inputs and production methods, to a suite of interventions starting from the promotion of Agro Ecological practices that address multiple entry points in the agriculture value chain. As, Majority of SHG members are small and marginal producers, their fragmented scale and lack of organization imposes large transaction costs and exposes them to significant production and price risks. While SHGs helped in progressing women towards financial stability, there is still a dire need to ensure that these primary producers not only get better access to credit but also better return for their efforts and skill.

NRLM seeking to strengthen and build upon its initiatives, co-created a value chain driven approach to establish Producer Organizations, owned, and run by the producers. Envisaging an ecosystem where the

SHG's have formal financial support from banks and members are further engaged in higher value chain activities to capture majority consumer wallet share is the key intervention

As step towards this dedicated fund was earmarked for value chain development, establishing value addition and forward linkages for agriculture, dairy, and non-farm produce. Subsequently, funds were also made available under the Innovation Fund, MKSP and NRETP schemes of DAY NRLM to promote value chain interventions. Expanding its focus from production centric farmer capacity building, DAY-NRLM has rolled out several interventions focused on strengthening agriculture value chains by building small-farmer capacity to better engage with rural market systems. Key interventions undertaken in this direction is promoting producers' collectives, viz. producers' groups (PGs) and producers' enterprises (PEs) that enable small and marginal women farmers to access markets for their produce at a competitive price.

Provided by adequate hand-holding and technical support by engaging professional agencies, FPOs have shown the potential to create value across different post-harvest phases, including harvesting, primary processing, storage, secondary processing, and market linkages. There has also been increasing evidence that FPOs have been effective in driving enhanced market access, bargaining power, collective agency and decreased transaction costs for women farmers. A significant number of FPOs have achieved considerably higher turnover and successfully marketed grains, fruits and vegetables. Farmer level returns, in some cases, have gone up by 20-30%. The success of the FPO model per se, and the success stories of women owned and managed FPOs are beginning to emerge as a very positive trend.

FDRVC & MoRD

The Ministry has taken a very holistic approach to support Producer Enterprises, both in Farm and Non Farm sectors, that is based on the understanding that for a FPO to become sustainable in a timebound manner certain important aspects are – recognize FPOs as a business enterprise having economy of scale, provision for infrastructure for undertaking secondary processing, ensure high quality professionals managing the business, provide initial support of working capital and manpower. Most importantly a lot of emphasis has been given by the Ministry for the FPOs to have a strong business model and business plan with due diligence on break even points, profitability and ascertaining the benefit to the members that is going to accrue to the members. That is the starting point for any enterprise to roll out and FPOs are no exception.

Building on the vast base of Institutions of Poor (SHGs and collectives) and positive experience in livelihoods particularly value chain development activities; Ministry of rural development planned to establish a dedicated professional set up with primary focus on promotion of large-size Producer

Companies. This set up consisting of professionals with necessary business skills will be having higher order capability in farmer mobilization training, capacity building, information sharing, credit, technology, and marketing. Development of value chains requires quality professional expertise in project management as well as a startup mind set. To institutionally hold the Value Chain Development Centre, a Section 8 company, Foundation for development of rural value chains (FDRVC) was jointly promoted with Tata Trusts. FDRVC core objectives is to reduce the transaction cost of producers and develop robust market linkages that will ensure sustainable income for the producer members.

FDRVC MODEL of Promoting Farmer Producer Companies

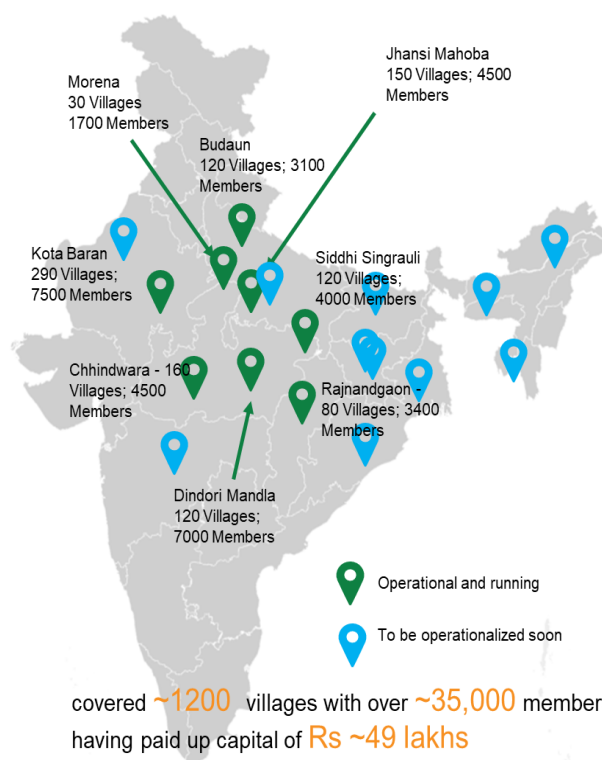
FDRVC approach of FPO promotion is to address the post farmgate market access challenges faced by small and marginal farmers by intervening in the key elements of the market access challenges like pricing, quality, payment and high transaction cost. The approach begins from consumer end of the value chain and identifies large buyers who are consistently present in the market. Linking the FPOs with supply chain of large buyers helps in discovery of price, quality and ensuring timely payments. FDRVC enables the FPOs to establish a strong management systems and processes along with making the farmer members play a big role in the proper governance of the FPOs.

FDRVC rely heavily on an IT based ERP solution to oversee the management of the FPOs in a real time basis that also ensures complete transparency in transactions with the members. All the critical functions of a FPO like procurement of commodity from members, quality control, supply chain and marketing operations are ERP driven.

FDRVC, in its second year of field level existence, has incubated 8 plus producer enterprises (FPO) across states — MP, UP, Rajasthan, and Chhattisgarh. A few more are being planned in Odisha, Assam, Mizoram, Bihar and Jharkhand. These are in multiple sectors and value chains across various commodities- millet, maize, wheat, and paddy, oilseeds, pulses, and handloom.

In addition, as Implementing Agency for 10K FPO scheme FDRVC is working with several State Rural Livelihoods Missions as CBBO.

The producer enterprises have a cumulative membership of more than 35 thousand women

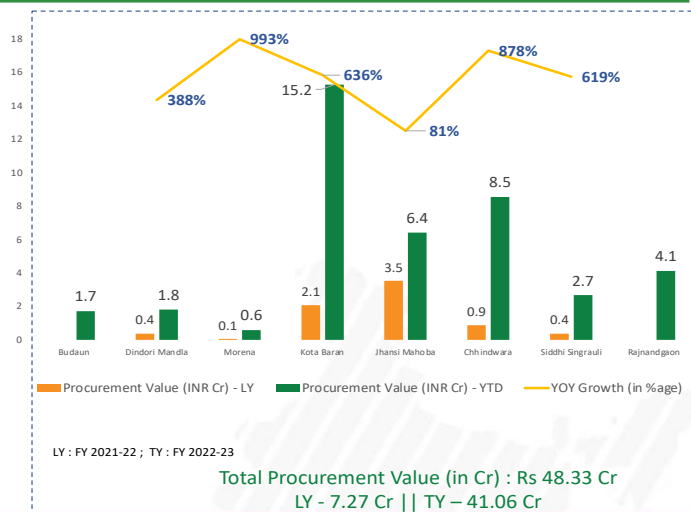


producers from the marginalized communities. FDRVC empowers PEs members by establishing service delivery models for procurement of crops, inputs and trainings in the village premise itself. FDRVC is supporting the PEs in setting up state of the art value addition and primary processing units

Performance – Kharif 2022-23

8 Projects Fully Operational
13 Districts 28 Blocks
1,389 Villages covered
>36,000 Women farmers enrolled
₹ 48.3 Cr Total Procurement Value (payments to farmers)
345 Sanchalika onboarded (SHG members as entrepreneur)
₹ 90 lakhs commission earned by Sanchalika

*Data as on 20th January, 2023



in millet, pulses and oilseeds which will be very soon available in consumer packs. Over the last 2 years FDRVC with support of NRLM has been able to promote producer organizations that unlike the traditional cooperatives are smart producer companies. These are digitally linked from farm to plate. Effectively capturing, analyzing, and managing information at various critical points.

Intervention: Promotion of Producer Companies

- **Business Plan First** –Instead of promoting FPO first, building their capacities in second stage and then starting for business planning process in the last, FDRVC started with identifying key commodities in the area, analyzing the gaps in their value chain, and preparing the business plan to fill those gaps. Based on the business plan projections, the FPC was incorporated, and members were reached out to join FPC. This helped FPC to focus its resources on the business activity from day one and establish its credential as economic entity among its members from the first season itself. This has helped FPC to become domain central to its member and mobilize more members without investing many resources and time on mobilization.

- 100% women farmer membership and payment in their account** –The feminization of agriculture in India has been formally recognized by NITI Aayog and several studies indicate towards more than 80% of work in agriculture is undertaken by women. Yet, only 2.4% FPOs have women only membership in India as of 2022. Most of the FPOs of small and marginal farmers are formed and being formed by mobilizing men farmers. Whereas most of the male members in small and marginal farmer's household are engaged in non-farming activity as income from agriculture is not enough to meet their household needs. However, 100% women membership and direct payment to their account has encouraged more women to join FPC and been slowly empowering the women in family as well as community space. They have started making decision to sell or not to sell their crops at a particular price to FPC as well as started negotiating with the middlemen for better prices based on information about current mandi rate of their commodity. They have also started, though slowly, making decision about utilization of income from agriculture. The experience of fellow women is encouraging other women to join the FPO in very positive and strong way.

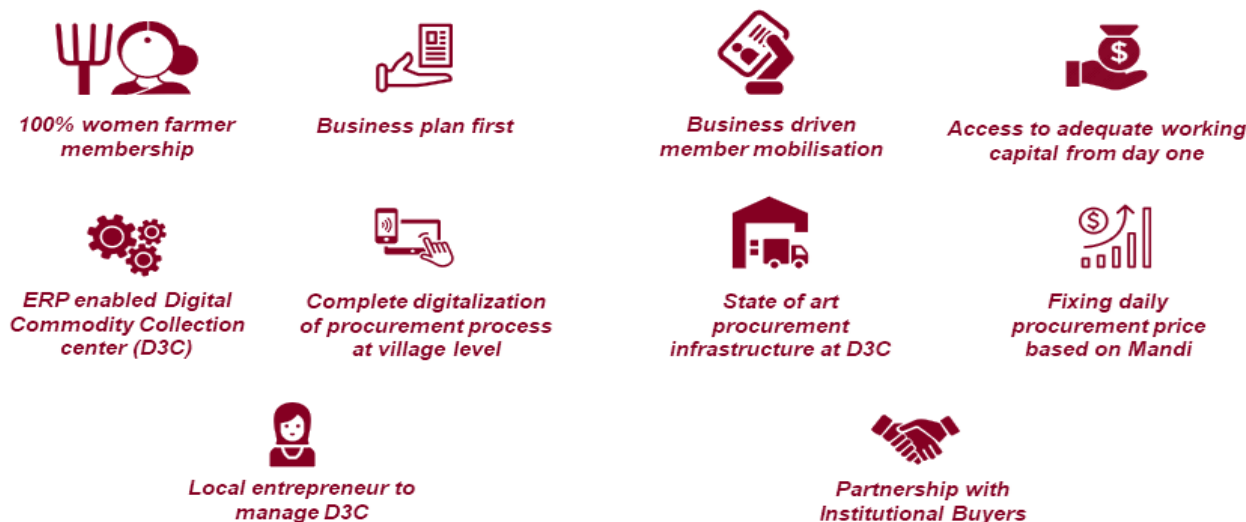
Satpura MKPCL is an FPO promoted by MPSRLM and FDRVC in the Chhindwara district of MP. It has started its operation 2021 with a mission to cover 21,646 women farmers from 392 villages from 11 blocks of Chhindwara district in next three years. It has, so far, touched the livelihoods of ~4500 women farmers from 216 villages from 4 blocks and procured a total of 4,800 MT crop produce worth 9.4 Cr from them continuously for three seasons since its inception. The operational model of Satpura MKPCL is completely digitalized and ERP enabled. The women farmers bring their produce to the D3C which is equipped with IT linked procurement infrastructure, digital operational processes, and ERP system. The women farmers swipe their card, provide sample for testing, and weigh their produce. The quality testing machine, weighing machine and tab used by Sanchalika for scanning the card are linked with wifi. Based on quality, ERP indicates the price for their produce and total amount to be paid for the entire stock weighed. If women agree for rate and total amount to be paid, Sanchalika confirms on tab. The entire transaction is updated on member's card and in the central

- Mobilization with Saturation approach:** FDRVC followed an “intensive” geographic saturation approach in its FPOs. The target is to have 4-5 villages under each collection center and in turn 4-5 D3C under each cluster ensuring at least 100 members per collection center (depending on village size). This resulted in enhanced operational efficiency and reduced transaction costs (besides those associated with the sustainability of Sanchalika). Existing SHG members were brought under the ambit of Producer company.



- **Know your member Drive** – Door to Door Campaign to understand the transaction experience of member farmers who have sold their produce to PC in the season is conducted to increase member engagement. This not only helps encourage the existing members to engage with PC but also has shown gradual increase in the volume transacted per member.

Figure 1: Know your Farmer Campaign for member mobilisation



- **QR code linked Member ID cards:** A unique Member ID for farmer members in a producer organization has been created linking a QR code to their membership information.



This QR code can be scanned by the producer organization to access the farmer's membership information, including their name, contact information, and any other relevant details quickly and easily. Additionally, this QR code can also be used to track the farmer's production and sales, allowing the

producer organization to better understand their needs and provide more effective support. This can also be used to track the payment of the member and other transactions.

Figure 2: D3C Operations



- **ERP enabled Digital Commodity Collection Center-** The Digital Commodity Collection Center (D3C) is a platform that aggregates commodities from farmers. This platform allows farmers to connect with PC and sell their products directly, without the need for intermediaries. This can help farmers in several ways:
 - **Increased Efficiency:** The D3C platform streamlines the process of selling commodities, making it easier and more efficient for farmers. This can save farmers time and money.
 - **Increased Market Access:** The D3C platform gives farmers access to a market at their vicinity and buy guarantee.
 - **Improved Price Transparency:** The D3C platform provides farmers with transparent information on prices and market trends, which can help them make better-informed decisions about when and how to sell their products.
- **Traceability:** TAFETA label and ERP helping to trace the produce till the woman farmer level
- **Local Entrepreneurship:** Selection of active SHG women member as Sanchalika enables the FPC to reduce the transaction cost of managing collection center at village level and create an in-built incentive

for Sanchalika to scale up the procurement at their respective D3Cs. They can also capitalize on their exiting goodwill to mobilize other women into FPC quickly and being from the local community gives them ability to gauge the issues, which women farmers are facing with the FPC's operational system and provide insights to FPC and FDRVC for better planning for next season.

- **Training & Capacity Building :** FDRVC

team, in consultation with the NRLM developed a standardized protocol to ensure uniformity and quality of implementation for all elements of capacity building, institution development, mobilization of community members (i.e. training of farmers in good agri practices, sustainable agriculture, sanchalika on crop quality and D3C operations, BOD on



Figure 2: Figure 3:Glimpses from Farmer & Sanchalika Training

governance and compliance policies.).Both community trainers and project staff are provided rigorous training on the protocols. Periodic revisions are planned for the stakeholders which helps reinstatement of the SOPs.

- **Value Addition & going to D2C Markets** – Producer companies are have initiated the processing of the crops into primary value added products like millets rice,oil, atta, besan, groundnuts etc as well as secondary processed products in RTE millet products, Snacks which will be marketed direct to customer. This will enhance the margin for PCs and also reduce the commodity risk. Further, such processing plants are already commissioned in UP and MP and Rajasthan are in process.



Training and Sale of Nano Urea by IFFCO



Promoting farmers to grow bio fortified seeds in their farms.

Sustainability Practices at Farm Level

Impact

FDRVC and its promoted PCs are gradually creating impacts at women member level, family level as well as village level. The key impacts are –

Women member level

- a) Payment in their account – 100 % women farmer members have received the full payment for their produce within 3 days in their bank accounts. A sum corpus of 42 Cr worth transaction has digitally been transferred directly to the producer member accounts. This is helping them to plan and meet their household expenses as well as investment in the next crop.

“It would not have been possible for us to send our two daughters to English medium school without additional income from D3C.” teary eyed Anuradha from Paalkheda village tells to every visitor to her D3C with a broad smile on her face. Having missed going to school beyond 7th due to poverty, she takes pride in her newly found entrepreneurial

Apart from this, the direct payment in their accounts has also helped them to have a complete sense of income from the crop, which was earlier missing when male members were receiving the money from the middlemen. Now that the money comes to their account, male family members are pushed to discuss or at least inform them about its use before withdrawing the money from their account. This has given them a powerful tool to know about expenses, be part in the decision making process and also put a control over wasteful expenditure to certain extend. The entire experience of fellow women is encouraging more and more women farmers to be

member in the FPC.

- b) Position in house – The direct payment in their account has improved their position in the house. They are slowly asserting themselves in decision making and exercising their control over the utilization of income. The direct payment is emerging as a strong tool for women’s empowerment within family.
- c) Improved decision-making power – Access to money and control over it has given them an upper edge. Now, women farmers have started, slowly, to assert their right over the agricultural income. In many cases, they have started making the plans for its utilization be it for family need or investment in the next crop.

Family level –

The Producer Company model has brought significant change in income from agriculture at family level as well as their position in the value chain of agricultural commodity. The key impact at family level are –

- Better and competitive price for their produce – The FPC has been offering competitive price for their produce benchmarking mandi. This has increased their overall income from agriculture.
- Transparent process to decide differential pricing for their produce based on quality parameters – Traders buy commodity on as is where is basis thus makes arbitrator deduction on basis of quality procured, PE commodity cleaning mechanism as well as scientific quality checking is done to ensure transparency in procurement system. The FPC has developed ERP based system for differential pricing of the commodities based on quality parameters. Each Sanchalika is trained to assess the quality of produce and generate the most suitable price for a particular lot. The quality parameters and process for grading of the crops is informed to the members well in advance. ERP enabled operational processes has helped the FPC in ensuring the transparency in fixing the price of the commodities.
- Accuracy in weighing of their produce –FPC uses standardized audited weighing scales at the collection center. FPC also informs the members about the weight of gunny bags and the additional weight need to be taken on each bag from the members in advance. In this way, the FPC has been able to establish the trust among the members about its method of weighing. This results in saving the cost cuttings incurred by producers while selling at mandi or aggregators.
- Ease of doing business – FPC has increased the ease of doing business. Sanchalika goes to member's house, check the quality and immediately informs them about the price that can be offered by FPC. If member agrees, sanchalika either pick up or ask the family to deliver the material at D3C. Sanchalika receives the produce, test the quality again and weigh the material. The rest is taken care by digital infrastructure and ERP. Member receives the full payment after 3 days. This has made the disposing off of agriculture produce an easy task for many women farmers. Increased bargaining power - The FPC has enabled small and marginal maize and wheat growers to come together, pool their produce, grade it according to quality parameters and get access to the bigger institutional players. The large quantities and better quality have provided them with an edge to bargain for the better prices.

"I never thought i could operate a tablet computer all by myself. Now, i am confident while talking and dealing with strangers. My life has changed drastically after joining this fpc as a sanchalika." Says Bedo verma who runs a procurement centre as a Sanchalika for Swarnupaj

- Access to market information - The FPC sets its procurement price based on mandi daily. The marketing experts call every Sanchalika in the evening and inform them about the procurement price for next day and the same is also changed in the ERP. The procurement prices change according to the prevailing prices in the mandi. This is inculcating a habit in the women farmers to know about the daily prices of their commodity in the mandi directly by making a call. Women farmers are following the same for accessing the market rate of other crops and bargaining with the middlemen.
- Service at doorstep – The FPC is providing fertilizer, picking up their produce from the farm gate and providing them with the market information and other agriculture extension services at their village level.
- Anytime market –Women farmers have started calling the Sanchalika regarding prevailing rate of the commodity and mutually decide on time to deliver or pick up the material. Since Sanchalika operates D3C within or nearby village, the family discusses with her and decides upon the time that suits to both the parties.

Social Capital

Bringing about 1 lakh+ farmer members in one institution framework will increase social capital of the community. PE will undertake Annual general meeting and would select Board of Director for governance from community would bring trust and responsibility among member shareholders. Once associated with institution member shareholders will try to solve

community problem collectively. This will bring trust and binding in member-shareholders for achieving common good of the community. The AGMs and governance mechanisms will induce democratic values among the member shareholders and will add to the social elevation of the members thus engaged with PE. Also, the membership and governance mechanisms of the PE will



ensure that societal divisions of caste, religion, gender etc. fade and equality in the society will be promoted through the PE. The association of the producer members with the brand of the PE will enhance their social status and the exposure to governance and operations of the PE will increase interaction of producer members with the global and local market dynamics and subsequently impact the quality of life.



OPERATIONAL SUSTAINABILITY OF INFRASTRUCTURE CREATED TO PROMOTE RURAL LIVELIHOODS: THE CASE OF SHAYAMA PRASAD MUKHERJI RURBAN MISSION

R Ramesh

Abstract


Shayama Prasada Mukherji Rurban Mission (SPMRM) is a unique programme of the Government of India. Two components that invariably go into the Action Plans of Rurban Clusters are: infrastructure creation, and enterprise promotion activities. These involve creation of multiple physical infrastructures of social and economic nature. The Institutional mechanism for governance of such facilities, and business models that exist are often fluid, in the sense, over time, the newly developing business practice was shaped into a governance model that was sometimes viable and other times not. Such mechanisms seem ever-transient, indicating the prospect of sustainability dim. In other words, if the clusters are not led or assisted to have governance mechanism and commercial models that are unique to the context in place, the sustainability of cluster operations tend to deteriorate. Thus, it is imperative that the Mission pays attention to this aspect of enterprise promotion. This paper aims at indicating a range of possible governance mechanism and business models that the Rurban Mission may like to consider.

I

Introduction

Shayama Prasad Mukherji Rurban Mission (SPMRM) is a unique programme of the Government of India. It was launched in the year 2015, and it is known as ‘Rurban Mission’ for short. The unique aspects of this programme include: (i) unlike the usual approach of taking Gram Panchayats as units, it follows ‘cluster approach’ combining a cluster of Gram Panchayats as a unit; (ii) contrast to selecting backward areas, it selects clusters that have potential economic drivers with locational and competitive advantage; and (iii) it aims at bridging the rural-urban divide leading to: (a) reduced migration from rural areas, or (b) induced reverse migration from cities.

For this to happen, Rurban Mission identifies areas that have the potentials to become hub of economic activities because of the abundance of certain resources; particular agricultural commodities; uncommon rural products; or rare artisanal skills. Such areas must be supported through appropriate skill training; technology facilitation; value addition strategies; value chain facility management etc. Essentially, what



the Rurban Mission should ground is product-based clusters and entrepreneurial activities. Any infrastructure created, training imparted, facilitation provided must very closely revolve around it. Everything else [such as social infrastructures] that comes up in the cluster is attendant to it.


All the successful flagship Rural Development programmes in India have had a previous version of it – be it MGNREGS, NRLM, SBM-G etc. As far as the Rurban Mission is concerned this is the first of its kind with novel ideas such as cluster-based approach, mandatory scheme convergence, Critical Gap Fund etc. Two components that invariably go into the Cluster Action Plan of Rurban Clusters are: infrastructure creation, and livelihoods promotion activities. These involve creation of multiple physical infrastructures of social and economic nature. In the process rural areas get *urban-like facilities*, which in a way can be interpreted as *work opportunities inviting people from within and outside the clusters, instead of people going in search of work*.

Infrastructure provision in the context of Rurban Mission primarily means ‘economic infrastructure’; ‘technology infrastructure’; and ‘common facilities that are meant for direct use by enterprises being promoted’. This includes infrastructure - technologies - tools - equipment - and facilities that are provided under a ‘common facility centre’ for shared-use by a group of farmers for instance, involved in processing and packaging *moringa / tomato / potato / papaya* etc. for marketing.

It holds good for technologies and facilities for shared use by carpenters / woodcarvers / potters / mechanics / weavers / sculptors / gem cutters / blacksmiths etc. where shared-use and collective maintenance of such facilities becomes a necessity for sustainable business. Individually it may be beyond their affordability to invest in such technologies and tools. Where no existing scheme of the government can be dovetailed to provide the type of facility / technology demanded, there is a Critical Gap Fund (CGF) under the Mission, which comes in handy.

Distinguishing ‘economic infrastructure and technologies’ from ‘basic amenities and social infrastructure’ becomes imperative so as to proceed towards developing a perspective on possible governance structure, and business models. Basic amenities and social infrastructure may come as indirectly linked (attendant) to it, but they must be viewed as ‘contingent supportive facilities’. However, they have to be operated and maintained as well. This is the context.

The Progress so far



SPMRM has come out with nearly 282 Integrated Cluster Action Plans (ICAPs/DPRs) in the past eight years of its existence. As of now [Feb. 2023] the Rurban Mission is at consolidation stage. The Mission has built several physical, social and economic infrastructures in Rurban clusters across states, throughout the country – from Tamil Nadu to Arunachal Pradesh. They include: Organic Farming Clusters, Vegetable Clusters, Horticulture Clusters, Clusters that promote solar energy, Livestock Clusters, Fish landing centres, Store houses and Warehouses for Vegetables, Fish, and Flowers, Agro-processing Units, Farm In-put Shops, Multi-purpose Skill Centres, Banana Fibre Processing, Coconut Husk Processing Units, Fish Farming, Prawn Feed Making Units, Processing and Grinding of Spices and Flour, Milk Processing and Milk Products Manufacturing Units and so on (Ministry of Rural Development, 2020).


Governance Models Evolve

Infrastructures thus created are governed by beneficiary individuals, Groups of women or small entrepreneurs, or by registered / unregistered societies as the case may be. The *Institutional mechanism for governance, and business models* being followed are different in different clusters, and are often fluid. Such mechanisms and models nonchalantly evolve in some places, which over a period of time get consolidated into a business model – a welcome scenario. However, in others, they continue to be highly fluid, with temporary solutions that make it seem ever-transient, and we find sustainability to be a very dim prospect. If the clusters are not led or assisted to have institutional mechanisms and commercial models that are unique to the context in place, the sustainability of cluster operations tend to deteriorate. Thus, it is imperative that the Mission incorporates governance systems and economic models, as part of its withdrawal strategy.

The Purpose of this paper

This paper aims at indicating a range of governance models / institutional mechanisms that Rurban Mission may like to consider while it is at consolidation phase. For want of space Business Model propositions are kept outside the scope of this paper. The ideas presented are mostly drawn from the prosperous entrepreneurs / units in comparable circumstances. Building a governance models that are appropriate for the Rurban Cluster can be done as part of the withdrawal strategy, which should also include programmes for capacity building and training that are uniquely targeted. This paper aims at sparking a dialogue with a prospective viewpoint on this matter.

The Challenge of Sustaining the Benefits



The understanding is that the Mission is at consolidation stage, and so there is a dire need to think in terms of sustaining the benefits of the assets created. Only by implementing well considered operation and maintenance (O & M) strategies will this be attainable. In many Government of India programmes, this is a blind spot. In the sense, we do not pay as much attention to sustaining the benefits created as we pay to creating facilities.

We expect that the village level institutions – be it Panchayats or SHGs or Farmer Producer Organisations (FPOs) should take over and manage, without adequately preparing them on a set of operational rules, and the economics involved in operating. The context often is very little or no external support. Rurban Mission has created community infrastructure and common facility centres in many clusters. A very essential prerequisite in managing such facilities is: ‘the governance mechanism at the operational level’.

If we take the case of local self-governments, i.e. Gram Panchayats, as local bodies they can govern or administer a Panchayat or a cluster of Panchayats. There is hardly any evidence in India’s rural development history that ‘operation and maintenance’ of common infrastructure was successfully managed by Gram Panchayats on revenue generating model, with an exception to a few pilot projects that most often received extraordinary attention. A well-founded argument is businesses or common facility centres and economic infrastructure created by Rurban Mission must be managed by individual entrepreneurs or group of entrepreneurs such as FPOs or cooperative, which are often registered – officially and operationally away from Panchayats.

Unless they are operated on revenue generating models, it’s most likely they will wither away. Once the beneficiaries (organized into a FPO or cooperative of SHGs) realise that their primary commodities can be converted into products within the vicinity of their villages, they start developing a sense of confidence. On the contrary, in the adversity of having to sell primary commodities at throw away prices, a man is destroyed by his sense of uselessness (Yusuf, 2008). The Rurban Mission has the potential to save him from such vulnerabilities, when the focus is on value addition of rural products, agricultural commodities, processing, and converting them into products for retail sale. This brings across a ‘psychological structure’ that they can take control of the commodities they produced, and get remunerative prices. One cannot overthrow the commonsense of ‘doing your bit’ – no matter who is in-charge (Aldred, 2019).

Thus, the Mission can bridge the gulf between industry and agriculture, by having industries that are agriculture-based or crafts-based and rural/urbanly located. Driving home this message and putting in place such a system is critical to sustainability. This is slightly elaborated through a few diagrams in the section that follows.

II

Rurban Cluster Governance

The need for a governance framework (or management model) comes up when the question of sustainable O & M of the facilities created is raised. In Rurban Clusters, there are:

- Basic amenities created
- Social Infrastructure created
- Economic Infrastructure created
- Other common facilities and technologies provided.

When we spark a dialogue on a governance framework, the following opportunities and challenges might come on the surface.

The opportunities include:

- i. Many clusters have SHGs / SHG federations operating. SHGs and their federations are already into a recognized operational structure supported by NRLM/SRLM, which are well within the ambit of MoRD; For example CLFs.
- ii. Similarly there are FPOs, NGOs, private companies, and CSR supported activities running in Rurban clusters.

These could be viewed as opportunity.

The challenges include:

- i. Within any given cluster we have multiple players and multiple activities going on – some run by private entrepreneurs; some by SHGs; some by SHG Federations; some activities assigned to / contracted out to NGOs and so on. Some are related and many are totally unrelated.
- ii. These unrelated players coupled with the fragmented and incoherent activities pose a challenge when it comes to thinking about governance structure.

The way out in this scenario is

- To consider who own these activities, or in whose mandate ‘operation and maintenance’ of these facilities are designed to be. The bottom-line here is: Does someone own it so that s/he or they will maintain it?
- The main consideration for a governance framework is how to bring in that ‘element of ownership’ – collective ownership, shared-use and collective responsibility for maintenance.

The Question of Ownership

- ‘Basic amenities and Social Infrastructure’ are created as facilities to be owned & maintained by Gram Panchayats in the cluster. The ownership is clear in such cases.
- So much so, the question of ownership does not arise where an economic infrastructure has been given to an individual entrepreneur. For instance, a Petty shop; Organic Product outlet; Farm input shops, coir making tools, livestock, poultry or piggery etc. given to individual entrepreneurs.
- Where some Economic Infrastructure has been given to the SHGs or SHG Federations, there is not too much to worry, because SHGs are within an institutional framework. We have strong Cluster Level Federations (CLFs) in many states – with liberal financial support and bank linkage facilities.
- What matters here might be, a framework to formalize this arrangement of collective ownership and sustainable maintenance by members of SHGs when it’s time for the Rurban Mission to implement an Exit Protocol.

Governance model at cluster level

- As shown in Box -1, there is an array of governance framework one can consider – such a body to make rules of the game and ensure that they are implemented. Ultimately, the state governments must be provided with a ‘bouquet of governance models’. The states shall choose whichever model they think is appropriate to a given cluster, considering the local conditions. It must have in-built ‘business elements’ for self-propulsion, which must flow from proven business models, which we shall discuss in Section – III. Let’s provide some perspectives to analyse typical scenarios in Rurban Clusters.

Box – 1: Governance Models

- SHG Groups
- SHG Federations / CLFs
- JLG – Joint-Liability Groups
- FPOs – Farmer Producers Groups
- FPCs – Farmer Producer Companies
- NGOs
- Producers / Workers Cooperatives (Lijjat papad)
- Marketing Cooperatives
- Multi-purpose Cooperatives / Farmers' Service Societies
- Commodity Interest Groups
- KVKs – Krishi Vigyan Kendras
- Private Sector Start-ups (RSETI – DDU-GKY)
- Individual Service Providers (RSETI – DDU-GKY)
- OPC - One Person Company (Company's Act)
- Associations (SEWA model)
- Registered Societies (SPVs – Special Purpose Vehicles)
- Private Limited Company (PLC)
- Social Business (Grameen Model)
- Third party engagement (Service Contract Agreements)
- Mutual Benefit Trust (Indian Trust Act)
- Section 8 Companies / Not-for-profit companies
- For-profit companies

Perspectives to Analyse

Infrastructure created in Rurban clusters can be classified as:

(A) Social Infrastructure

(B) Economic Infrastructure

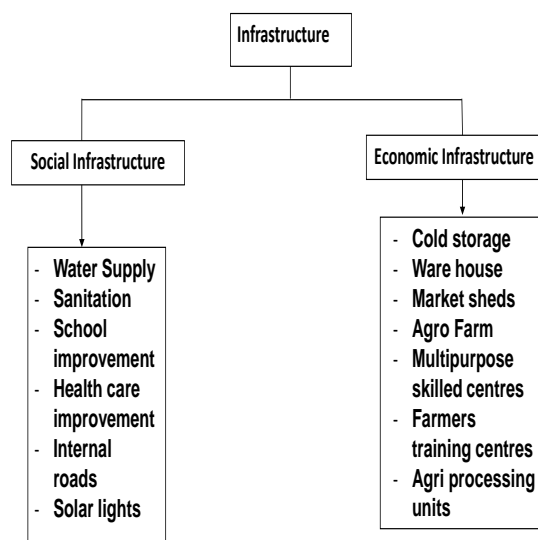


Figure -1: Types of Infrastructure

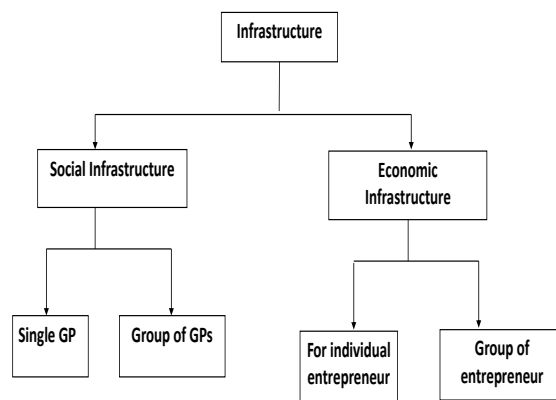


Figure – 2: Classification under Social and Economic Infrastructures

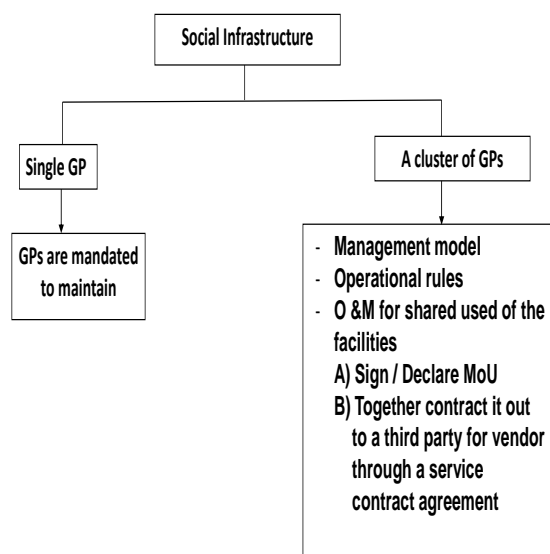


Figure – 3: Types of Social Infrastructure

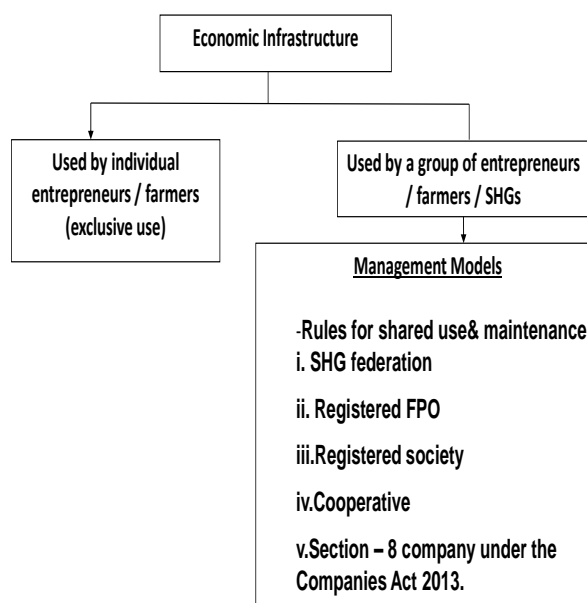


Figure – 4: Types of Economic Infrastructures

Category -1: Social Infrastructure within a Panchayat

- All infrastructures created within a GP that benefit the households of a particular GP must be Operated & Maintained by the GP in question as part of its regular O & M. Many basic and

social infrastructure fall in this category e.g. water supply, sanitation, school improvement, internal roads, solar lights, crematorium, school/anaganwadi toilets, solid waste management etc.

Category - 2: Social Infrastructure cutting across Panchayats

- There are facilities that cut across benefiting households and businesses in more than one Gram Panchayat. Such cluster of Gram Panchayats should sign a joint MoU specifying the rights, responsibilities, terms and conditions that govern the use of such facilities. Alternatively, they may together decide contracting out O & M of such facilities to a local NGO or to trained SHG federations or to a private service provider specialized in operation and maintenance of such facilities.

Category - 3: Single Product Clusters

- There are 'Single Product Clusters'. There are several economic infrastructure or technologies and common facilities created for the collective benefit of farmers / SHGs / FPOs or artisans / crafts persons, / entrepreneurs. They will be maintained by SHG Federations, if they are the predominant users. Or a society registered for this purpose governed by a by-law created by them.

Category - 4: Multi-Product Clusters

- There are several economic infrastructures with multiple common facilities created or technologies set up for groups of farmers / SHGs artisans and crafts persons, and entrepreneurs. There will be more than (two or three) societies registered each for a given type of activity. Each society will be governed by separate by-laws created by the respective groups. This is suggested taken into account that in any case they are not working under one-roof. They are probably spread across in different locations within the cluster.

Governance Structure

(A) At Operational Level

(B) At Governance Level

Cluster Level Steering Committee

- The existing Cluster Development Management Units (CDMUs) will be strengthened bringing in additional members to this body. This may be called: cluster level steering committee (CLSC) for the purpose of renewing and revamping. It will be governed by a by-law prepared for this purpose. The by-law will empower this committee to fix user charges, third party engagements for maintenance etc. All the category of individual entrepreneurs, SHGs and registered societies shall be answerable, and the CLSC will be accountable to the General Body.

Cluster Organisation & Management Drawing Strength from NRLM

- The National Rural Livelihoods Mission (NRLM) promoted Cluster Level Federations (CLFs) are eligible to get Rs.1 crore as Revolving Fund. As part of exit protocol, the Rurban Mission can provide such revolving fund to CLSCs or all the units under a cluster must be considered as a CLF under NRLM and made eligible to get Rs.1 crore revolving fund from NRLM for sustainable operation. Revolving Fund for Cluster Devt (RF-CD) is important. How to use the revolving fund will be defined taking cues from CLFs of NRLM. The CDMUs / CLSC will also raise revenue from the users of common facilities created under the Mission.

Who constitute the CLSC? (This is actually CDMU revamped)

- Presidents or Vice-presidents from all the GPs in the cluster.
- BDO of the Block / EO Panchayats
- Service Area Bank Manager (working capital)
- One representative from SHG Federation
- One member from any of the registered societies functioning in the cluster / FPO.
- One representative from the CLSC (convener)

Conclusion


To sum up the discussion so far, let all the basic amenities and social infrastructure be operated and maintained by the Gram Panchayats – individually if it benefited one GP; and collectively if it benefited a group of GPs. All the economic infrastructure, equipment and technologies in shared use by the group of entrepreneurs shall be a collective responsibility of a society registered for this purpose. Let there be a Cluster Level Steering Committee. This is the governance framework proposed here.

Notes

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BUSINESS MODEL FOR SHGS IN FARM-BASED ENTERPRISES

Anjali Makhija

SHGs are generally based on the concept of "Local Area Driven Development," which focused mostly on financial mediation and microfinance. The main goal of formation of a self-help group is to give economically underprivileged groups the chance to start and gradually grow their own businesses and linking them with entrepreneurship development as a strategic intervention for their overall growth and development.

Women in rural areas are engaged in traditional based enterprises. Within agriculture sector, the role of women is limited to labour intensive tasks. The decisions related to inputs, mechanization, marketing of produce is dominated by men. There is tremendous potential of SHGs to start and run farm based enterprises so that they are involved in the entire value chain. Further there is tremendous scope of SHG women who can become shareholders of FPOs and become part of its management. There is tremendous scope of convergence of SHGs and FPOs, promoted by two different Ministries.


Following are some of the successful enterprises on which Sehgal Foundation has worked

- SHG based enterprises such as customs hiring centers for farm implements, mustard oil extraction, marketing of pulses grown
- Increase in working capital of FPOs by INR 20 million, with SHGs being the feeder clusters of thee FPOs
- Leveraging government sponsored schemes

The collectivization of SHGs involves improved access to investment, technology, inputs and market. Corporates can play an important role in the area of capacity building and access to digital platforms for marketing of produce. Capacity building to take up agriculture enterprises needs to focus on diverse interventions such as high value crop cultivation, horticulture development, goatry management, animal husbandry, farm machinery etc. The broad area to focus on are business and operations, processes and systems, financial performance, and management and governance.

SHGs emerged out of the need for small money loans but have a potential to grow into individual and group enterprises related to agriculture and allied domain. They will benefit tremendously if CSR projects can provide the support in following areas.

- Providing e commerce and online platforms

- 
- Funding growth and development
 - Capacity building in the entire value chain
 - Training on leadership and life skills

Government institutions, Banks and NGOs/CSOs play a major role in the formation and functioning of the SHGs. While NGOs are primarily responsible in up scaling the SHGs, their limited funds and resources prevent the SHG-led enterprises in growing their businesses at the desired rate. Corporates can play a crucial role in bridging this gap by supporting NGOs to expand the scope and provide the seed money for enterprises as well as build capacities to form and strengthen FPOs. Linking corporates can help SHGs gather the technical skills and business knowledge to expand their operations, access new business opportunities and create new paradigms of development.

Note: Author is the CEO of SM Sehgal Foundation, Delhi NCR