

Axis Bank Foundation

Development through Entrepreneurship

Case Studies on Community Owned Enterprises

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Glossary

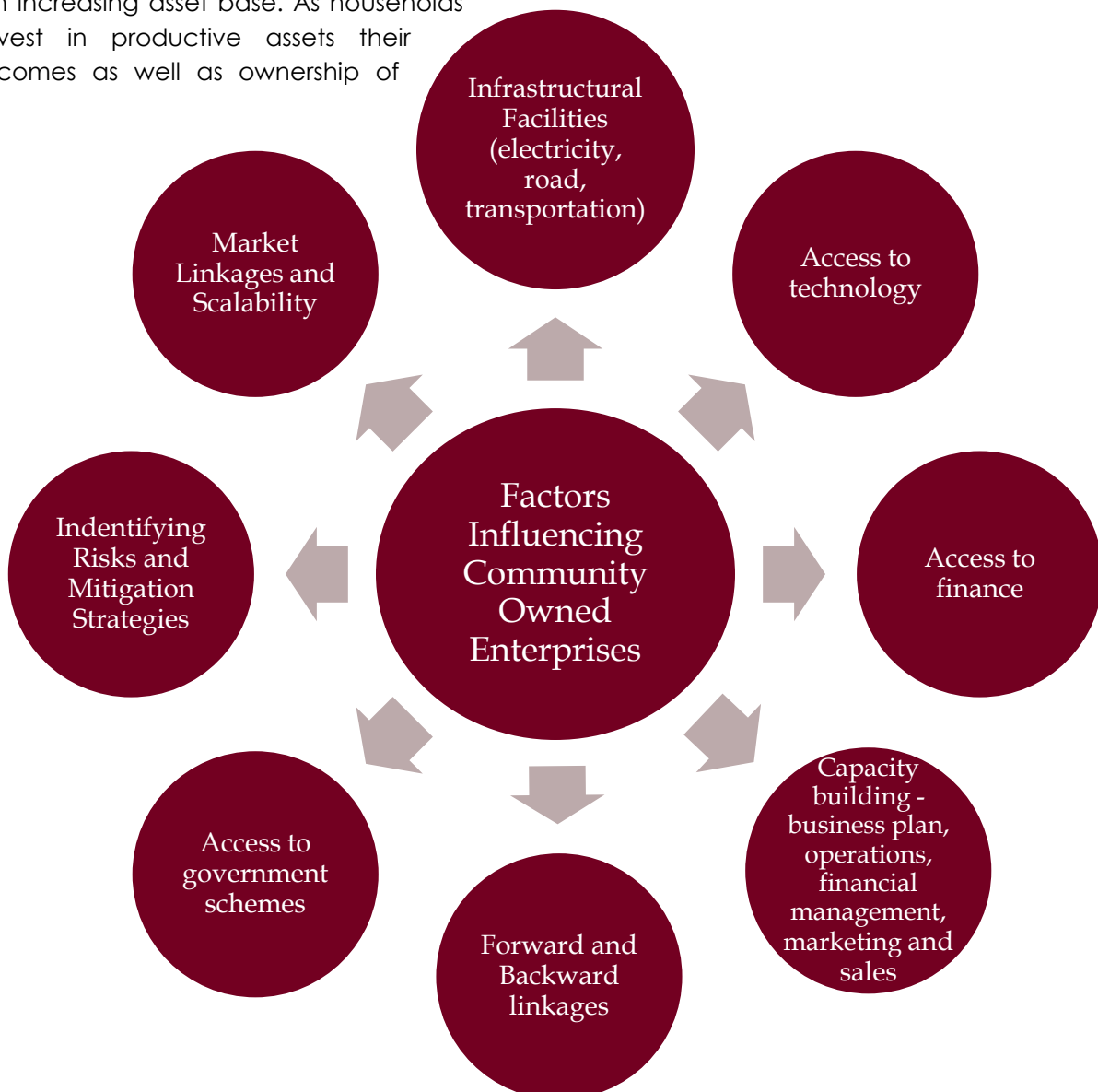
Abbreviations	Full Forms
ABF	Axis Bank Foundation
PI	Promoting Institution
NGO	Non-Governmental Organisation
PRI	Panchayati Raj Institutions
SHG	Self Help Group
AKRSPI	Aga Khan Rural Support Programme India
ITDA	Integrated Tribal Development Agency
MKSP	Mahila Kisan Sashaktikaran Pariyojana
NMSWDF	Navinchandra Mafatlal Sadguru Water & Development Foundation
SRIJAN	Self-Reliant Initiatives through Joint Action
SMT	Samridhhi Mahila Trust
DC	District Collector
ZP	Zilla Parishad
SMC	School Monitoring Committee
IAS	Indian Administrative Service

Introduction

Rural entrepreneurship is seen as a way of tackling unemployment and agricultural surplus. In addition it creates the scope for year round engagement and supplements earnings for the household thus preventing forced seasonal migration. A micro enterprise is a petty business using small credit or without it aimed at economic self-sufficiency and social well-being. Agriculture allied micro-enterprises use local resources and tap potential demand of local markets for products and services offered through their businesses. As a result they are less capital intensive and operate on low overhead charges making it suitable for communities which are unable to pool in heavy investments. Such initiatives lead to an increasing asset base. As households invest in productive assets their incomes as well as ownership of

consumer goods increase. They are able to think beyond bare minimum subsistence. They are able to expend on health and educational requirements of their families. It provides an overall security to their livelihoods as income sources are diversified and the risk of failure is distributed across the range of sources. Micro enterprises create ripple effects in the local economy by generating forward and backward linkages with primary producers and traders.

A combination of factors contributes to the success of these enterprises.



Community owned enterprises also go through life cycle challenges just like enterprises run by individuals. While they have the potential to grow and succeed they are also challenged vulnerabilities to fail. Other than the above factors influencing the performance of enterprises continued support from Promoting Institutions (PIs) and transfer of knowledge and skills through capacity building programmes is key to their sustenance.

Through its implementation partners Axis Bank Foundation (ABF) has promoted several such local rural enterprises. This paper will illustrate six instances of impacts community owned entrepreneurial initiatives have had on the household economy. The cases will showcase:

- Socio-economic and environmental contexts in which these micro entrepreneurial activities were chosen

- Milestones of the entrepreneurial journeys of the groups from conceiving the idea to present status
- How they reached their capacities to raise capital and manage day-to-day operations and finances
- The motivators/ catalytic conditions and actors in their ecosystem (SHG, village, NGO, PRIs/ government departments)
- The changes that they observe in their lives, personalities, and through the behaviour of significant others in their households and village

Axis Bank Foundation's support has enabled entrepreneurs build their capacities through various skills trainings for technical and operational aspects of trades and enterprises towards a steady source of income.

Community Farming

Location: Dangs, Gujarat

Partner: AKRSP (I)

In Piplaidevi village, Subir block, 12 members of Arandhana Bachat Jut decided to initiate collective farming. During one of their discussions over an SHG meeting shortage of labour was identified as a pressing issue. It increased their daily drudgery of work and meddled with balance of household chores. This was because most people from the region seasonally migrated to other parts of the district or state for better livelihood opportunities. However, in the process they compromised on their quality of life for earning their daily meals. Ideating probable solutions for the problem pointed at collective farming. The 12 members decided to motivate members of 5 other SHGs from the village, to join their initiative. A total of 24 women came together for pursuing this activity.

The group already knew cultivation practices of black gram as this is a traditionally prevalent crop in the area. Every member contributed in cash or in kind for the initiative. In one member's family farmland of 3 hectares, they decided to cultivate. 6 members brought 1kg black gram each for sowing and others contributed Rs. 200 each for necessary inputs. Thereafter, they hired a tractor for their activity. With AKRSPI's training on improved farming techniques they were able to harvest 480kgs of black gram. They kept aside 30kgs as seeds for the next season and distributed 32kgs each to the tractor and land owners. Somuben, one of the members was nominated by the group

to maintain their book of accounts. Staff members from AKRSPI supported and handheld them in this activity.

Despite their demonstrated success in cultivating the first crop and resolving the challenge of labour shortage they were forced to give up pursuit. The person who lent them land refused to spare it for future seasons as he started farming on it himself, as the group had demonstrated his land's productivity. Undeterred, the women tried searching for lands in other parts of the village but they weren't able to find another tract as good as the one on which they had cultivated. As a result they decided to discontinue their activity.

However, this incident is exemplary in that it debunks the more prevalent myth of farming as an individual activity. The 24 women came together from different socio-economic backgrounds and varied levels of understanding of financial processes. Through this activity they have realised that social differences can take a back-seat when they are working towards a common socio-economic goal. In this context they said that transparency in financial transactions is important. They had mutual trust and understanding despite being members of different SHGs to take collective decisions and keeping everyone abreast of all developments. The principles of good governance that contributes in maintaining the fabric of a group were enmeshed in their interactions which added to their economic success. They had celebrated their success by contributing Rs. 50 each for a common meal where they cooked, ate, sang and danced together.

Poultry Farming

Location: Koraput, Odisha

Partner: Harsha Trust

Budhimaa Thakurani SHG was formed in 2010 with 12 members in Barguda village, Kundra block. Soon after formulating group norms they started saving. Harsha Trust, convinced by their progress in operating the SHG, introduced them to livelihood opportunities that would enable them to increase their incomes, and thereby savings.

They chose rearing of broiler poultry as a group livelihood opportunity for themselves. Their choice of group poultry farming bases on distribution of risks and responsibilities. They were taught techniques and practices related to poultry rearing and overall entrepreneurship skills. Officials from the Poultry Cooperative used to handle their books of accounts in the initial period till the person writing their books of SHG accounts felt confident enough to handle the enterprise's accounts. Four out of twelve SHG members know how to document all business related transactions and correspondences though they remunerate an external person to write books for them.

The SHG was linked with Bissamcuttack Poultry Cooperative from where it sourced all inputs including chicks and feed. The members contributed through labour towards the construction of the shed. For working capital requirements they approached Integrated Tribal Development Agency (ITDA), Jeypore which provided them a grant. They started producing 600-700 chickens in each batch after building poultry shed in a common space in their village. They earned a profit of Rs.56, 000 divided equally among the members. Their average annual turnover is Rs. 4, 00, 000.

During the initial period the group struggled with mortality. This became a crucial issue as Bissamcuttack Poultry Cooperative would only buy live chickens. They had a dual strategy to stabilise their production quality and quantity. All members were engaged in all aspects of work. They would meet at a pre-decided time every day to discuss the to-dos and everyone would contribute to it. Their logic of not diving labour was to ensure uniformity in work of all members to avoid conflict. In order to combat mortality they devised localised seasonal solutions for protecting chicks against climate extremes. During summers the group put straws on the roof to prevent excess heating besides giving them more water than rest of the year. Similarly in monsoons and winters they keep charcoal burning inside the shed to keep the chicks warm.

Professionals from Harsha Trust stopped visiting them in the last 2 years as the group is managing its business error free. The Cooperative officials, handholding their accounts keeper, also permitted them independent operations. They were in fact allowed to further expand their volume of business to 800 – 1000 birds. Drawing inspiration from their story of success six individual farms have been initiated with a capacity of 300 birds in the village. They have been linked with Mahila Kisan Sashaktikaran Pariyojana (MKSP) to receive financial support of Rs. 30, 000.

They reported that they still struggle with mortality of birds in summer and the volatility of live bird prices. The bonding among the group members, and equal labour input has contributed towards autonomous operations.

Dairy Farming

Location: Dahod, Gujarat

Partner: NMSWDF

Abhalod Women's Dairy Cooperative was promoted since 2015 with the aim of increasing household income of families engaged in the ABF-NMSWDF project in the village located in Garbada block. Among the members of the cooperative are 10 women from Jai Bajrang Mahila Mandal SHG.

For introducing them to alternative opportunities for earning beyond traditional farming NMS has provided a series of trainings on cattle rearing and operating a dairy cooperative. After training, initially they bought milch animals and NMS supported their linkage with the Panchmahal Dairy. They approached Panchmahal Dairy for loan which sanctioned Rs.4, 40, 000 for a term of 3 years at 4% interest rate and also applied for a subsidy through Tribal Sub Plan to receive Rs.5, 00, 000. Another Rs.1, 00, 000 was raised through members' contribution towards capital for the cooperative.

The cooperative arranges for exposure visits and training from Panchmahal Dairy, facilitates purchase of animals; insurance to cover contingencies, and in availing government subsidies. It has salaried staff supporting the financial management and other organisational operations. During the first year of operations, NMS handheld the cooperative as well as individual members in all procedures, including farming, so that they acquire required skills and independently operate thereafter.

The dairy organises several facilities for its members such as animal health camps, doctor visits, mobile ambulances for cattle, links them with fodder suppliers and

facilitates protection of cattle against morbidity and mortality through insurance. Most of these services are provided at door-step and at nominal rates which are then adjusted with the sale price of milk. The expectations of buyback standards were set during the linkage with Panchmahal Dairy and were mutually agreed upon. One such standard is the minimum average volume of milk collected per day needs to be 100litres. Payment is made on the fat content of the milk, and not merely on the volume collected. There are seasonal variations to amount of milk harvested per day.

They distributed profits over Rs.1, 00, 000 to each member in the first year of business. Today the average earning of members stand at Rs. 80, 000 – Rs. 1, 00, 000 per annum. They have slowly increased their fleet of cattle by reinvesting this income. The cooperative is able to supply milk round the year as members now possess 2-3 ruminants each. This has helped increase their volume of production, increased their income and their ability to explore opportunities to raise credit for further expansion.

This activity has provided a safety net to members when faced with adversities besides providing them with an assured buyer therefore, an assured source of income. It has improved their quality of lives as they have money for investing in education of their children, meeting medical expenses, and expanding livelihood and household infrastructure. This has resulted in food security preventing distressed migration. They use cattle dung for generating biogas, an additional source of income and organic manure for their farms. Apart from tangible benefits women have greater decision-making power at the household level as they have demonstrated in business operations. This has changed their status in the larger community.

Mid-Day Meal Cooking

Location: Bundi, Rajasthan

Partner: SRIJAN

Over several discussions Samriddhi Mahila Trust (SMT), a federation formed today by 900 SHGs in Keshoraipatan block of Bundi district, members realised their common dissatisfaction about their children's unwillingness to go back to school after lunch at home. They concluded that the mid-day meals at schools needed to be improved if they intended to prevent their half-day's absence, regularly. They consensually decided to send a delegation to the District Collector (DC), Ms. Anandhi, IAS. She suggested them to take charge of managing mid-day meals at the primary and middle schools in the villages.

3 SHGs from SMT decided to manage the overall processes involved in preparing mid-day meals as a pilot project. Among them were 10 members of Sawariya Seth SHG from Papadi village. They wanted to affect what the government's mid-day meal scheme originally aimed at – providing nutritious meals, palatable to local taste at schools thereby retaining children beyond lunch hours. They were already aware of the irregular supply of raw materials owing to their participation in School Monitoring Committees (SMCs). From November 2014 they immersed themselves into this challenge of creating better condition of life for the school-goers and their parents.

To begin with, SRIJAN organised a workshop for all participants. They were oriented about the importance of maintaining high quality in cooking, nutritional requirements of children, local food that caters to those requirements, etc. The DC inspired them by citing examples from other regions of India where the local community had taken over cooking mid-day meals. After trainings on

hygiene and nutrition children were tested on various health parameters. This included indicators such as haemoglobin count, height, weight, etc. Thereafter, Sawariya Seth SHG started cooking mid-day meals for 400 primary and middle school-going children of the village.

The organisation handing over their cooking responsibilities to the SHG refused to provide an account of raw material in stock. So, they had to begin by ordering all stocks afresh. The ZP would reimburse the SHG only after they provided services and purchased necessary items. The SHG procured items available locally from their own households and the rest from government markets. 2 members were dedicated as cooks for the primary and middle schools. They were paid a salary of Rs.1, 000 per month as per government norms. 2 other women would serve and supervise all other work on rotation basis so that none of their individual work would be hampered. They faced the challenge of sourcing quality raw materials daily from the government market as the markets would often fail their expectations. Besides, for the first 3 months they hadn't been reimbursed or paid salaries. After approaching the ZP their payments were partially cleared. In the midst of such continual irregular payments Ms. Anandhi was transferred.

Battling all odds they continued cooking for 6 months after which health check-ups were again conducted. The children had increased in height and weight as also their haemoglobin levels had increased. They didn't go back home for lunch anymore and were attending classes throughout the day. Eating together also knitted a social fabric above the factions of caste and class. This sense of fraternity spread even outside school. During this time the District Education Officer also paid more frequent

visits to the schools to supervise the operations and progress.

Having eroded most of its savings, the SHG had to give up this initiative after a year and half, in 2016. Despite persistent follow-ups an outstanding to the tune of Rs. 16, 000 is pending (in October 2018) with the ZP. The members, through the SMC, closely monitor the supply of raw materials, cooking and serving of mid-day meals by the new agency. Though Sawariya Seth SHG could not sustain and scale up their economic activity they were able to achieve the outcome that inspired them – improving the nutritional intake of children thereby retaining them day-long at school and facilitating the government-mandated change in elementary education. It provided them an understanding of the intricacies of operations beyond mere cooking. This enabled them to monitor more effectively and identify gaps in the implementation of mid-day meal programme. As Kamli didi, a member of SMT reflected, *“Jab tak haath nahin jalaaoge tab tak khaana pakaana kaise aayega?”* (Translates to “How will you learn to cook unless you burn your hands?”)

Producing Micro Wire Objects

Location: Osmanabad, Maharashtra

Partner: Dilasa Sanstha

Swami Samarth Mahila Bachat Gat, Self-Help Group in Turori village, Umarga block, was formed with 12 members in 2015 under ABF's aegis. During one of their monthly meetings, motivated by the thought of supplementing household income, they discussed the potential income generation activities they could engage in. They identified that neighbouring communities including residents of Umarga town, 8km away from their village, were attracted to

micro wire products but were unable to buy them because of the price at which they were sold. Collectively they decided to request Dilasa Sanstha to train them to produce articles made of micro wire which they would sell at a price lower than the prevalent market rate. They decided to keep a lower profit margin without compromising on the quality of products.

A month into the 15-day training they were ready to borrow Rs.15, 000 from their SHG and Rs. 10,000 from Dilasa Sanstha as seed capital for their business to buy raw materials. They made festoons for hanging on doors, table cloths and other articles. They carefully chalked out a marketing strategy the first time they sought to sell their products. They went door-to-door, in the vicinity, talking about the products and demonstrated to shopkeepers. They requested shopkeepers to display their products first, instead of recovering sale advances. They closely observed that customers were willing to purchase upon quoting prices lower than the prevailing market rates. Only if customers bought their products from shopkeepers did the members recover their share.

They earned a profit of Rs. 25, 000 from their first sale which was re-invested in their business. Their first bulk order worth Rs. 5, 000 came from a neighbour from Turori whose daughter was getting married. Friends and family members of that household also got exposed to the micro wire products. They rely on this spread of word-of-mouth for generating demand for their produce as well as sales.

After 3 years their annual turnover stands at Rs. 50, 000 and the profit earned over the last year is Rs. 25, 000. They have repaid the loans they had drawn to launch their business. They have not increased prices of

their products as they observe a greater potential of tapping more customers at the current price and increasing volume of business. They all have knowledge of accounting though the office bearers of the SHG also maintain the book of accounts for their enterprise. There is no functional division of labour as all of them contribute equally to all activities.

The entrepreneurs reported that their sense of marketing and overall business operations has sharpened manifold. In order to increase their volume of business they require more capital. They are now confident in dealing with shopkeepers and potential customers. Once proven in business, their decisions are also valued by their families. Their popularity has increased in their neighbourhood as everyone likes their products. So they draw an identity of their own, have a strong association with their creative work and the happiness they spread among people through their products.

Observations

1. Community based entrepreneurship models are often formed not only as a source of income generation but are also geared to solve social issues.
2. In cases when there are social issues underpinning entrepreneurial activities, group members have mobilised women from other groups with/ without the network help of the PIs (ABF's partners).
3. Groups have been found to initiate collective action after stabilising inter-personal relationships and acquiring knowledge of basic financial and organisational management skills. They gain confidence in taking calculated risks after an initial gestation period.
4. PIs play a pivotal role in the stakeholder ecosystem to identify and leverage the strengths of a group to enable their collective actions.
5. Division of labour in the group (whether it is in production activities or those of financial management) is contextual and based on the convenience of members.
6. There are a certain set of enabling factors which are activated by the PI in the group. Some such factors are mutual trust by facilitating processes of good governance, interpersonal skills, skills of financial and organisational management, awareness about rights and opportunities given by the government through schemes, capacity to identify issues and creating roadmaps to solutions through brainstorming sessions, learning skills related to production and marketing, etc.
7. Groups have been found to gain confidence in interacting with the outside world – staff from financial institutions, government, traders, etc. also with men from their own communities, as a consequence of entrepreneurial activities.
8. They have gained decision making power and experience their families attributing higher value to their opinions as they have demonstrated success outside their households. So, groups have proved to become a platform to hone their leadership skills by training them on making their voices being heard in their familial and occupational spaces.
9. Therefore, success of an activity may not always be measured in financial terms alone but be adjudged by the

resulting overall consequences of their collective action.

10. There are certain external factors that hinder collective entrepreneurial activities from generating optimum income. One dominant cause is the inability to recover production cost through sales. Cost of production is influenced by factors such as

unavailability of infrastructure, high raw material costs, inability to create market for new products, unaffordable credit, etc. The cases of not being able to find quality cultivable farmland or delayed reimbursements in case of mid-day meals are examples of lack of infrastructure and high cost of capital.

Sustainability Parameters

Based on the cases and observations certain sustainability parameters of community owned enterprises can be summarised as follows:

Stage	Functions	Stakeholders	Critical Parameters
Formation	Capacity Building	Entrepreneurs, PIs	<ul style="list-style-type: none"> • Intent • Access to Affordable Finance • Access to Technology
Operation	Financial and Non-Financial Contribution	Entrepreneurs, PIs, Government Departments, Financial Institutions	<ul style="list-style-type: none"> • Land, Labour, Capital, Management • Access to Finance (Credit/ Grant/ Government Schemes) • Networks and Support (within and outside the group) • Bargaining and Negotiation Power
	Knowledge of Existing and Potential Market	Entrepreneurs, PIs, Existing Market Players	<ul style="list-style-type: none"> • Raw Material Supplies • Potential Buyers • Existing Market and sellers/ manufacturers • Potential of scale • Jobs/ Income Generating Options created due to activity
	Trade Skills Time/ Intensity of involvement of trainers and PIs with Entrepreneurs	Entrepreneurs, PIs, Trainers	<ul style="list-style-type: none"> • Financial Management • Organisational Governance (Transparency and disclosure, rules of partnership and profit/ loss distribution, etc.) • Skills relevant to trade (operating machines, cultivation practices, etc.)
	Risk Evaluation and Mitigation	Entrepreneurs	<ul style="list-style-type: none"> • Economic Risks (Credit, Profit, Insurance, Non-Financial like labour; land, market related like failure of suppliers/ buyers, price fluctuation of inputs, etc.) • Environmental Risks (Harvest failures in case of farm allied activities, waste management, etc.) • Social Risks (Changes in Point-of-Contact in administration, partnership bond among group members, support from family members and community, etc.)