

FEASIBILITY OF AGRI BUSINESS VENTURES

Overview of the project and its objectives

The agriculture and agro based processing industries were a key solution area of our problems relating to insufficiency of food and value added food products in India. It attracts foreign reserves and domestic utilities of food products which creates the standard of living of the people. India witnessed self sufficiency in food production only during the decade of eighties. Agro processing sector is one of the largest sectors in India in terms of production, growth, consumption, and export of value added agro products. The diverse agro- climatic zones make it possible to grow almost all varieties of fresh fruits and green vegetables in Kerala. The fruit and vegetable processing industry in India is highly decentralized having wide capacities. It is envisaged that India should be the food factory of the world so as to generate income, employment and foreign exchange in a big way, through significant increase in level of processing and achieve higher growth through value addition.

Kudumbashree has been extending needy support to many livelihood activities including group farming in the agricultural sector. There are 68,388 farming groups (JLG) functioning under Kudumbashree. Also there are 472 units (123 medium scale units and 349 small scale units) that do the value addition of agricultural products and 1222 agro business enterprises registered with Kudumbashree with 2499 entrepreneurs.

Kudumbashree is giving more opportunities to our farmers and entrepreneurs of value addition units during the crisis of covid-19 pandemic. Therefore Kudumbashree focuses in the value addition of fruits. Fruits like mango, jackfruit, pineapple and pappaya are produced aplenty in Kerala. Making value added products from these is profitable as well. Also not many decentralised units are functioning in this sector and that itself is a good opportunity. Thus Kudumbashree plans to support enterprises that will be set up for fruit processing. Also, we are thinking of providing support to existing units as well.

Year of commencement

In 2011, the Ministry of Rural Development launched “Mahila Kisan Sashaktikaran Pariyojana” (MKSP), a sub component of the National Rural Livelihood Mission (NRLM) to improve the present status of women in agriculture, and to enhance the opportunities for her empowerment. The primary objective of the MKSP is to empower women in agriculture by making systematic investments to enhance their participation and productivity, as also create and sustain agriculture based livelihoods of rural women. Under MKSP and various other Farm Livelihoods interventions, Producers’ Groups (PGs) have been formed to undertake primary level aggregation and value addition activities at the village level. These PGs are small sized unregistered entities and engaged in localized marketing activities based on the local demand and supply situations. In 2015-16, DAY-NRLM, under its’ World Bank supported National Rural Livelihoods Project (NRLP) had launched a special fund for promotion of large size value chain

interventions building on the strength of Community Based Organizations (CBO) under DAY-NRLM. Several initiatives focused on value chain development for market linkages have been taken up under this special fund in various states.

Sources of Funding

Ministry of Rural Development (MoRD) would provide funding support of up to 60% (90% for North East and hill states) to the project submitted by the SRLMs under MKSP Value Chain. Balance is to be contributed by the respective state governments or any other donor agencies, national and international in the form of grants. Participation of banks in financing the projects would be encouraged. The SRLMs will be submitting the project proposals for a period of three (3) years and the funding will be made through a project route. The project will be approved for a three years project period. The investment per household should not exceed INR 15000 over the period. Dairy value chain development requires high infrastructure investment, hence in the case of dairy value chain projects, the investment per household should not exceed INR 18000 over the project period. The investment per household would be calculated as: Investment per household = total investment proposed for the project / number of unique farmers to be covered during the project period. The total project cost for any single project shall not exceed INR 45 crores.

The newly formed units would be given 50% of the project cost as grant. Maximum of Rs 1 lakh would be given as grant. The first 50% of this amount would be given after one month of functioning (registration at CDS, permission of the District Mission, completion of the basic infrastructure development and approved annual action plan calendar is mandatory) of the unit. The remaining 50% would be given after four months of functioning (FSSAI licence, certificate of participation in the trainings of District Mission, geo tag at MKSP mobile application, best quality packing and labeling of the products etc is mandatory) of the unit. The existing units would get 50% of the project cost or maximum amount upto Rs 50,000 as grant. Bank loan is not mandatory.

Fund allocation over the years

Fund Allocation for Agri Business Ventures over the years	
2021-2022	18 lakhs
2020-2021	94.39 lakhs
2019-2020	82.60 lakhs

Target

Kudumbashree aims at motivating our members to start at least 140 new value addition units of the fruits such as jackfruit, mango, pineapple and pappaya. 10 units each would be started in every districts. Each unit would have 4 to 10 members. The beneficiaries would be identified and they would be extended general orientation training and skill training.

Achievement

1222 agro business enterprises registered with Kudumbashree with 2499 entrepreneurs.

How the study conducted

The study was conducted on the base of the secondary data available from various sources.

Impact of the society

These are the major impacts or outcomes that is pointed out from the study

- Better price realization to the small and marginal women farmers
- Establishment of scalable and sustainable women Producers' Enterprises with robust business model and viable business plan having small and marginal women farmers as the shareholders
- Establishment of professional management structure for the Producer Enterprise
- Equitable sharing of profits between the members
- Access to market information for better marketing of their products
- Establishing market linkages with institutional buyers
- Development of Standard Operating Procedures for all processes of the Producers' Enterprises such procurement manuals, HR manuals, accounting processes. h. Development and promotion of sustainable management, quality assurance and storage practices

Suggestions

The activities to identify the interested entrepreneurs to start units in each district and to extend general orientation training and skill training is progressing now. The grading/ branding of the units would be completed by February/ March 2021. As fruits get damaged easily, financial assistance for setting up cold storages is also earmarked in this project. Through such activity we aim at opening up a new livelihood opportunity for Kudumbashree members.