

District Model to Achieve Inclusive Growth Through Enabling Agriculture

(PROPOSAL OF 100 KPKs IN EACH DISTRICT)

KPK INFRASTRUCTURE – KEY TO ENABLING RURAL INDIA

....A FACILITATION CENTER AT 5 VILLAGE LEVEL

**AGRIPARK – KEY TO INCREASE ECONOMIC ACTIVITY BY 100 %
IN THREE YEARS WITH CPC, SDC AND FINANCIAL INCLUSION**

Concept Note

District Model to Achieve Inclusive Growth through enabling Agriculture

Agroecommerce Network Private Limited (ANPL) believes that the enablement and empowerment to the farmers can only be done in a business like way. ANPL for that reason does not believe in giving aid to farmers. The business is therefore to be managed in a scientific way. Also ANPL is the first company in the country to promote Total Quality Agriculture whereby the objective is to optimize the various processes involved in agriculture to improve the quality of the final produce through Krishi Pragati Kendra's (KPK) at 5-village level. **Krishi Pragati Kendra (KPK)** is a facilitation center for farmers at 5 village cluster that provides various services to the farmers on the platform created and developed by ANPL. A KPK owner along with village representatives (VR) will integrate the farmers on to a common platform and will create a database of registered farmers with their seasonal requirements. Cost per center is 1.75 L **and this is the Phase I of the project**

To support the economic activities of farmers through KPK, for each 5 KPK's i.e. at 25 village level, there will be physical establishment of **AgriPark which will consist of CPC, KH, FI and SDC, details of which are given below:**

- **Financial Inclusion (FI)** - The project, through the KPKs shall bring in complete **financial inclusion** and enable all households with bank account with debit card (without any cost to them) and with FREE BANKING (i.e. NO TRANSACTION CHARGE and CASHLESS TRANSACTIONS) @ Rs.2.5 Cr for including 1.0 Lakh households @ Rs.250/- per household. **This is Phase II.**
- **Commodity Procurement Center (CPC) at 25 Village level & Krishi Hatt (KH)** - These centers, developed on one acre land (with covered area of 5000 sq ft and semi covered area of another 5000 sq ft), will cater to the needs of commodity procurement and input availability. Cost per center is Rs. 70.00 L. There would be 20 such centers in a district, 4 of these centers will be named as Block center and One will be named as District center to cater the needs of management structuring of entire operations. **This is Phase III.**
- **Skill Development Center (SDC)** - The Skill Development Centers, are further addition to the Agri-Park infrastructure developed on one acre land (with covered area of 3800 sq ft and semi covered area of another 2000 sq ft), catering to the skill development needs of the local populace. These Centers will hone skills of rural youth for competitive environment. Cost per center is **Rs. 50.00 L**. These centres shall provide practical training in Sustainable Agriculture, Soil Management, Water Management, Land scaping, Horticulture, Post Harvest Management, Food Quality Control, Food Processing, Food Packaging, Food Retail and Management, Plant Mechanization, Animal care, Agri Business & Management, Dairy Farm & Milk Processing, Agri Supply chain, etc. **This is Phase IV.**

Total Project cost – Phase I (1.75) + Phase II (2.5) + Phase III (14.0) + Phase IV (10.0) = Rs. 28.25 Cr

Objectives of the Initiative _ This initiative is for Increase in productivity, cost reduction and better realization on sale proceeds for the farmers, inherent objective is to create a model in each district of 500 village cluster so that the same can be replicated in other districts once it is showcased and people at large see the benefits of this initiative for farmers, generating entrepreneurs at different levels and for socio economic development for all the stakeholders.

Coverage _ 500 Villages, 100 KPK's, 20 Agriparks, 10,000 farmers, 50,000 to 100,000 acres of land in a district.

Value Propositions in a phased manner _ First Agri-education to generate needs through awareness and then to service in a phased fashion.

Specifically, the project would benefit the farmers through

- **Cost reduction by 10% to 30%**, by ensuring availability of cheaper, high quality inputs
- **Better Output Price by 10% to 20%**, by facilitating better price discovery at the door-step
- **Reduction in Financial costs by 10% to 30% and Financial Risks by 100%**, by enhancing their access to financial services including business credit and crop insurance
- **Increasing Productivity by 30% to 100%** by building their capacity and increasing their access to knowledge services, including direct interaction with input manufacturers, output buyers for Alternative crops, with more economic and financial benefits.

In monetary terms, tangible Benefits to the farmers can be summarized as below:

	Productivity Increase (%)	Input Cost Reduction	Financial Cost Reduction	Reduction in Financial Risks	Better Price Realisation on Sale Proceed	In Rs. (with output at 40,000/- and input at Rs. 4000/-)/acre
I Year	15	10	10	20	10	
II Year	15	10	10	20	10	
III Year	15	10	10	20	10	
Cumulative	52	33	33	73	33	
In Rs	20,000	1,500	*	*	15,000	36,500 **

* Not Quantified, since farmer will perceive it as non-tangible benefit

** Almost economic gain of 100% without metering non-tangible benefits

The above noted target/objectives shall be achieved by strategically piloting the model of ICT enabled KPKs, which shall ensure

- **Backward integration**

Quantity and Quality Assurance; Delivery at the nearest KPK or delivery at doorstep; Bill for the authenticity of the product; Cost benefit; Trainings for the usage of the products

- **Forward Integration**

More and better options for the sale of produce; Reduced distribution cost; Better realization on sale of crops; Establishing credibility directly with the buyer for future transactions

- **Knowledge Integration**

Customised knowledge on agriculture technology; Improvement in the yield and quality of the crop; Alternative crops; Package of practices; Monthly recommendations; Reports implementation

- **Services Integration**

Government schemes to benefit from; Banks to meet all the financial needs of the farmers; Insurance policies for the financial security of a farmer; Warehousing for better sale proceeds; etc.

These KPKs will aggregate farmers and integrate them directly with input producers and farm output buyers. Revenues from the KPKs shall help to sustain the operations even after the project withdrawal.

IMPACT

On GDP Growth of the Districts

The project shall increase contribution of agriculture to 30% (on 15% increase on year to year basis). The assumption is based on National Average of percentage contribution of agriculture production to GDP at 20%. However, in the proposed districts, the contribution of agriculture to GDP is quite high, as agriculture is the main activity.

On Economic Activity and Earnings of the Stakeholders

With the coverage of the district through 100 KPK's, we will be impacting the economic activity of 0.30 Lakh farmers, covering land area of 0.30 L x 5 acres of land, which only through input and output @ of Rs. 44,000/- per acre would transform into Rs. 660/- Cr of economic activity.

We target it to increase by 100% in three years making it over 1,200 Cr. With this increased economic activity, in addition to benefits accrued to all stake holders, the Government will earn additional revenues of Rs. 60 Cr per year (calculated at the least of the scale i.e. 10%)

Further, through Financial Inclusion we will touch base with 0.3 Lakh HH in the APL category and 0.70 Lakh HH in BPL category.

As per the banking standards, additional 400 Cr of economic activities shall generate with this target base of customers (considering averages of 1.0 L and 12,000/- for the two segments respectively per year). This will also transform into additional income of 40 Cr for the banking industry (keeping the margins as low as 10%).

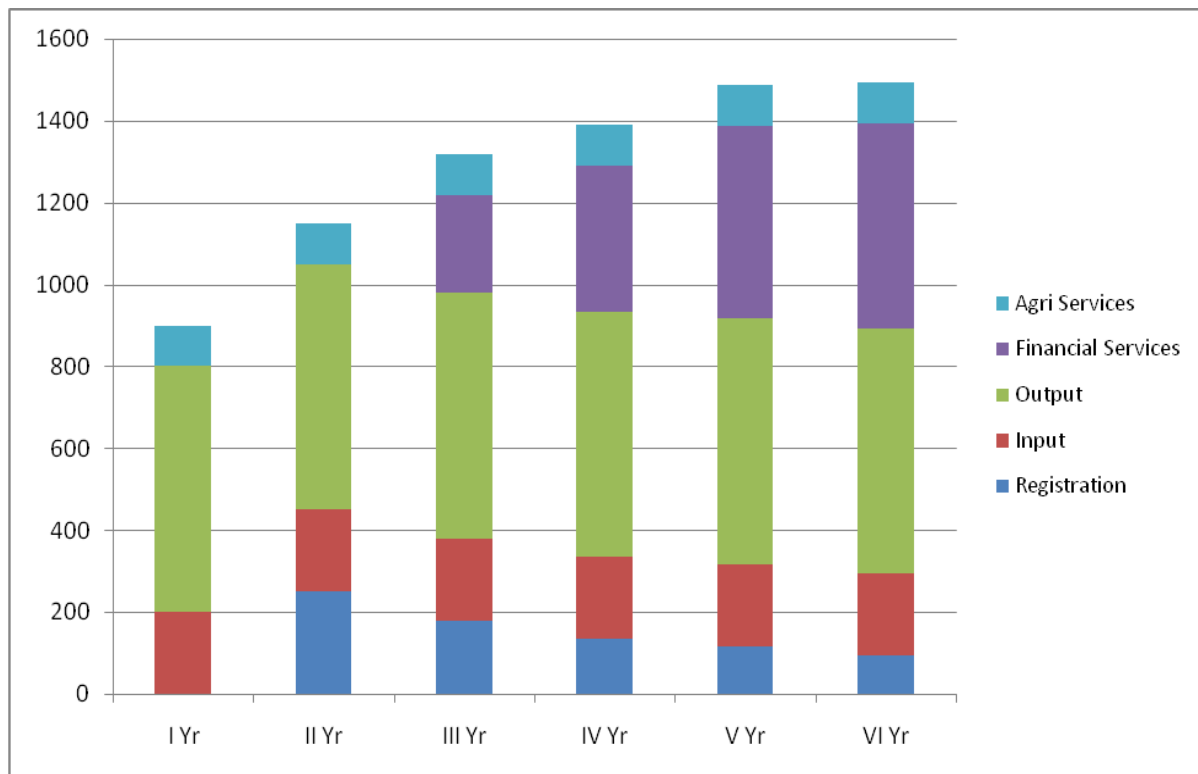
Eventually, a Win-Win situation for All.

Revenues

KPK is a village center that aggregates 300 farmers or more in a minimum net sown area of 1000 acres (gradually increasing it to 2000 acres) across five-ten villages. The KPK, owned by a local entrepreneur, who with the help of a Community Facilitator shall help farmers achieve higher levels of productivity, through reduced input costs and improved quality of the produce, so that they can fetch better price.

In this endeavor, the KPK through education/training of farmers helps generate demand for various services. KPK will then help them to meet their demand through the integrations provided to him through CPC, KH, FI and SDC. In the process, KPK becomes a point of facilitation of the economic activity of the farmers and for each service fixes a (predetermined) facilitation charge to sustain its operations.

Net Profitability per Acre projections for this project are as below i.e. Rs. 900/- per acre in the first year to Rs. 1,500 per Acre in the sixth year..



Accordingly with the service area of minimum 1.0 L Acres i.e. 1000 Acres per KPK, Net revenues to the project will range from Rs. 9 Cr in the first year to Rs. 15.0 cr in the sixth year. Details are in individual detailed proposals. This is net of meeting all the fixed and variable costs of all centers and the management and revenue sharing costs.