

# Impacting Rural Livelihoods

## Inclusive Marketing Approaches



*Business Mind Social Heart*



**Inclusive Marketing** is an approach that looks at the marginalized not only as consumers but also as producers/suppliers. This approach uses innovative co-creation and appropriate partnerships offering promise to add economic value to goods and services contributed by the marginalized. It creates solutions that can make markets more efficient, competitive and inclusive. It can therefore impact poverty positively.

This document captures four inclusive marketing models which have been adopted by NABARD and several bilateral projects on livelihood promotion in India. We believe the learning and insights will help policy makers and implementing agencies in creating inclusive market led livelihood promotion strategies.

# Micro Enterprise Promotion Agency

## Background

India has 7 million SHGs that are expected to increase to 15 million in the next five years. Members of SHGs need to graduate from micro finance to micro enterprises if they are to come out of poverty. By now it is well accepted that whilst credit is necessary, it is not sufficient for poor women to start any economic activity. They require a range of Business Development Services (BDS) to sustain their micro enterprises. NGOs supporting SHGs often lack knowledge on how to run a business. Their capacity needs to be strengthened.

## Approach

Capacity of NGOs is enhanced on livelihoods promotion through training, field support and hand-holding using MART's 3M<sup>1</sup> model so that they emerge as Micro Enterprise Promotion Agencies (MEPA) to provide Business Development Services as SHG. These MEPAs envisaged role is depicted in diagram 1.

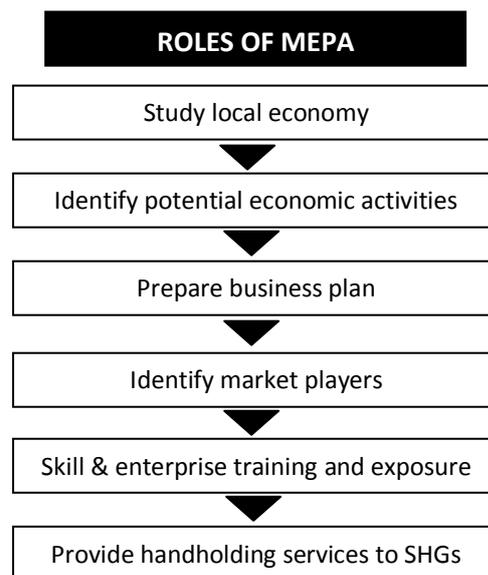


Diagram 1

## Caselet

Under a NABARD funded 3 year pilot, MART built capacities of 14 leading NGOs across 9 states to develop them as Micro Enterprise Promotion Agencies able to provide business development services to the groups supported by them..

## Major activities

- Comprehensive training using 3M model was organized on techno economic and haat survey, process to identify feasible activities and establish market linkages
- Each NGO selected 1,000 women for starting micro-enterprises
- Preparation of business plans for each activity and bank linkages
- Field based handholding support over 3 years to MEPAs for effective implementation of plans

## Outcome

- NGOs emerged as effective Micro Enterprise Promotion Agencies.
- They provided handholding support to 11000 members of mature SHGs to establish micro enterprises
- 7177 members (61.3%) started microenterprises and accessed Rs 120.6 million as credit (loan off-take per group was Rs. 190,000 as against national average of Rs 70,000)

## Learning

- MEPA is able to provide systematic approach to SHG members in graduating from micro finance to micro enterprise.
- Activities that use local resources, existing skills and focus on local markets are likely to be more successful.
- Like we have created Micro Finance Institutions in India to promote micro finance, we need an equivalent Micro Enterprise Promotion Agency to promote micro enterprises amongst the poor.

<sup>1</sup>3M is a systematic approach to micro enterprise development based on the three tenets of micro finance, micro market and micro planning. The model primarily provides a tool to systematically map the local resources, skills, support services, and markets to identify viable economic activities, prepare business plans and develop field based approach to support livelihoods of poor. MART has successfully used 3M Model in several large scale poverty alleviation projects such as APRLP, OTELP, WORLP, MPDPIP, APDPIP etc. across India

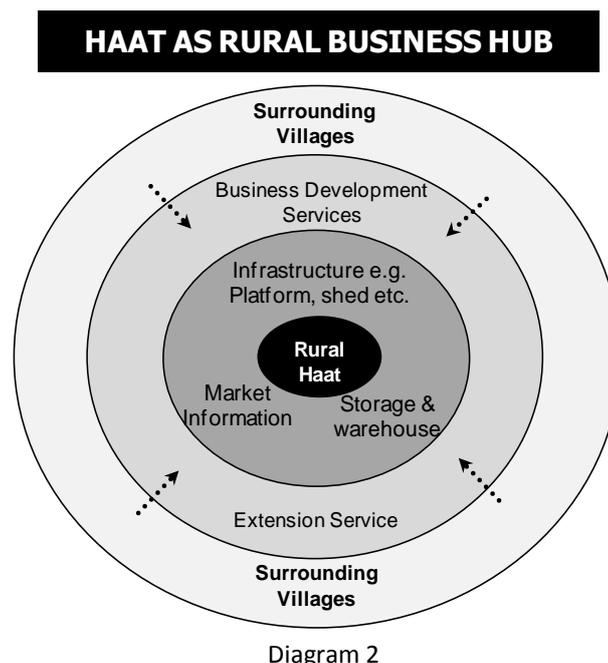
# Haats as Rural Business Hub

## Background

Poor producers lack access to market. They depend on haats<sup>1</sup> (weekly markets) for selling their produce. Haats are the socio-economic and cultural nerve centre of the rural and tribal economy. Strengthening Rural Haats as Rural Business Hubs (RBH) helps improve the business environment in the rural economy.

## Approach

Haats are strengthened into Rural Business Hubs by integrating components (see adjoining diagram) through involvement of Technical Service Provider (MART), Gram Panchayat, RBH Working Committee (RBHWC) and NGO. The following table captures specific roles played by stakeholders in implementing the project.



Technical Service Provider	Gram Panchayat	NGO	RBHWC
<ul style="list-style-type: none"> <li>• Project Design</li> <li>• Sensitization meetings with stakeholders</li> <li>• Trader network and market linkage facilitation</li> <li>• Capacity Building of GP, RBHWC and NGO</li> </ul>	<ul style="list-style-type: none"> <li>• Implementer and Enabler</li> <li>• Convener of RBHWC meeting</li> <li>• Project holder and applicant for availing schematic assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Community Mobilization</li> <li>• Intensive handholding to RBHWC</li> <li>• Convergence with schemes</li> <li>• Product and Cluster profiling</li> <li>• Sensitization meetings at GP/village level</li> </ul>	<ul style="list-style-type: none"> <li>• Functional Body</li> <li>• Convergence with BDS and Extension services</li> <li>• Sensitization meetings at GP/village level</li> <li>• Demonstration of Marketing Linkages</li> </ul>

## Caselet

Sponsored by NABARD, MART strengthened 10 rural haats of KBK region (Koraput, Kalahandi and Gajapati) of Orissa into RBH.

## Activities

1. RBHWC was formed in each haat with representation from Gram Panchayat, Zilla Parishad, Traders and Farmers for effective management
2. Raised platforms were constructed in 7 haats benefitting 320 sellers
3. Drainage system, leveling of land, repairs of market sheds etc. was carried out in all the haats
4. Extension and Business Development Service events were organized for creating greater awareness about RBH

## Outcome

1. RBH attracted corporate players like Eco-Farm and various SMEs to purchase produce in bulk from haat
2. Producer fetched ~10% increase in the prices by selling through RBH
3. Sellers earned additional income of Rs. 5.5 lacs on enhanced turnover of Rs. 78.3 lacs. They contributed Rs. 10,500 to RBHWC towards improvement of market infrastructure.

## Learning

- Establishment of robust local marketing system allows community to maximize their returns .
- Creation of need based infrastructure attracts more producers and bulk buyers.
- Community ownership through formation of RBHWC ensures effective management and long term sustainability.

<sup>1</sup> 43,000 haats are held in India (Source: Census of India & MART Knowledge Centre).

# Collective Marketing

## COLLECTIVE MARKETING APPROACH

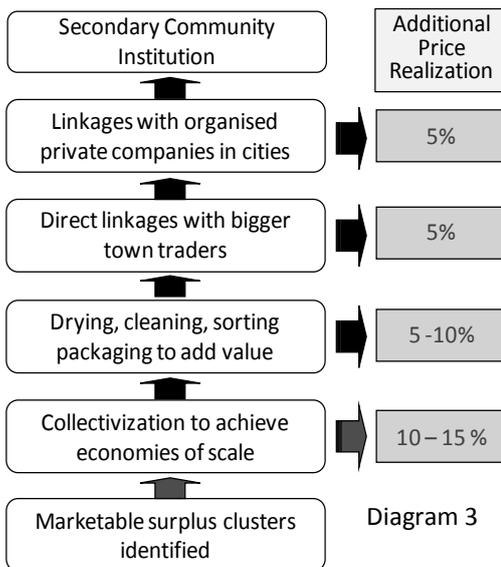


Diagram 3

begins by a detailed market understanding of surplus produce in the village followed by group orientation, creation of marketing infrastructure and establishing market linkages. Right business plan, audio visuals and IEC materials were used to ensure involvement of the poor at every stage of the process.

## Background

Lack of economies of scale, poor marketing infrastructure, no value addition, limited access to market information and poor access to organized buyers are major factors which prevent poor producers from getting best value for a wide range of agriculture, horticulture and non-timber forest produce. The Collective Marketing approach as explained in Diagram 3, addresses these gaps by following a participatory and community led approach.

## Approach

Collective Marketing follows a systematic process which

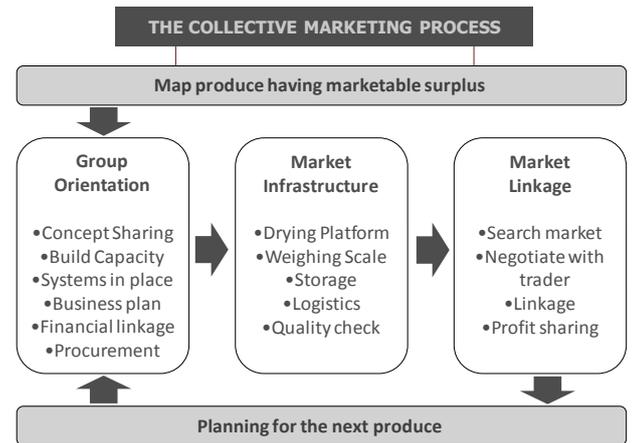


Diagram 4

## Caselet

Collective Marketing model has been adopted by many bilateral programs like DFID-WORLP, IFAD-OTELP, JICA-OFSDP, IFAD-JTDP, UNDP-JSLPS in states of Orissa and Jharkhand.

## Activities

1. Assessment of marketable surplus of major local agriculture, horticulture and non timber forest produce
2. Capacity Building of SHGs on market dynamics, enterprise promotion through training and exposure
3. Creation of infrastructure (storage godown, electronic weighing scale, drying platform) and introduction of value added activities
4. Market linkages with remunerative markets

## Outcome

1. Increased income of more than 10000 households across 500 villages
2. Economies of scale achieved at the village level resulting in linkage with bigger markets
3. Total turnover has crossed Rs. 80 million with ~15% additional income
4. Value Chain of major produce streamlined from marginalized producers to markets

## Learning

- Economies of scale and value addition have empowered poor to deal equitably with the market
- It has allowed emergence of community based enterprises
- Involvement of poor in value chain development has allowed marginalized players to achieve scale, participate in value addition and engage with markets
- Collaboration among community, NGOs and private sector has created synergies across the stages of supply and value chain resulting in win-all situations
- Enhanced income through an increase in price of produce in the underserved markets has helped poor get higher price continuously

# Public Private Community Partnerships

## Background

Promoting partnerships among poor communities, private companies and public entities is required to ensure sustainability of livelihoods. However, partnerships often involve complex cooperation processes since stakeholders come from different backgrounds, sometimes with opposing perspectives.

## Approach

PPCP is a formal or informal understanding among public, private, and community who work collaboratively towards shared purpose, and contribute to decision making, planning, and resources to share associated benefits and risks. PPCP is a win-win proposition with community at the center. The approach is depicted in Diagram 5.

## Benefit to Partners

- Benefits to poor include access to better and more convenient facilities with enhanced and sustainable income
- Benefits to private sector include market expansion, profit generation and fulfilling social responsibility
- Benefits to government include ensuring better quality of life for the poor, promotion of non-grant based sustainable initiatives with reduced dependency on subsidy



Diagram 5

## CASELET

MART implemented 'pay and use' community kitchen model in collaboration with HPCL, a public sector company, where *panchayat* donates a small room accessible to the socially and economically backward classes, HPCL contributes gas stoves, LPG cylinders and cooking utensils and a woman from the Self-Help Group (SHG) works as a caretaker. Women bring raw rice, lentil etc and take back cooked food paying a small fee of Rs 2. The money collected is used to buy refilled cylinder and for paying honorarium to the caretaker. This is a self-sustaining model. Over 1,600 community kitchens are operational in 5 States where 30,000 women use clean, convenient and safe LPG for cooking meals.

## Learning

- Identifying a common purpose across the partners ensures long term engagement
- Community ownership in partnerships ensures long term sustainability even after withdrawal of public and private partners
- Ensuring formal arrangement (MoUs) with Private Sector results in sustainability of the partnerships

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