



A study of Indian Social Enterprise Landscape – with special reference to Agriculture Sector

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Abstract:

A number of social enterprises have emerged since the early 2000s in response to the access and affordability challenges that low-income and underserved populations face, and the movement has gained traction in the last few years. Over the past decade, sustainable and scalable social enterprises have received increased investor interest, with the quantum of investments also increasing every year. This study on the social entrepreneurship landscape in India is particularly befitting to this objective as India is soon going to become the most populous country in the world. India's socioeconomic development in the last decades has been impressive, but it still faces challenges in the fields of agriculture. This research is aimed at studying the social enterprise landscape and its key stakeholders in India in agricultural sector. The study analysed sufficient number of agricultural social enterprises in India, each working in distinct ways to improve productivity, market linkages, and farmer incomes.

Keywords: *Agricultural social enterprises, Value chain, Agricultural engagement, Market linkages, Technology adoption*

1. Introduction

In India underserved and low-income communities face multiple challenges in accessing quality and affordable basic services. Approximately, 70% of India's population lives in rural areas with limited to no access to basic sanitation, health services, and electricity. The lack of access to these basic services has created multiple challenges to development, such as widespread poverty, unemployment, and increasing indebtedness of households. A number of social enterprises have emerged since the early 2000s in response to the access and affordability challenges that low-income and underserved populations face, and the movement has gained traction in the last few years.

With an estimated two million social enterprises, India is one of the most dynamic social entrepreneurship environments globally. A vibrant start-up community as well as sustained interest and support from impact investors in India and the world have resulted in hundreds of projects providing access to basic services and making dramatic changes in the lives of millions of Indians.

2. Meaning of Social Enterprise

Definition adopted: Social enterprises are predominantly for-profit private sector small businesses that engage with the low-income population to address challenges of access and affordability in critical needs sectors. De-constructing the definition 'for-profit' - social enterprises usually work with a financial objective, and hence are more likely to expand their services.

'Small-businesses' and 'critical needs' sector - social enterprises usually start small; these are enterprises that can be established locally to address the challenges in vicinity in sectors that are of prime importance such as health, agriculture, and financial services, among others.

'low-income' and 'challenges of access and affordability'- social enterprises mainly target low-income population, which is usually underserved by the mainstream enterprises to provide them required services/ products with easy access and at affordable rates.

In the absence of a standard definition for social enterprises, different studies have adopted different definitions when estimating the number of social enterprises existing in India. Social entrepreneurship can be understood as a process involving the "*innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs*" (Mair and Martí, 2006, p. 37). In social entrepreneurship, profit is a means to an end rather than an end in itself. Profits, or "surpluses", are used for the creation of social value, and for the addressing of a social need. Social entrepreneurs, are individuals (or groups of individuals) who identify, evaluate and exploit opportunities for social value creation through commercial activity, and using a range of resources at their disposal. **In this paper, we embrace this wider notion of social enterprise as not just an organisation but also as a catalyst to contribute to agricultural activity.**

3. Objective of the study

1. Analyse social entrepreneurship in India.
2. Study the contribution of social entrepreneurship for developmental activities in country.

4. Literature review

In a more recent review of social enterprise and network literature, Dufays and Huybrechts (2014) similarly highlight the insights traditional (commercial) entrepreneurship literature provides for developing theoretical arguments relating to the role of social networks in social entrepreneurship. They also make proposals for future research using social network theory to examine the emergence of social enterprise, while critiquing that "*social networks are little used so far to explain the emergence of social entrepreneurship*" (Dufays and Huybrechts, 2014, p. 231

The last several decades have left foot prints of many successful entrepreneurs and their enterprises. The popularity of entrepreneurship can be shown with the interest expressed by students to create their own businesses. Besides, many young graduates are embracing entrepreneurship as a career rather than lining up to be hired in large corporations (Scarborough, 2012). There is no single definition of entrepreneurship as there have been no consensuses on even one. However, Kuratko & Hodgetts (2004), defined entrepreneurship as a dynamic process of vision, change and creation.

Social entrepreneurship is an emerging field that can be characterized with literature gap, lack of consensus on definition, lack of frameworks, and scarce empirical data (Mair & Marti, 2006; Nicholls, 2006). The difference between social and business entrepreneurship has been clarified by different authors. According to Austin et al., (2006) the main difference between social and other types of entrepreneurships lies in the purpose the firm is established.

This was supported by Cukier, et. al, (2011) stating that social entrepreneurship focuses primarily on activities with social purposes whereas business entrepreneurship focuses on activities with business profit making purposes.

Different scholars tried to conceptualize "social enterprise", "social entrepreneurship" and "social entrepreneur" despite some differences (Defourny & Nyssens, 2008). Additionally, the fact that universities and business schools around the globe are currently involved in various education programs in social entrepreneurship and social enterprise raised research interest (Hulgård, 2010). Accordingly, Peredo & McLean (2006) concluded that social entrepreneurship is exercised where some person or persons aim either exclusively or in some prominent way to create social value of some kind, and pursue

that goal through some combination; recognizing and exploiting opportunities to create this value; employing innovation; tolerating risk and declining to accept limitations in available resources.

5. Methodology of study

This article is explorative in nature. The study completely depends upon heavily secondary data which was obtained from Bertelsmann Stiftung, Intelicap, for the in-depth theoretical knowledge and understanding the concept information have been gathered from number of reputed journals, magazines and surfing the net.

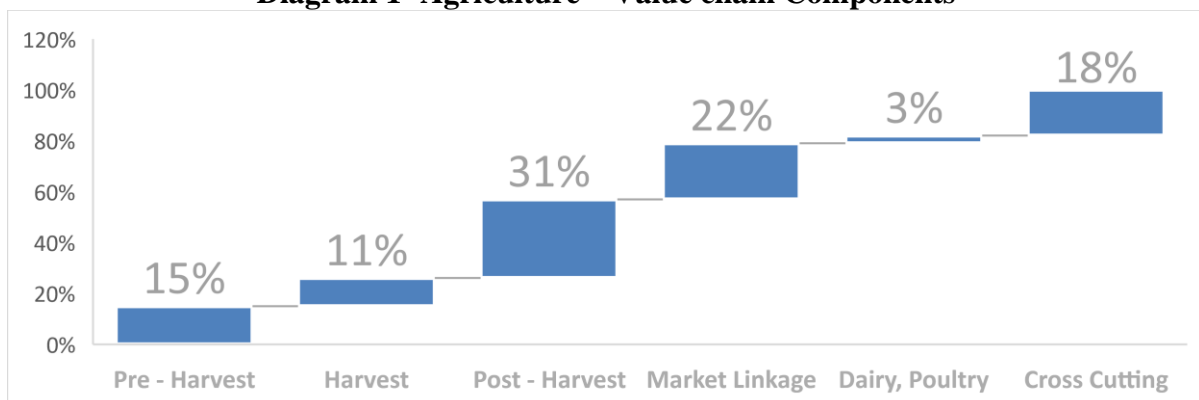
6. Analysing the information

Indian farmers are trapped in cycles of low earnings, depleting assets, and indebtedness that result in high instability and vulnerability; 83% of all Indian farmers are smallholders, who own less than two hectares of land that is highly underproductive³². Limited access to information about markets and the prevalence of middlemen in the supply channel also results in inadequate price realization for the farmers. In addition to this, infrastructural inadequacies in storage, farm logistics, processing, and financing lead to harvest and post-harvest losses that impact the sector and the economy. In 2016, harvest and post-harvest losses were estimated to be US\$ 13 billion in India.

7. Distribution of enterprises across the value chain

This study analysed 230 agricultural social enterprises in India, each working in distinct ways to improve productivity, market linkages, and farmer incomes. 18% of the Agri-enterprises operate across the value chain providing integrated agricultural services that cut across two or more of the four value chain segments. The following diagram shows several value chain components in agriculture:

Diagram 1- Agriculture – Value chain Components



Source: Bertelsmann Stiftung

For instance, Wingreen Farms supports farmers in the pre-harvest and harvest phases to reduce the use of unsustainable agrichemicals and increase productivity. The enterprise also brings post-harvest activities such as primary and secondary processing closer to the farm gate and sometimes even on-farm. 22% of enterprises support farmers with market linkages, providing either digital marketplaces, such as those provided by VegFru and Farmily, or direct to consumer linkages that facilitate purchase and sale of produce, such as the solutions offered by enterprises like Moksha Yug Access and DeHaat. 31% of the enterprises operate in the postharvest phase, offering loss-reduction solutions, processing facilities, and innovative storage and financing mechanisms to farmers. StarAgri Warehousing and Collateral Management offers warehousing, procurement, and collateral management for agricultural commodities. Through its subsidiary StarAgri Finance, the enterprise also provides warehouse receipt financing and other agricultural financing products such as loans and value-chain financing. Most of the enterprises in the pre-harvest phase such as Dhanuka Agritech, an agrichemicals provider, and Ulink Organics, a fertilizer and micronutrient manufacturer, provide inputs, while other enterprises such as Agrosaw manufacture and provide farm equipment. Enterprises in the harvest phase such as Green Max

Technology and Zamindara Farm Solutions provide cultivation support resources such as harvesting equipment.

Table 1: Agriculture – Value chain components with examples

Pre-harvest	Harvest	Post-harvest	Market Linkage
Agrosaw Dhaanya Seeds Skymet One Ulink Organics	Siri Flybird Innovations Vdrone Agro Eruvaka Technologies	GRoboMac I Say Organic StarAgri Warehousing	Farm 2 Kitchen Kisan Point Sabziwala Ninjacart

Source: Bertelsmann Stiftung

8. Geographic distribution of enterprises

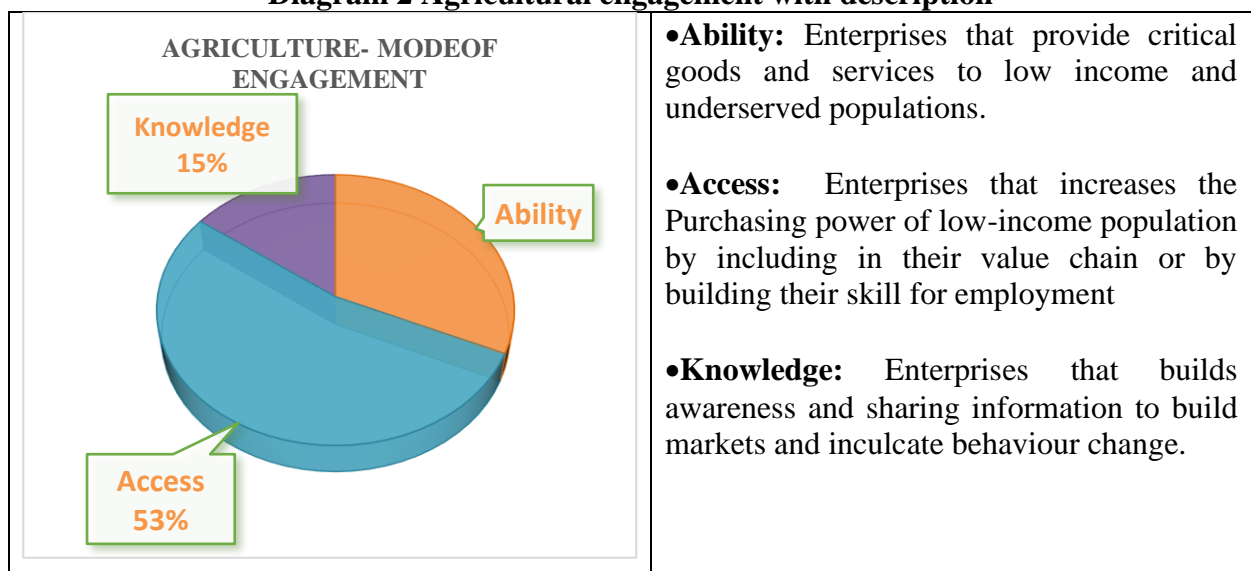
A majority of the enterprises analysed in this study are clustered around Maharashtra and Karnataka, followed by Telangana, Delhi, Haryana, and Tamil Nadu. Over 22% of the Agri-enterprises are headquartered in one of the five southern Indian states. 17% of the enterprises were based in the west – in states such as Rajasthan, Gujarat, and Maharashtra. Some of the more recently established (less than five years) enterprises are also based in the northeast and in the hilly regions of the north such as Himachal Pradesh. Many Agri-enterprises have scaled beyond their home state. 64% of the enterprises listed in the database have operations in more than one state, tending to focus their operations in specific regions or within the vicinity of their home state.

Enterprises such as Dodla Dairy, with headquarters in Hyderabad, Telangana, and Lawrencedale Agro (popularly known as Lawrencedale Estates & Farms or LEAF), with headquarters in Ooty, Tamil Nadu, confine their work to the five southern states. Similarly, Farm2Kitchen, an enterprise based in Haryana, has its operations in the National Capital Region (NCR), Haryana, and Uttar Pradesh. Around 36% have focused on scaling operations to more villages and towns within their home state. For instance, FarMart scaled to 10 villages in Uttar Pradesh, while Ninja Cart, which is based in Bengaluru, expanded to different parts of Karnataka.

9. Engagement with customers

Enterprise engagement with customers is categorised in the following way:

Diagram 2 Agricultural engagement with description



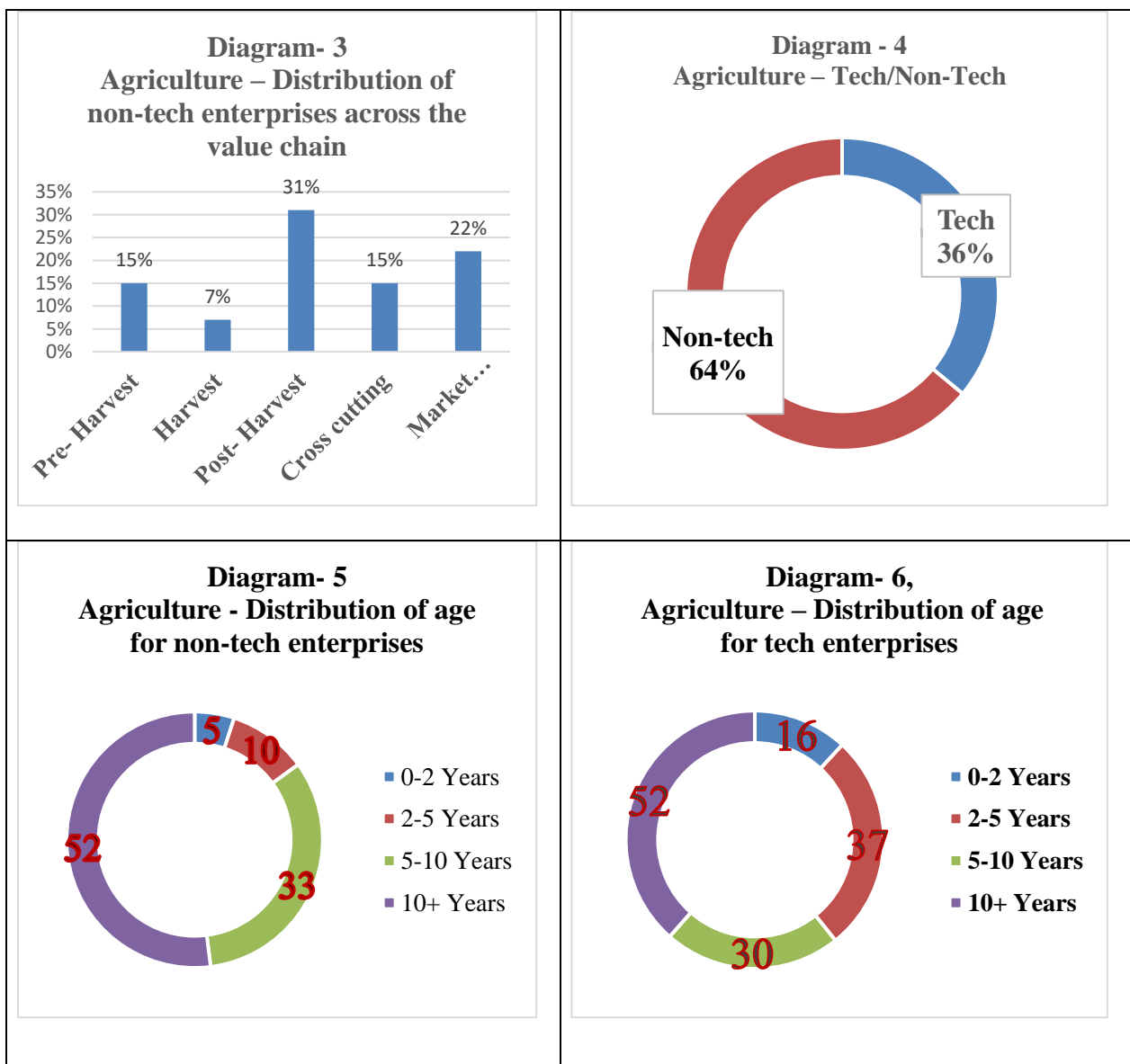
Source: Intellectap Analysis

The study found that 54% of the Agri-enterprises are focused on providing access to products and services ranging from equipment to financing, while a smaller number work with farmers as partners to improve their livelihoods. 32% of the enterprises improved the ability of farmers through either contract farming models, crop purchasing and extension support, or through the provision of high-quality, affordable, and sustainable inputs that could help reduce costs and allow farmers to increase their non-

farm livelihood opportunities. Knowledge enterprises constitute a minor category in the agriculture sector. These offer information and advisory support to the farmers, either in the form of market information on prices and demand, or in the form of weather-related information.

10. Adoption of technology

Agri-enterprises leverage technology to efficiently reach more customers and provide services in difficult-to-reach markets. Around 36% of the enterprises are technology-based, and most of them are geared towards providing market and pricing information or advisory services to farmers and other stakeholders. Technology uptake is still low in the sector, and farmers require some level of handholding before they begin to rely on data and ICT to plan, manage, and execute farm-level activities. Incorporating ICT into the business model is an emerging trend: Of all the technology-based enterprises, 16% were established less than two years ago and 37% less than five years ago. A diagrammatical presentation of entire information is as below:



11. Regulation and policy support to the sector

The growing traction and intent among social enterprises in India to solve challenges in agriculture is supported by government policies and initiatives. Some of the recent schemes from the central government focused on incentivizing the private sector to set up post-harvest infrastructure include a)

the cold chain, value addition, and preservation infrastructure scheme and b) the primary processing centres (PPCs) and primary collection centres (PCCs) in rural areas scheme.

12. Conclusion

Though enterprises show promise for scale and sustainability, the volatility of the Indian agricultural market and the sizeable population of small farmers with limited access to farm services remain key challenges. Enterprises cite the limited access to agricultural finance to be one of their biggest challenges. Interactions with enterprises such as AquaAgri Processing indicated that small and marginal farmers could not afford high-quality inputs, which are expensive due to the high costs of production and marketing.

Over the past few years, a number of models that create efficiencies within existing systems have emerged. The introduction of more market-oriented solutions that can integrate demand and supply to create efficiencies in production systems and in allied services, such as transport, processing, storage, and retail, has resulted in the development of institutions in the sector. It is necessary to address key challenges that the agriculture sector has to overcome in order to achieve improvements in productivity and profitability.

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