

Social Enterprises in Agriculture in India¹

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INTRODUCTION

Social entrepreneurship has emerged as a distinct field of academic interest in the last twenty years due to a combination of events that include Bill Drayton and the Ashoka Foundation celebrating twenty-five years of their pioneering work in 2005 (Bornstein 2004), Mohammed Yunus winning the Nobel Peace Prize in 2006 (Yunus 2006), and corporations searching for newer meaning and purpose with a rediscovery of the “social,” following corporate scandals and the global financial crisis (Brugmann and Prahalad 2007). From a focus on the person - the social entrepreneur and the process, that is social entrepreneurship, there is now increasing attention being paid to the product - the social enterprise. Like social entrepreneurship, social enterprises (SEs) too mean different things to different people. The two dominant trends in defining SEs – the European one that tends to focus on institutional structures that highlight the collective and participatory dimension and the American tradition of non-profits becoming more market driven (Galera and Borzaga 2009) seem insufficient to explain the diversity that exists in the Indian context. Similarly, Schorr’s (2006) call for a shift in understanding SEs from one related to small retail shops to one that would

grow and develop double bottom-line, that is consistent financial returns, even as they satisfy the social mission, it seems that Social Enterprise 2.0 too is not capturing Indian experiences enough.

India has been the hotbed of social entrepreneurship (the largest numbers of Ashoka Fellows are from India) and there has been a tendency to use Indian experiences and cases to feed into largely Western narratives and theories. Increasingly though, there is a realization that this fit has been uneasy and insufficiently accounts for the diversity of perspectives (Prasad and Satish 2018). The absence of a definition has not however hampered the growth of SEs in India. With an estimated two million SEs (British Council 2016), India is seen as one of the most dynamic social entrepreneurship environments globally. In response to the lack of access and affordability to basic services, a number of SEs have emerged since the early 2000s that have sought to solve problems of poverty, unemployment, and indebtedness of households.

The last decade has also seen a proliferation of articles on SEs through forums such as ‘The Better India,’ ‘Your Social Story,’ and Outlook Business’s annual feature, since 2009 on India’s 50 social entrepreneurs’, later ‘Good Businesses’.² While there is greater awareness on this nascent

1. Based on an elaborate chapter from Kanitkar and Prasad(2019), Farming Futures: Emerging Social Enterprises in India. It is a summary of evidences from research on case studies of 15 SEs

2 ‘The Better India’ has a separate social enterprise category with articles since 2012. See <https://www.thebetterindia.com/topics/social-enterprise/> and <https://yourstory.com/social-story>. Outlook Business magazine’s Independence Day special featured 50 social entrepreneurs in 2009 and from 2012 has called social enterprises as ‘Good Businesses’. See https://outlookbusiness.com/specials/24-good-businesses_2012 for instance.

sector there have been very few detailed case studies on how many survive beyond the initial flourish and investments. What are the challenges that enterprises face as they grow? How are they managing both their dual objectives of purpose and profit? Why is it that despite their growth and celebration in certain circles, SEs are still not recognized as legal entities in India? What implications do these have? Kanitkar (2018) has provided a recent overview of the theory, philosophy, landscape, and a working definition of SEs that informs this study. While journalistic accounts did celebrate the growth it was not clear how many survived to grow beyond the recognitions and also what, if any, was the role of grants as opposed to equity or impact investing in the growth of enterprises.

WHY STUDY AGRI-BASED SOCIAL ENTERPRISES?

There is an active SE ecosystem developing in the country. A good overview of the sector's proliferation is provided by Shukla (2018). Preliminary research indicated that there are some abiding challenges. For instance, as early as 2012, an Intellectap study (Allen et al. 2012) reports finance as a major constraint for budding SEs, an insight that is repeated in their 2018 report. Accessing capital both for start-up and expansion was observed as a big constraint in that study in addition to hiring and retaining talent. Thus, both the human and the financial resources that are the foundation of any enterprise were the weakest links as per the findings of that study. Building value chains that are sustainable for the poorer segments of society was seen as a huge challenge. This was contrary to the arguments of thinkers such as C. K. Prahalad and the donor community that advocated a market-led approach for development as panacea for India's poor.

The current discourse on SEs is skewed towards the western worldview of interactions between economy and society and does not take into account the complex socio-political-economic landscape of the third world such as India (Prasad and Satish 2018). The absence of appreciation and understanding of this reality

reflects in the dominating discourse that is based on the wish of the benevolent power of the market.

RESEARCHING SOCIAL ENTERPRISES – BEYOND DEFINITIONS

Researching SEs is almost like the story of an elephant and seven blind men. Some of the researchers have viewed from a lens of innovation and technology, a few others from the lens of mainstream management theories. There are studies to trace social entrepreneurship from sociological and anthropological perspectives. Thus, the study of SEs is an amalgamation of several disciplines such as innovation and creativity, management, strategy, entrepreneurship, start-up finance, and public policy, to list a few. Defining SEs in precise words might block us in unproductive semantics; so it might be desirable to proceed with a “working definition” rather than a precise agreed-upon definition by one and all. For purposes of this chapter, characteristics of SEs have been defined later, keeping in mind not to separate academic journals and practitioner's perspectives.

While *theory building* is necessary and important for the development of this nascent field, the author has chosen to focus on the *practice of social entrepreneurship* as it unfolds in several parts of India, on a real time basis. By doing so, it is hoped to be able to find some patterns and commonalities, decipher broad trends and directions of the growth of the sector, and then draw lessons that can feed simultaneously both the academic space as also the policy discussions.

The literature on SEs often reflects one's position within the state-market continuum. A predominantly rights-based development discourse is likely to view the emergence of SEs as a political conspiracy to blunt the critique of the negative consequences of power of the market forces. They would argue that the market is an evil that perpetuates inequity and injustice and thus needs to be strongly regulated, if not eliminated. The contrary position is the faith in the power of the market and harnessing that for the betterment of the poor. This form would

work equally well for all sectors; health, education, water and sanitation, skilling, or agriculture.

Quite a few authors claim that SEs are in the business of changing the world around. Social enterprises alone can bring more enlightenment and happiness to the world. The proponents of this line of argument also pronounce that SEs as an idea is 'superior' to the existing prevailing concepts of responsible businesses, triple bottom line, sustainable businesses, B Corporations, conscious capitalism, and so on.

FARMING FUTURES AND EMERGING SOCIAL ENTERPRISES

The late Sharad Joshi, a farmer leader from Maharashtra of the early 1980s, conceptualized the dichotomy between Bharat and India, the farmers and agriculture on the one hand and rest of the country on the other.³ Our focus of this study is on SEs in Bharat, SEs promoted for the benefits of a considerable number of people engaged in agriculture and agro-allied activities such as dairying and fruits/vegetable cultivation. We believe that the topic is extremely contemporary but also assumes critical importance given widespread agrarian distress.⁴ Farmer agitations have spontaneously emerged at several places in the country in the last few years. Depressed commodity prices in Indian and global markets have brought to focus the issue of increased or living farm income even as India celebrates its top position in many agricultural commodities and there is a large surplus of food grains. There is a thick air of despondency, with farming often becoming an occupation for the middle-aged, elderly, and women who are unable to migrate. Given this scenario, are SEs the new hope for Bharat or agriculture? Can they bring back a sense of agency to farmers who have otherwise been seen as passive recipients of governmental aid or 'subsidies? This chapter

hopes to throw some light on the future of farming.

The following heuristics on SEs are proposed, instead of a definition, following an extensive review of literature both by leading thinkers and practitioners. These statements below do not aim to provide a definition of SEs but an attempt to describe and as a guide for the scope of the chapter.

- Social enterprises are Mission First organizations. In SEs, purpose precedes profit. The compelling reason to begin an SE is to address a 'social cause,' bridge a social deficit, and therefore to create a public good. In a private, for-profit venture, the enterprise is conceived to respond to an unmet need/demand. If responded well, it will generate profit for the entrepreneur creating a 'private good'. Social and or other impacts are not necessarily a concern at the beginning though those benefits might also arise as consequences.⁵
- Social enterprises often occupy a space that is left by the government, is untouched by the market, and only partially addressed by the civil society sector. The commercial, for-profit Ventures will attempt to address a 'deficit' where they see a clear opportunity to earn revenue. The government will attempt to address that deficit through provisioning of services, mostly in a welfare and charity orientation. Wherever such provisioning is not possible, experience shows that the governments tend to abdicate its responsibility. While civil society organizations do fulfil this gap in some cases they will stay as long as grant support is available; market-based actors often will choose to focus only on low-hanging fruit. Social enterprises take on the challenge of occupying this space with the ambition of serving a cause and that too in an efficient manner. Social enterprises thus occupy a middle ground in the continuum of philanthropy/charity on one end of

3. See <https://www.thehindubusinessline.com/2003/02/12/stories/2003021200050800.htm> for the debate.

Also <https://www.livemint.com/Opinion/1aNw7FGEBxnHoXL12650dM/Indian-agriculture-and-Sharad-Joshis-ideas.html>

4. See <https://www.downtoearth.org.in/news/agriculture/a-nationwide-wave-58214> for an account of farmer's protests across India reflecting agrarian distress and need to look beyond loan waivers as a response.

5. The goal of India's most trusted corporate in the early 1990s was, for instance, to set up a steel factory as the country needed steel for industrial development; having a planned city for the employees to reside was a follow-up action and not vice versa. For a comparison between social and corporate enterprises see Trivedi and Stokolis (2011).

the spectrum and commerce and world of profit on the other (see Dees 1998, 2007). Social enterprises embrace the notions of profitability and efficiency associated with the enterprise way of functioning without compromising their mission. Thus typically, they seem to be a hybrid organization, based on the foundation of values but practicing the principles of business and profitability.

- The work and working of SEs can be summed up as the trinity of *access*, *affordability*, and *assurance*. The SEs attempt to provide products and or services to those who are excluded, at a price that their customers can afford, and guarantee same quality of performance of their product and or service.
- A SE thus is seen as a *means to achieve an end*. The end objective is to achieve a social impact, and the enterprise way of

functioning is seen as the best way to attain that objective. Thus, 'social' is the primary goal and enterprise objectives are secondary. It is about prioritizing the 'end and means'. Profit is a means to further a social cause.

- The performance measure for an SE is the social impact that it creates. A SE aspires to create social value. For a commercial enterprise, the sole measure is profitability and return to the equity investors. It might be argued that even a for-profit enterprise generates a social impact such as creation of employment and payment of taxes for the government. However, the primary motive is not employment creation but profit maximization. Other benefits are unintended positive consequences and not by design.

Table 5.1 summarizes the definition of an SE for this research and contrasts it with the for-profit business enterprises.

Table 5.1: Contrasting business and social enterprises

| Defining characteristics | Social enterprise | Business enterprise |
|---------------------------------|---|--|
| The trigger | Identification of a social cause/problem that needs to be addressed | Identification of a business opportunity to offer product and/ or service at a price |
| Vision and objectives | Respond to social problems | Profit maximization |
| For whom | Underserved population, excluded by market, inability to pay (affordability), or sheer lack of accessibility (exclusion) | Any and every customer who has the ability to pay (thus, those who are not potential 'consumers' are excluded) |
| Led by | Social entrepreneur/s and supporting team | Entrepreneur/s and promoters |
| Early resource mobilization | Own sweat equity, interested stakeholders in the vision, philanthropy capital mostly as grant and/or subsidized loan | Own capital and later mainstream capital through mainstream banking and other financial institutions |
| Finance structure | Start-up grants, low-cost capital, patient capital (also now referred to as blended finance), both grant and loans | Mainstream financial instruments such as loans, bank borrowings, equity from shareholders, etc. |
| Revenue stream | At least 25% to 50% revenue from fees/income ⁶ with an aim to become operationally self-sufficient over a longer term | Full-scale commercial operations with break-even analysis and goals of profitability |
| Management capacities | Mostly own vision-driven and later expanded, often not necessarily present in the initial stages, but acquired later | Hired through professional sources and from the market at competitive remuneration |
| Sharing of benefits and rewards | Social returns and impact on the community, profits pooled back to further social objectives and appropriately pooled in for growth and expansion | Measured as return on investment and equity (RoI and RoE) market capitalization, share value appreciation, profits distributed as a dividend to shareholders and promoters as also capitalized |
| Measure of success | Social impact is the key measure. Triple bottom line with equal emphasis on sustainability of solutions to problems being attended to | Double bottom line sometimes might also be at the cost of long-term sustainability |

Source: Kanitkar and Prasad (2019)

⁶ As suggested in British Council (2016).

MANAGEMENT AND GROWTH CHALLENGES FACED BY SOCIAL ENTERPRISES

There are many initiatives in the country targeting the start-up phases of SEs. These include incubation, provision of start-up capital, recognition regarding awards, and linking SEs with many promotional schemes of the government such as Make in India and Startup India. Some of these initiatives are too raw, and in a field like agriculture, we believe, a minimum of 3-4 years of operations is essential for an enterprise to evolve a business model.

The focus of the chapter is on management challenges that SEs face in their journey from an idea to scalable enterprise activity. While there is an emerging theory of SEs, the chapter focuses on practice of SEs, on the following three aspects:

- The first was to map the status of SEs in the country. This included a review at the macro level (understanding and mapping the ecosystem) as also several individual case studies focusing on a particular sector. Agriculture sector has been chosen for the chapter.
- The second was to undertake a comprehensive analysis of the SEs that were operational for at least more than three to four years. With the help of balance sheets of these SEs and analysis based on that information, several hypotheses regarding the espoused claims of forming a SE and their actual performance were tested. While doing so, it was hoped to derive learning in incubating, promoting, and managing SEs as also the challenges in creating a dynamic ecosystem of SEs in the country.
- The third was to explore the prospects for the SEs and the possible interventions that could further facilitate the emergence of the SEs and energize the whole ecosystem.

SELECTING THE ENTERPRISES

A universe of close to 250 SEs were examined across the country of which fifteen were selected for detailed case studies. Various reports, publications, information about awards and fellowships were reviewed. The sample was purposive but the intent was to cover as many enterprises across the country rather than focus on selected states (for instance, half of the 250 enterprises in a recent study [Ganesh et al., 2018] were drawn from a handful of states).

The selected SEs were preferably functioning in rural and semi-urban settings and/or for communities residing in rural India. Preference was for SEs in the rural space. Another filter that was used was the year of incorporation of the enterprises. Those formed between 2004 to 2015 were shortlisted. The idea was to study their organizational and enterprise performance over at least three to four years of their functioning. It was expected that the SEs would share their financial statements that would enable the study of their performance. Hence, there are no start-ups covered here.

An attempt was also made to include SEs across the value chain. In selecting the sample, it was proposed to include SEs that have reached scale. While it is difficult to objectively define scale, if need be, SEs that were organized on a smaller scale within limited geography and outreach were excluded. SEs were not chosen on the basis of their legal structure. Instead, organization had a revenue model was looked at.⁷

A case study methodology was followed, to understand how the SE attempted the balance in achieving social and commercial objectives. The purpose was to ascertain the dilemmas and the challenges in balancing the social and commercial objectives. In the process of interactions with the enterprises, both qualitative and quantitative data that was useful for analysis was obtained. So while the case study method was useful to learn processes in managing the growth of the SE, a detailed analysis of the financial statements of

⁷ This is borrowed from the methodology of a survey of SEs in India. (British Council 2016, https://www.britishcouncil.in/sites/default/files/british_council_se_landscape_in_india_-_report.pdf) We also *excluded* the study of microfinance institutions (MFIs), self-help group (SHG)/federation (SEs broadly formed for financial inclusion purposes) since there was already sufficient literature on MFIs and SHGs. We also did not include farmer producer companies (FPCs) and/or cooperatives as they are organizationally different and more complex.

the SE and associated institutions enabled an understanding of the enterprise dimension of the organization.

Through the case studies of 15 SEs in agriculture, we aimed at a better understanding of some of the key management challenges that SEs face.

PROFILES OF SOCIAL ENTERPRISES AND ENTREPRENEURS STUDIED

Table 5.2 shows the distribution of the social enterprises studied as per the regions they cover and their year of commencement of business operations.

The social enterprises included here have been chosen in a manner that they have been in operation for a minimum of four years. The average age of the enterprises is nine years and the enterprises are past the ideation and incubation stages, with a business model and seeking to grow. The above choice was purposive and omission of start-ups and those enterprises that have begun recently was deliberate. There are many stories and reports in social and popular

media on such enterprises and innovative ideas acclaiming their 'successes'. Case studies from the north-eastern region are few in the list since not many could be identified that also had reasonably scaled activities.

Apart from Ekgaon that was founded in 2002, but began its online sales only in 2015, the rest of the social enterprises are 21st-century institutions representing one possible direction of the future of farming that increases farm income while being profitable.

In terms of regional spread there are three cases each from Maharashtra and Bihar, two from Karnataka and Maharashtra, two with a significant all-India presence and the rest distributed across the country including Assam, Odisha, Andhra Pradesh, Telangana, Tamil Nadu, and Madhya Pradesh, thus covering ten states across India.

Legal Status

The social enterprises included here are registered as NGOs/Trusts and/or for-profit private limited companies. Table 5.3 presents the registration details of the cases studied.

While all enterprises are registered as for-profit entities, five of them have not-for-profit wings that in some cases have preceded the social enterprise.

Table 5.2: Social enterprises included in this study

| S No. | Registered name of the social enterprise | Main area of operation | Founded |
|-------|--|----------------------------|---------|
| 1 | AgSri Agricultural Services Private Limited | Telangana | 2010 |
| 2 | Earth 360 Eco Ventures Private Limited | Andhra Pradesh | 2010 |
| 3 | Ekgaon Technologies Private Limited | Tamil Nadu, Madhya Pradesh | 2002 |
| 4 | Ergos Business Solutions Private Limited | Bihar | 2012 |
| 5 | FlyBird Farm Innovations Private Limited | Karnataka | 2013 |
| 6 | Fresh Produce Value Creation Services Private Limited | Maharashtra | 2014 |
| 7 | Green Agrevolution Private Limited | Bihar | 2010 |
| 8 | KNIDS Green Private Limited | Bihar | 2012 |
| 9 | Krishi Direct Trade Private Limited | Maharashtra | 2014 |
| 10 | Milk Mantra Dairy Private Limited | Odisha | 2009 |
| 11 | Safe Harvest Private Limited | All India | 2009 |
| 12 | Simple Farm Solutions Private Limited | Karnataka | 2013 |
| 13 | Skymet Weather Services Private Limited | All India | 2003 |
| 14 | Tamul Plates Marketing Private Limited | Assam | 2009 |
| 15 | Under The Mango Tree Naturals and Organics Private Limited | Maharashtra | 2009 |

Source: Kanitkar and Prasad (2019)

Table 5.3: Legal registration and organizational format

| S No. | Registered as for-profit entity only | Hybrid (Registration and organization as two entities: one as for-profit and another as NGO/ Trust receiving grants) |
|-------|--------------------------------------|--|
| 1 | AgSri | Fresh Produce Value Creation Services Private Limited (Krishi Pragati Foundation is the NGO) |
| 2 | Earth 360 | Green Agrevolution Private Limited (Farms-n-Farmers Foundation is the NGO) |
| 3 | Ekgaon | Knids Green (Kaushalya Foundation is the NGO) |
| 4 | Ergos | – |
| 5 | FlyBird | Under the Mango Tree (UTMT Society is the non-profit wing) |
| 6 | Krishi Direct | Tamul Leaf Plates (Dhriiti, the Trust that supported Tamul) |
| 7 | Milk Mantra | – |
| 8 | Simple Farm Solutions | – |
| 9 | Skymet | – |
| 10 | Safe Harvest | Its network of NGOs are grant-receiving entities |

Source: Kanitkar and Prasad (2019)

Who are these Social Entrepreneurs?

Some of them have begun their activities with a group of like-minded individuals as co-promoters whereas in some case studies, these are individual efforts. Table 5.4 summarizes the background of the individuals covered here.

Thirteen of the promoters were post-graduates and one each a doctorate and a bachelor in engineering. Seven of the thirteen had a business management degree that seems to have helped them in managing the enterprise. Interestingly though, most of the entrepreneurs leading the enterprises have no formal agricultural background (Kaushlendra of Knids Green being an exception).

Table 5.5 below presents an overview of the social enterprises covered in the study from the viewpoint of perceived gaps identified in the existing ecosystem and the social problem/s that the enterprise aims to address. If the entrepreneurs identified a certain deficit or a social problem that needed to be addressed, they evolved their business around those gaps and deficits.

Social Objectives of the Enterprises in this Study

In Table 5.6 the attempt is to focus more precisely on the ‘social’ objectives that the enterprises attempt to achieve. These objectives

are in response to a perceived gap in the present ecosystem within which they operate. The promoters of the social enterprises decided to address some or most of the gaps through their enterprises. Three broad identified characteristics of their interventions are:

- Access - to information, products, services, finance, technology, markets or institutional support structures.
- Assurance - of quality, consistent offering of services or products otherwise made available both at the farmer’s end and or at the consumer’s end.
- Affordability - of products and services to those who are usually left out either by the market mechanism and in government interventions.

In the existing ecosystem there was a deficit often on all fronts. Access to the products and services was non-existent or limited; assurance of the quality of performance of products being sold was low; and what was being marketed was not affordable to the potential customers. The social enterprises tried to address all or some of the three deficits as summarized in Table 5.7.

Table 5.4: Social enterprise promoters' educational, and professional background

| S No. | Social enterprise | Educational background of the key promoter | Work experience | Observation on the journey of the promoter/s |
|-------|-----------------------|--|---|---|
| 1. | AgSri | Ph. D. | As a researcher in international institutions in same field but not as entrepreneur | Had to learn social entrepreneurship management on the job |
| 2. | Earth 360 | Electrical engineer | As a NGO professional but not as an entrepreneur | Had to learn through experience and engineering background was useful for developing appropriate machinery |
| 3. | Ekgaon | Post-graduate diploma from forest management institute | No experience in the business activities chosen | Learning by doing |
| 4. | Ergos | Post-graduate in management with specialization in marketing | No experience in the business activities chosen, worked in financial service sector | Self-incubation, learning by doing |
| 5. | FlyBird | Post-graduate in information technology | No experience in chosen business | Learnt by observing farmers and their difficulties in irrigation |
| 6. | Fresh Produce | Post-graduate in management | Worked as professional in large private sector business organization in fresh fruits and vegetable marketing | Built on learnings offered in earlier jobs and evolved business model to bridge gaps found earlier |
| 7. | Green Agrevolution | Textile technologist | Worked on diverse assignments in private advisory services in FMCG, oil, retail, healthcare | Learning by doing, from not-for-profit to for-profit and hybrid business model |
| 8. | Knids Green | Post-graduation from Indian Institute of Management (IIM) Ahmedabad (Agri- business) | Opted out of placement and worked on his enterprise from start | Learnt from active involvement in creating a local ecosystem |
| 9. | Krishi Direct | Post-graduate in engineering and later in management from Kellogg School of Management | Work experience of ten-plus years but no prior experience in India, spent initial years working with another venture and gathered relevant experience in agri- value chains | Learning by doing and building on experience gained as an intern in India |
| 10. | Milk Mantra | Post-graduate in management | Occupied senior positions in a large corporate in and outside India but no prior experience in the dairy industry | Organized team to bridge the skill gaps and learnt on the job |
| 11. | Safe Harvest | Post-graduate in economics | No prior experience in value chain development but significant expertise in development sector | Learnt it as the social business began to function. |
| 12. | Simple Farm Solutions | Post-graduate in engineering | As an employee in the business run by father and exposure in a training programme in IIM Bangalore | Observed difficulties of farmers, developed ideas with fellow participants in training and began implementing ideas |
| 13. | Skymet | Degree in journalism | No prior experience in the field of social business | Organized a team and learnt on the job, sensing new opportunity |
| 14. | Tamul Leaf Plates | Post-graduate in rural management | No prior experience in chosen enterprise activity | Learnt while the enterprise was incubated |
| 15. | Under The Mango Tree | Masters in Regional Planning from the Massachusetts Institute of Technology (MIT) | No prior experience, experience was in finance and unrelated sector | Learnt as social enterprise activities expanded |

Source: Kanitkar and Prasad (2019)

Table 5.5: Perceived social problem and core idea of the social enterprise

| S No. | Enterprise | Perceived gaps or needs | Core idea of the enterprise |
|-------|-----------------------|--|---|
| 1. | AgSri | Conventional sugarcane cultivation is a water guzzler and hence unsustainable for the farmer and the economy | New method of cultivation of sugarcane (planting one-month old plant raised in nursery) leading to significant reduction in seed-cane, water, and fertilizer usage, resulting in substantial gains in productivity |
| 2. | Earth 360 | Millets, the core of food basket and cultivation practices in rural India, got replaced by wheat and rice in the last 30 years as an unintended consequence of the Green Revolution. This has deprived both rural and urban consumers valuable sources of nutrition and has led to unsustainable mono-cropping solutions | Ambition of reviving the millet economy in the drought affected regions of Andhra Pradesh and all over the country and building a value- chain linking farmers and consumers in a decentralized manner with infusion of appropriate technological interventions at the farmers' end |
| 3. | Ekgaon | While technology has the potential to connect, small farmers might miss out on the possible benefits of technology and connectivity | Using the Internet to connect farmers with input and output market |
| 4. | Ergos | Farmers, especially small and marginal, don't have access to warehouse facilities that are located in distant market yards (Agricultural Produce Market Committees—APMCs). Payments often follow non-transparent management practices, often leading to distress sale immediately after harvest | Providing professional warehousing services almost at the doorstep of the small farmers, including financial products in Bihar, thereby providing options to prevent distress sale of agri-commodities |
| 5. | FlyBird | Erratic electricity supply from providers forces many farmers to provide untimely and unmeasured irrigation for crops, leading to low productivity and significant wastage. The imported equipment is too expensive for small farmers | Making affordable, reliable, and simple irrigation controllers that ensure 'smart' irrigation to crops in the light of erratic electricity supply |
| 6. | Fresh Produce | Farmers are stuck with B, C, and lower quality produce as corporate private sector aggregators who promise to link with the market pick up only the best (A) grade fresh produce. There is no assurance that buying will be certain round the year, making crop planning for farmers a gamble | Building an efficient supply chain for fresh fruits and vegetables for farmers for supply to hostels, restaurants, consumers, and export markets |
| 7. | Green Agrevolution | Small farmers are left out in most of the value chains | Linking small farmers to the urban market through innovative methods |
| 8. | Knids Green | Market linkages for farmers producing fruit and vegetable markets are missing | Establishing market linkages for farmers producing fruit and vegetable markets in Bihar |
| 9. | Krishi Direct | Farmers producing perishable commodities often face distress sale, often as low as 50 paise a kilogram. Yet there is a demand for high-quality produce that farmers are not aware of | Connecting tomato farmers to the value-chain actors and urban markets |
| 10. | Milk Mantra | Dairying in milk-deficit Odisha has not benefited from Operation Flood and official state-promoted dairy federation has been inefficient and loss-making. There is a significant untapped potential in the dairy sector capable of generating livelihoods for the poor | Promoting ethical milk business and practicing conscious capitalism in a traditionally milk deficient eastern Indian state |
| 11. | Safe Harvest | Over-exploitation of land productivity by application of excessive dosage of chemical pesticides and fertilizers on one hand and growing consumer awareness for affordable 'safe food' in urban markets | Creating a unique brand identity for agricultural produce that is pesticide free and promotes value chain, linking farmers and urban consumers |
| 12. | Simple Farm Solutions | Existing farm machinery often at high capital investment offered by corporates and those products overlook needs of farmers with small parcels of land and low capital investment appetite. On the supply side, labour shortage at critical times and higher costs of labour | Developing, manufacturing, and marketing innovative, affordable, and quality machinery for farmers with small landholdings and reducing drudgery |
| 13. | Skymet | Lack of timely, accurate, and detailed localized weather advisory services for all stakeholders (farmers, insurance companies, and governments) | Providing accurate and reliable weather advisory services to a range of stakeholders in the economy in general and those connected with the agriculture sector in particular |
| 14. | Tamul Leaf Plates | Existing chemical products environmentally unsustainable, leading to significant damage to local ecology | Promoting decentralized production of leaf plates using locally available raw material; replacing synthetic product with environmentally sustainable Product |
| 15. | Under The Mango Tree | A vast and yet untapped opportunity that has potential for both direct livelihood enhancement and indirectly, productivity of other agricultural crops | Promoting bee-keeping for better agricultural productivity and market linkages for honey |

Source: Kanitkar and Prasad (2019)

Table 5.6: Social goals articulated and demonstrated – access, assurance, and affordability

| S No. | Enterprise | Social goals |
|-------|-----------------------|--|
| 1. | AgSri | Water conservation, environmental protection, and low carbon footprint (<i>assurance</i>) |
| 2. | Earth360 | Diminishing role of millets in the food basket of the poor and getting it back at the centre of action both for farmers and consumers (<i>access</i>) |
| 3. | Ekgaon | Digital platform as a tool to build linkages both at the back end and at market end (<i>access</i>) |
| 4. | Ergos | Existing warehousing services facilities are skewed towards large farmers and hence not accessible as also affordable. Farmers lack trust (<i>assurance</i>) too, unsure if the facility is free from wastage or pilferage. |
| 5. | FlyBird | Substituting high cost imported controllers (<i>access, assurance, and affordability</i>) |
| 6. | Fresh Produce | Buying entire produce (not just A-grade) of farmers thus overcoming major deficiencies in other private operators (<i>access and assurance</i>) |
| 7. | Green Agrevolution | Promoting a value-chain for farmers in Bihar (<i>access</i>) |
| 8. | Knids Green | Market linkages for farmers producing fruit and vegetable markets (<i>access</i>) |
| 9. | Krishi Direct | <i>Access and assurance</i> to market for a volatile perishable crop such as tomato |
| 10. | Milk Mantra | <i>Assurance</i> of ethical business practices and fair return to farmers influenced by the belief of principle of conscious capitalism as also assurance of quality to urban consumers |
| 11. | Safe Harvest | Access for farmers producing non-pesticide agricultural produce and assurance to urban buyers for the fidelity of NPM (non-pesticide management) product |
| 12. | Simple Farm Solutions | Small farmers who are never at the centre of any innovation for machinery manufacturers; thus <i>access and affordability</i> ; co-creation of design of machinery and testing at farmers' site so as to ensure easy adoption and ease of maintenance at a later stage |
| 13. | Skymet | <i>Assurance</i> of quality weather advisory services at affordable costs; accurate, timely, and relevant for local conditions, so necessary for farming operations information |
| 14. | Tamul Leaf Plates | Access to market for a large number of scattered producers |
| 15. | Under The Mango Tree | Responding to both productivity enhancement and creating access market linking |

Source: Kanitkar and Prasad (2019)

INSIGHTS FROM THE STUDY OF SOCIAL ENTERPRISES

Certain patterns and commonalities were observed in the individual journeys of social entrepreneurs. While each enterprise is unique, there are a number of lessons for the stakeholders including individuals who aim to promote their own SEs in times to come. The case studies offer rich insight into the challenges that they are likely to face and the capabilities that they need to acquire to be better equipped and be successful in their business activities.

Stories of Courage and Personal Risk-taking

The fifteen social entrepreneurs profiled here have displayed great personal courage and conviction. All of them have a huge risk-taking appetite. Leaving a secured career trajectory with certain assurance of reaching top management/ leadership positions, albeit in an enterprise promoted by someone else, requires huge risk-taking aptitude. Ample evidence of this trait is seen in many of the individuals who were covered here.

There were three case studies from Bihar, the entrepreneurs were well-settled in their respective

professions while working in Bengaluru, far away from their home state. They had no connection with agriculture except a passion that connected them to return to Bihar, their home state to do some grounded work and contribute to the well-being of fellow farmers there. This was a tough and risky personal career choice. But all three took the plunge. The two women entrepreneurs in this study, too had assured jobs and a definite career path that did not pose many uncertainties.

Social Entrepreneurs as Innovators

Management literature on corporate entrepreneurship offers numerous evidences of how the entrepreneur is able to forge a breakthrough in either product design, manufacturing, marketing or in all these three domains to make a dent in the market. Innovation helps the entrepreneur to offer something new to fulfil an existing or even a non-existent demand of consumers. The trajectories of personalities such as Apple founder Steve Jobs to an owner of a small business display these qualities - of an innovator disrupting the status quo. This point was first made in a most emphatic manner by C. K. Prahalad in his book *The Fortune at the Bottom of the Pyramid*. The famous example of the 'Jaipur Foot' testifies to these observations. The cost of an artificial limb was brought down by 54 times (5,400 per cent) from the nearest competitor, an imported product. The social entrepreneurs profiled here demonstrate many qualities, 'innovation and creativity' being one of them.

Search for the 'Right' Business Model

While entrepreneurs in general and social entrepreneurs in particular might quickly identify a gap or a deficit in the existing product/market ecosystem that they wish to address through their business, the 'appropriate' response in terms of devising a 'right' business model may take many years. The business needs to commit significant amount of both human and financial resources. There are no blueprints available and most of the entrepreneurs covered here have found a

'right' business model after going through several phases of experimentation before settling down on the current business model. What is the average time for incubation? Is there a standard prescribed time norm for the enterprises to get this model right? From the case studies, it is difficult to predict this time frame. However, what is clearly visible is that the search for the 'right' business model requires a long haul. There are no readymade business models out of the shelf. There are no bankable project reports that can be copied and implemented off the shelf. The time for testing, calibrating, retesting, and recalibrating might take even five to seven years till the SE is able to 'finalize' its business strategies.

Collaboration and Partnering as Strategy to Build Farmer Linkages

Some of the SEs which do not have a hybrid model are proactively collaborating with other actors in the enterprise ecosystem, specifically to build interface and subsequent business linkages with farmers. In doing so, they seem to be adhering to the strategy of building on core competency. If the enterprise specializes in establishing market linkages and marketing products and services, they develop partnerships with farmer producer companies (FPCs), federations of women, joint liability groups (JLGs), farmers' clubs, and so on. All these formal and informal institutions of farmers have been promoted under the auspices of several programmes supported by national institutions such as NABARD and Small Farmers' Agribusiness Consortium (SFAC) of the central government. Other programmes such as the Agricultural Technology Management Agency (ATMA) have also encouraged farmers to promote formal and informal groups. In many of these government and NGO supported programmes, while valuable social capital is created, the organizations remain clueless in terms of actions that need to be taken to engage with the market. Neither have they had requisite professional experience nor financial capital to join marketing activities. Some of the social enterprises have stepped in to fill this space.

While farmer producer organizations (FPOs; FPCs when registered as a company) continue to focus on mobilization and increasing productivity, the subsequent value chain interventions are undertaken by the SEs in the agri-sector that have the potential to contribute significantly to the well-being of small and marginal farmers, who can then engage with markets on a collective basis in partnership with social entrepreneurs.

Balancing Social and Business Objectives - A Tightrope Walk

A SE, by its very definition aims to achieve both commercial and social objectives. While doing so, they experience dilemmas that require them to arrive at decisions that are inherently complex. What are these dilemmas? What are the trade-offs that they have to weigh on before settling on a particular decision? There were several examples among the SEs covered here that present illustrations of these dilemmas. These entrepreneurs had to face conflicting and competing decision options in pursuit of their business.

Cross-subsidizing the small and marginal farmer with revenue streams generated from other key stakeholders such as processors, large traders and financial institutions, among others was another pillar of the business strategy. They were also conscious of monitoring key variables both on the commercial side as well as social side of the business - such as percentage capacity utilization (commercial) and percentage of marginal farmers utilizing the warehousing services (social).

Finding Competent and Motivated Colleagues and Staff

Like any other enterprise, SEs and their promoters have to identify, recruit, train, nurture, and retain competent staff to manage the business operations. This task becomes more challenging because in the initial years, the enterprise might not be in a financially sound position to offer competitive salaries and work

environment to attract employees with necessary skill-sets. The nature of the enterprise also builds in a level of uncertainty of secured employment that a prospective employee is seeking. The SEs have addressed this challenge in different ways while recognizing the need to have qualified staff. However, there were at least three enterprises where key management staff had quit the enterprise (in between field interactions and writing of this chapter), and dialogue had to be resumed with a new set of senior employees in those enterprises.

Finding Funding for the Enterprise - An Abiding Challenge

Funding for a SE is a dynamic process right from the stage of incubation of an idea to the next stage of establishing proof of concept. Once the SE is on the road to expansion, the nature and scale of funding requirements also undergoes a change. Many of the enterprises have access to some grant funding and incubation funds for commercial operations; except a few, all others are continuously under stretch situations. Some of them have ploughed back personal awards and consultancy income to meet needs of working capital finance.

In spite of many of the promotional schemes and programmes of the current and earlier governments, there seems to be a permanent and persistent bottleneck for all emerging entrepreneurs and more so for social entrepreneurs to source adequate funding both for capital expenditure and operations. There is clearly *no ease of doing business* when it comes to SEs for agriculture catering to farmers' interests in rural areas. There are several instances of challenges faced in finding funding for each SE presented here.

Performance of Social Enterprises in the Study

Social enterprises aspire to achieve both social and commercial goals. Profitability and balance-sheet information is a direct and

unambiguous measure of any enterprise in any sector of the economy. An enterprise is either a profitable or loss-making entity. There are no other possibilities beyond profit and loss. Over and above the profitability matrix, mainstream financial institutions have devised several other parameters to evaluate the financial well-being of any enterprise. Return on Investment (RoI) and Return on Equity (RoE) are the universally accepted. There are internationally accepted best practices for sharing and dissemination of financial health of an enterprise. RoI and RoE are also sector-specific and factor in the gestation period needed for the enterprise depending on the nature of the enterprise portfolio. RoI and RoE are different for an infrastructure project such as a port and an airport and say a restaurant.

If we use some of those standard parameters such as gross profit, net profit, and profit allocation to create reserves and surplus for the enterprise (as reported in the annual financial statements of the enterprise) and apply it to the enterprises covered in this study, except for one or two enterprises, all the remaining entities are *not yet profitable* even after five to seven years of their operations. Some of them continue to struggle even to generate operational surplus. These are striving hard to reach break-even in their operations.

Earlier in the chapter, the idea of three broad pillars was introduced, the trinity of *access*, *affordability*, and *assurance*. The SEs design their business models and functioning to address one or all of the deficits in the trinity. The objective here was neither evaluation nor auditing of the enterprises, but mapping the current status, a sort of documenting the state of social enterprises on an as-is-where-is basis. From these fifteen case studies, it has been observed that there is still some long way to travel for these enterprises where one would identify them as success stories. These are not necessarily best-case success stories but are *organizations in the making* and in their journey to attain financial viability.

A related question is to study the performance of these enterprises vis-à-vis their social objectives. While there are comparatively easier benchmarks to measure profitability and hence attainment of economic objectives, performance

on social parameters are difficult to quantify and evaluate. Some observations and learnings are presented here.

Outreach with X or Y number of farmers has been one of the most easiest and direct method of measuring social goals if lack of access has been identified as one of the triggers for launch of a SE. The number of farmers reached either for providing extensions/advisory services or enrolled for procuring their produce or having benefitted from sale of inputs or market linkages or those provided with warehouse facilities, are direct measures of success as identified through number of farmers. In most of the case studies in this book, enterprise promoters in addition to sharing financial information, have also discussed with us 'outreach' numbers.

In addition to access, assurance (of quality, price, and linkage) is another dimension of assessing the social goals. So while an enterprise might have enrolled 4,000 farmers in its supply chain, if it actually has 500 'active' farmers regularly supplying their produce to the enterprise, scale and outreach numbers alone are inadequate reflection on the social performance dimension of the enterprise. Similarly, if there are huge dropouts (similar to dormant membership) amongst the customer base in the market, one might argue that due to lack of consistency in business dealings, customer retention is low.

The third aspect in addition to access and assurance is affordability for the receiver of enterprise services and products. We have an interesting example in one of the case studies where selling farm machinery costing INR 30,000 to INR 40,000 actually is economically a sound proposal for the enterprise as compared to selling a machinery costing just about INR 3,000 to INR 4,000. Small farmers would certainly benefit from lower cost equipment as they would find it 'affordable.' However, if the SE decides to stick to pursuit of social objectives, it might actually focus on selling low price-lower margin products and thereby not earn sufficient revenues to cover its costs. In another case study, the social vision of the promoter is to incubate a decentralized (not a centralized huge capacity) millet processing, community-based, enterprise model. While such a model might make the services affordable to a

Table 5.7: SEs and access, affordability, and assurance

| Social enterprise | Access | Affordability | Assurance | Comment |
|-----------------------|--|---|--|--|
| AgSri | To the farmers through cooperatives | Yes but farmers want subsidy | Yes | In spite of productivity enhancement promise, there seems to be rather slow uptake of the technology |
| Earth 360 | For consumers keen to buy millet-based products | - | Farmers cultivating millets for marketing | |
| Ekgaon | For inputs and markets through internet platform | | To farmers on inputs and market linkages | There are now many platforms offering similar services across the country |
| Ergos | Small and marginal farmers, warehousing at doorsteps | At price they can afford | Product is safe, liquidity too is assured | |
| FlyBird | Comparable price makes it accessible to small farmers | Cheaper compared to high-priced imported product | Tested with farmers and hence on quality | |
| Fresh Produce | | | Entire produce will be purchased and not just A-grade, consumers benefit from traceability | |
| Green Agrevolution | To markets | | For urban consumers | |
| Knids Green | Small farmers to markets | | For market linkages and quality for consumers in cities | |
| Krishi Direct | - | - | For perishable produce for processing | |
| Milk Mantra | - | Urban consumers benefit | To milk producers on ethical practices and timely payment | |
| Safe Harvest | To farmers in different locations and connect to markets | - | Of no pesticide quality product to urban consumers | |
| Simple Farm Solutions | - | Price competitive and thus small farmers can afford | Based on their needs so assured quality for famers | |
| Skymet | To farmers irrespective of landholding | Available since government is the service provider | The advisory that can be relied upon | |
| Tamul Leaf Plate | Decentralized production system thus easy to reach for farmers | - | - | |
| Under the Mango tree | - | - | Of high quality for consumers and price realization for farmers | |

Source: Kanitkar and Prasad (2019)

large farmer, in terms of time required to reach a large number of farmers (access), it would be taking a long gestation period.

In Table 5.7, an attempt has been made to summarise the impressions of the performance of the SEs on this trinity.

Need and Importance of a Hybrid Model and Blended Finance

Two kinds of ‘for-profit’ entities were observed, with some SEs operating a hybrid model; which in essence meant two different legal formats of organization.

Of the two, one type is engaged in commercial activities (for-profit, income generating) such as selling inputs; selling advisory services for a price; building linkages with wholesale, retail, and consumers in the market; brand promotion; etc. These for-profit entities are legally registered as private limited companies with a single or group of promoters. These enterprises sell products or services, for example, honey collected from farmers, farm equipment for small farmers, and nursery plants for sugarcane farmers. The revenue that is generated from these operations is the income stream for these SEs.

The second type of SEs are simultaneously both a for-profit and a not-for-profit entity. The not-for-profit is receiving grants and donations. For these hybrid entities, the source of revenue is divided among the for-profit and not-for-profit organizations. These enterprises are typically addressed as hybrid entities.

The presence of both the hybrid and private sector model raises several interesting questions. In the paragraphs below, some observations that have been derived from the case studies are presented.

One of the entrepreneurs was candid in interactions saying that his investors were reluctant to spend ‘their money’ on promotional activities such as training of farmers, organizing them in groups, promoting better production of vegetables, etc. ‘They want their investment to go for business expansion,’ was his experience with those investors. The investor’s expectation that enterprise growth will automatically happen

without ‘investing’ in the back end of the value chain is to be noted. Social enterprises are expected to achieve a double or a triple bottomline achieving several, often conflicting objectives, set out by their promoters. However, if the development/research and extension costs are not met by the enterprise, it might be unrealistic to expect that the enterprise would attain ‘social’ objectives. Last mile connectivity is a word that has become a cliché in the development sector. However, experiences in several sectors such as health, education, and nutrition do indicate that if poor and marginalized communities, who are often invisible and disempowered, have to be reached, the intervening agency needs to commit to additional efforts, both in terms of time and financial resources. Only when such efforts are made, the marginalized can be included in any mainstream developmental activity. The same experience holds true for organizing economic activities. It might be comparatively easier to organize male farmers engaged in sugarcane cultivation, horticultural crops, or dairying. The same can’t be said with confidence if women tribal farmers cultivating minor millets are to be organized to undertake an economic activity leading to better income for them.

A SE working with tribal women farmers would need ‘additional’ resources to build an efficient agriculture value chain for produce of such farmers. These additional costs are typically ‘research and development’, ‘extension’, and ‘promotional’ costs that certainly necessitates infusion of grant money either into the SE or an associate entity - a trust or an NGO in the hybrid model. It might be impractical to expect that a SE would be able to generate sufficient revenues, earn significant surplus and pool it back to develop farmers’ base. Even in corporate sector promoted businesses, greenfield projects have long gestation periods. These are subsidized by the government by way of offer of land at no or concessional costs, tax breaks for a certain number of years, and exemptions of other types. These hidden subsidies make those investments attractive for a corporate sector. Such considerations need to be taken into account when one is examining the mandate of SEs.

There were also several examples where the NGO in the hybrid entity is taking responsibility

of all 'non-commercial' and development activities. The grant receiving entity in the hybrid model of SEs have several roles.

Firstly, some of those entities have provided a training ground as an 'incubator' for the promoter to test her/his idea of the enterprise. Only after gathering sufficient experience of working with the farmers, understanding the commodity market, gaining insights into both the production and marketing process and understanding the entire value chain that the social entrepreneur has consolidated her/his experiences and launched the SE.

Secondly, the hybrid entity provides flexibility and a cushion to absorb some of the early business risks. It also provides sufficient bandwidth to explore expansion possibilities either in terms of diversifying the product mix, enlarging farmer base, or reaching to new geographies. Two SEs from Bihar described here work with a hybrid model; both of them derived advantage of having grant money to expand and consolidate their business operations while the third SE from the same state (Ergos) is not a hybrid entity.

Third and very critical role of the hybrid entity is allowing space for the SE to innovate, especially to achieve the social objectives in terms of access, assurance, and affordability. The grant money can act as a catalyst for boosting innovation.

So, essentially the role of hybrid entity is to strengthen the possibility of the SE attaining its commercial objectives without missing out on social objectives defined either as inclusion, last-mile connectivity, or wider outreach to deserving farmers. In earlier paragraphs, access, assurance and affordability are described as the key pillars.

From the above discussion, it is evident that enterprises that are started for a cause need initial start-up grants. It is unreasonable to expect that a promoter of a SE will have huge resources to ensure the last-mile connectivity in terms of reaching out to farmers. Social enterprises have typically stepped in where there are both market failures and government oversight and or neglect. Such pioneering efforts will not necessarily start with a revenue stream in the first few years, they would necessarily require a promotional grant capital. However, as they move on the continuum from a fully grant-based to full revenue sustained

operations, different types of capital infusion mechanisms would be necessary. And those would have different characteristics in terms of cost of capital, waiting time, terms, and nature of stakeholders and expectation of financial and social returns. Funds will be needed for both working of the business as also expansion of the business through infusion of capital for infrastructure for the business. There is no one clear trajectory of financial needs for such enterprises unlike other mainstream businesses. Each entity will have a different trajectory depending on the life cycle of its activities and the business model. The funding support might need to align itself with the life cycle of these enterprises. It is also possible that no single funder can meet all the demands of such an enterprise and thus it may be necessary to have a diversity of funders with diverse contributions, ranging from clear grants, to working capital, to venture funds with a long (patient) wait for returns to commercial capital at market-based costs. Our case studies do indicate the nature of the diversity and the need to have this diverse, yet blended flow of money.

The governance of hybrid organizations is another critical area. In our interactions, we observed varied practices in terms of the governance structure. In some SEs that had a hybrid structure, the owner-promoter of both the NGO and for-profit activities was the same individual. However, we also observed that in a few other SEs, the two entities were at arm's length, thereby avoiding possible conflict of interests as also clearly demarcated boundaries for all financial and management functions including location of offices and employment of separate human resources for each entity. A clear, separated area of operations with two separate governance structures (Board of Directors) and transparent reporting of annual performance are the fundamental requirements for any organization, be it an NGO and or a SE.

One SE which began as a for-profit enterprise but was advised by a donor to hive off and create a separate entity to carry out development tasks. Business/commercial transactions and farmer extension task should be separately done, was the counsel from the donor. They acted upon

this advice. The grant funding of about INR 5 crore enabled them to expand their operations to newer geographies. In the absence of this funding, on their own, it would have certainly taken a longer time for them to plough back the net profit. Another social entrepreneur reflecting on the journey said that given an option to start again, would prefer not to have a dual/hybrid structure. It should only be a for-profit entity. A third entrepreneur had serious reservations about the suitability of a 'private limited company' as an ideal legal format to organize business. The compliances, according to this person, were too cumbersome and hence partnership and/or limited liability partnership (LLP) were better suited for organizing a business.

To conclude, while there is a need to have more evidence on suitability or otherwise for hybrid entities as a form of organizing a SE, it was observed that many social entrepreneurs have a 'dual structure' that attempts farmer outreach, development and training, propagation of improved production practices through a grant/subsidy route, and thereby the entrusting of market-based activities of commercial/revenue generation to a for-profit enterprise.

MEASURING 'IMPACT' OF A SOCIAL ENTERPRISE

'Impact' of developmental projects is a topic of intense deliberations in the last few years among professionals in the sector. While those with a 'corporate' sector background argue for a clear, transparent, and unambiguous impact matrix, those from the development sector sometimes tend to be on the defensive when debates about impact happen. In corporate organizations, the annual financial statements are a direct reflection of the performance of that particular enterprise. Thus, a business enterprise is either making profit or is in loss. There are no other theoretical possibilities beyond profit and loss. However, how does one assess the impact of a SE that is supposed to balance both commercial and social goals? Are there impact matrices that can measure the complex objectives

of a SE? Are the ones used appropriate for the SEs? Should one focus first on business goals and later on the social goals or should it be vice versa? There is a 'direct' impact and there are 'indirect' or associated impacts. There are a number of questions around the notion of impact. While exhaustive data from all the enterprises studied here were not collected, the profiled SEs were not found to be keeping detailed and accurate measurement of their impact. It is possible that some of them might not have tracked such impact systematically as they struggled to overcome the challenges to become viable. Some of them also had hesitation in sharing financial information, though technically such information is available in the public domain and anyone can access it by paying the required fees to the office of the Registrar of Companies (RoC) and obtaining the filed information. In the following paragraphs, some observations of the authors are presented.

For instance, the promoter one of the dairy enterprise covered refused to call themselves as social entrepreneurs. They prefer to profess and practice what is articulated as 'conscious capitalism'. In that particular business, with a significant balance sheet size of over Rs. 180 crores, the enterprise is yet to report an operational surplus in the eight years of its functioning. But its impact is visible in terms of creating an asset base of over INR 70 crore in a region (of eastern India) where even the huge national programme of Operation Flood of National Dairy Development Board (NDDB) could not make much headway in twenty to thirty years. The new age enterprise had to 'invest' heavily in the extension activities to train farmers and set up a transparent milk procurement system.

Performance Measures that are Indirect and Promote Public Good

Saving water for a sugarcane crop is like creating or rather saving a huge public resource. One of the enterprises is promoting this public good. So while the farmers are directly benefitting by increase in crop productivity and savings in input costs, there are larger, ecological benefits

measured in terms of savings of litres of water that has a positive contribution towards the overall well-being of a community. Attributing values to such impact measures is indeed a challenging proposition.

A weather advisory service is a similar illustration. There are direct positive outcomes of accurate and timely advisory services for an individual farmer, there are also larger societal benefits. So while individual access is assured at an affordable cost for a large number of farmers, the government is also an important beneficiary of the enterprise we have studied in this volume. A dairy enterprise in our study has facilitated access to bank loans for 3,000 farmers to buy milch animals in Odisha. It has created public infrastructure of INR 65 crore for dairying. While conducting ethical business with farmers, its transparent milk pricing system hopefully might have generated pressure on other actors in the ecosystem to follow similar practices. If that has happened, how does one measure such indirect impact is the question that needs to be addressed.

Agricultural operations are organized around a value chain starting from inputs at the farmers' end and continue right up to the consumers in the market. These are popularly described as 'farm to fork' value chains. Some others have described the same as plough to plate. In the SEs profiled, some like Ekgaon and AgSri are working on a particular segment of the value chain, namely the inputs and/or the productivity enhancement aspects. There are others like Milk Mantra and Ergos that are adding value on the output side of the value chain. The measurement of the impact would also depend on the cost savings, if deficits are bridged on the input side. By adopting AgSri technology, a farmer is able to save on few thousand litres of water and thus a saving on cost. Similar is the saving on input costs when a purchase is effected at a bulk price by availing the services of the Ekgaon platform. The benefits on the output side are thought to be better price realization such as those in Safe Harvest or Ergos warehousing services. Marketing efforts by Krishi Star and UTMT result in similar opportunities on the market front for farmers. In all the above examples, it is necessary to capture the impact

of the enterprise. It is observed that in the enterprises studied, there is lack of accurate data on this aspect. Future studies could address this shortcoming.

In the initial paragraphs it was discussed that the SEs studied are organizations in the making. It is observed that they have to cover significant ground to demonstrate convincingly their economic and social impact. All of them have certainly initiated first steps in what is generally referred as 'proof of concept'. Many of them have moved clearly ahead of the proof of concept and have expanded in multiple dimensions including geographical coverage. For most of them opportunities to impact are multiple. The enterprises in the study need infusion of huge resources to achieve those impacts. Several questions would be asked of such enterprises since they claim to be a 'different,' than other for-profit entities in the mainstream business. Beyond profits, what else happened? Who apart from the enterprise benefitted? Was the benefit socially relevant? How much of socially relevant benefit is an acceptable substitute for low profits? These are all relevant and pointed questions but we would urge the readers not to judge their performance because, it might be slightly premature.

Lastly, these enterprises and many more that are outside the scope of this study, offer new hope for a new paradigm of agriculture for the country. If the SE in agriculture can provide value to both urban consumers and rural citizens who are mostly farmers, that would be a unique proposition. Indian agriculture of the future needs a new breed of such organizations. The SEs engaged in agriculture and many other sectors can bring about a new direction of hope for many citizens.

THINKING HOLISTICALLY TO PROMOTE AN ECOSYSTEM THAT NURTURES SES

If we have to nurture, promote, and strengthen, there is a need to have a comprehensive and holistic view about the functioning of the SEs. This is broadly an ecosystem approach that looks at the context, not from a piecemeal fragmented approach but in systemic way. The policy environment is conducive for this work as evident from the announcement in the annual budget of the government.

Social Stock Exchange in the Union Budget 2019–20

On July 5, 2019, the honourable Finance Minister Ms Nirmala Sitharaman, in presenting the budget for 2019–2020 mentioned about the government's intention of creating a social stock exchange. To quote from her speech, she said, *“It is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. I propose to initiate steps towards creating an electronic fundraising platform – a social stock exchange – under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.”*

Elements of a Dynamic Ecosystem

The starting point of a dynamic ecosystem is the need to have an accurate database. This is a simple yet complicated task. How many SEs are functioning in the country as of 2019? We do not have accurate information on this. The numbers might vary depending on which agency is keeping the information. Part of the reason is the absence of a clear definition that we addressed earlier in

this essay. But we need a nodal ministry and or an agency with a clear jurisdiction of what it will supervise and promote. For instance, whose task is to promote SEs in the country? Is it NITI Aayog? Is it the ministry of finance, or ministry of small and medium industry, or ministry of rural development, or ministry of agriculture, or department of science and technology? If someone has a path-breaking idea in education, agriculture, or the health sector, should that person seek support from the line ministry of agriculture or health or does this fall under some other ministry? Similar questions will be raised at the state level where activities happen. Do we have information on how many awards are given each year? What happens to the awardees? Are these awardees moving from an award stage to the business stage? Are these businesses registered? There are many such questions that might help us to build a real time information base and based on that other stakeholders can build their activities.

Incubating centres are essential stakeholders in a dynamic ecosystem for any enterprise. Social enterprises need many such incubating centres. In the case studies covered here, there are examples of a few enterprises supported and advised by Villgro, one of the incubation centres based in Chennai. Their contribution was well acknowledged by the entrepreneurs. However, if we have to see a thousand SEs to flourish in the country, we need at least hundred such dynamic incubation and facilitation centres. Institutes of technology and management (the IITs and IIMs) are such leading centres but it is important that more and more such incubation centres are located and supported in medium and small towns where there is huge untapped energy to pursue social entrepreneurship as a career option. Many of the support activities do not cross the boundaries of English-speaking elite institutions. For SEs to thrive in the country, we need to bridge this divide.

Social enterprises need adequate and diversified capital. Debt (loan), equity, and grant have been the three sources of funds for any enterprise activity. Providers of each funding instruments have their own expectations in terms of return to capital. There is a need to orient professionals in the financial institutions on the

SEs as a new form of organization. There is no precedence for them to extend financial assistance and hence a lot of awareness and education of funders, bankers, donors, and legal professionals too is needed. Credit rating or rather financial experts of a different skill-set would be necessary to strengthen this ecosystem. In Earth 360, we have seen evidence of a chartered accountant playing this role, not just limited to financial advisory but diversified role as a business and strategy consultant. As the enterprises move from incubation and pilot stage to large-scale operations, the sector would need a large number of such business counsellors and advisors. Lack of such professionals might affect the growth of the sector as unfortunately seen in a related sector that of farmer producer companies. There are on paper more than 10,000 such FPOs but not more than a few hundred are functional and growing largely because of lack of managerial and business development support services to these budding organizations.

Finally, while this is one of the early efforts in studying and documenting the work and working of fifteen SEs in agriculture, similar and multiple efforts of research and knowledge generation is needed across many sectors of the economy. There are a large number of SEs in waste management, education, skilling, and health to name a few. For the field to develop a better and richer understanding of the sector, there is an urgent need to study such enterprises in depth. While there are many annual awards that recognize the emerging entrepreneurs, there is no systematic follow-up study of the awardees. In the absence of such studies, there is inadequate knowledge on the challenges faced by the social entrepreneurs; the survival rate, the financial resources committed, and so on. It is necessary that rigorous research and case studies are instituted by policy makers to generate learning that will also have specific recommendations for policy setting.

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