



# TRAINING MANUAL

## ENTERPRISE GROUP







# **ENTERPRISE GROUP**

# **TRAINING MANUAL**

**VAAZHNDHU KAATTUVOM PROJECT**



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**(A) Abbreviations**

<b>BOD</b>	Board of Directors
<b>CLG</b>	Common Livelihood Group
<b>ECP</b>	Enterprise Community Professional
<b>EG</b>	Enterprise Group
<b>ILM</b>	Integrated Lecture Method
<b>SGD</b>	Small Group Discussion
<b>NABARD</b>	National Bank for Agriculture and Rural Development
<b>OB</b>	Office Bearers
<b>EG</b>	Enterprise Group
<b>PC</b>	Producer Collective
<b>SFAC</b>	Small Farmers Agri. Business Consortium
<b>VKP</b>	Tamilnadu Rural Transformation Project
<b>TNSRLM</b>	Tamilnadu State Rural Livelihood Mission

## (B) INTRODUCTION TO THE TRAINING MANUAL

### Introduction

The purpose of this Training Manual on PGs is to help trainers to conduct practical and effective training on the issues that the Enterprise Group (EG) office bearers and Members need to understand and know in order to govern and manage a successful Enterprise Group.

### Who can use this manual?

This manual is designed primarily for trainers who will work with producers and EGs. The language has been kept simple and technical words have been kept to the minimum for easier understanding.

### How to use this manual?

**The trainers' manual is divided into the five modules.**

**Each module is complete in itself and can be used as individual capsule or together.**

**Every trainer will have to decide whether to use all the sessions in a module or only those relevant for that EG.**

**Possible to pick up sessions from different modules and do need based training for different EGs.**

**If the facilitator has a local case study that would be more relevant for EG, then they must feel free to use that.**

**Only note of caution would be to make sure that it does not change the meaning of the activity.**

## (C) OVERVIEW OF EACH MODULE

### Session Plans

Each session is divided in to many parts. It is desirable that your each session plan carefully. This will help you facilitate the proposed methodology more effectively.

### Title of the session

This gives the trainer an idea of the specific topic to be covered in each session.

### Time required

This time is based on sessions that were tried out at various workshops. It may vary from trainer to trainer. This is given in minutes – it may vary depending on the style of the trainer and the absorbing capacity of the participants.

### Session Objectives

This describes what the participants would have learnt by the end of the session. Session objectives can be changed based on your assessment of the group's existing knowledge and skills also the overall program objectives are not affected.

### Processes Brief

This summarizes the key tasks and activities to be taken up during each session and the estimated time for each task. You may need to modify these, especially the time allocated, depending on the group outcomes and pace of learning. In the summary table, one can also determine the material required for the session and keep this ready.

### Processes Detail

This section gives a detailed description of every task and activity to be taken up during the session. It is not necessary that you follow the instructions verbatim. It is however important that you familiarize yourself with the session plans and practice the instructions to be given to the participants in order to ensure specific and simple communication during the sessions. It will also minimize the need to clarify instructions for group assignments and/or the risk that different participants interpret the instructions differently. The trainer give also modify or adapt the processes and methodologies according to the context and need of the participants. Digital methods could also be used to increase the effectiveness of the training.

### Annexures / Handouts

This includes specific annexures that are required during the session as well as handouts for either the participants or trainer or both. The trainer will need to go through these in detail and make sure enough copies are available before the session begins.

## (D) TRAINING TIPS

### General Instructions for trainers

- 1) First session should begin with a general rapport building introductory game, and general discussions about health. At the end, go through the evaluation questions.
- 2) Next session and those following that, should begin with a recap of the previous session, followed by the actual sessions. Trainer can revise current session topics towards the end.
- 3) Trainer-tips are given in the next section. Trainers are requested to go through it carefully.

### A good trainer is a good Facilitator

Facilitation is the work involved in ensuring the right structures and processes exist for helping the group

to meet its agreed objectives, and in helping the group members to identify and overcome problems in communicating with one another and in managing emotion.

**Anecdotes:** These are an effective way to send your message across about the work you have been doing with the farmers. For example, you could describe how a particular family has succeeded by joining a farmers group that started supplying millets to city retail out-let. Adding human interest to a report can help other producers understand and accept the enterprise approach. To complement your anecdotes, take photographs or make short videos about the key points in the production and marketing cycle so you can use them in reports and in your future work with producers

Traditional approach	Participatory Approach
Learning as a product	Learning as a process
Teacher controlled	Student controlled
Transfer of knowledge	Discovery of principles
Trainer = Expert	Trainer = Resource person, facilitator
Learner = Passive, Respective	Learner = Active, Discovering
Learner = Know nothing	Learner = Full of capacities, Knowledge of reality
Encourages conforming, coping	Stimulates independent thought, creativity

Facilitation allows learners to discover the way forward by using and developing their own skills. They should:

- Observe the group dynamics
- Manage the group process
- Obtain the best possible outcomes from the sum of the parts

Facilitation is about making it easy for groups to learn /solve problems/generate new wide as and is about enabling individuals and groups to take responsibility and ownership for their decisions and achieve their learning outcomes.

Facilitation involves using participatory approaches to training.

While this may take longer than the traditional approach and requires the trainer to “hold back” and allow for learning, the final outcome of learning is much better.

### Ask yourself the following?

1. Am I facilitating, chairing or leading?
2. Does the group have a clear task and outcome?
3. Are we meeting common vision or meeting individual needs?
4. Is there a hierarchical or sharing and collaborative approach as to how the group runs?
5. How structured and managed is the group work?
6. Is the group working towards solving problems or information sharing?

### Preparing for a training program

It is important to well a training program. However, experienced a trainer you are, you still need time to prepare in advance so that the training goes smoothly. See the diagram below for a brief reminder of the steps required for preparation before, during and after the training.

## STEPS IN TRAINING IMPLEMENTATION

### BEFORE TRAINING (PREPARATION)

- Contents, Participants Trainers/ training team, Date/Venue, Announcements, Preparation of checklist and training materials

### DURING TRAINING (IMPLEMENTATION)

- Session plan and Training process for participants
- AFTER TRAINING (Follow up) Training report Follow up with participants

### Planning for trainings

The EG training modules are intended to train the EG office bearers and members. The trainings are to be imparted by the ECPs and the Master resource persons. The Master resource persons will be from a pool of resource pool from the Block team and the Master Enterprise Community Professionals. The Master resource persons will be trained by the

Technical Support Agency along with the district project team.

Duration of the training has been set at 6-7 days but would depend on local conditions, the availability of time of the participants and also the current pandemic context. The trainers can opt for more online training mode. Whatsapp, podcast, video, Audio visual modes could be used for trainings.

It is customary to limit the number of participants in a training workshop to between 20 to 25 persons. Centralised Trainings at Block level can be planned for Office bearers. For Members trainings can be planned at their village even during the group meetings. Depending upon the availability of the participants, the sessions could be broken for half days and could be extended to 15 days for the members. Hands on trainings can also be planned at the production site for technical related trainings. The group activities and the kind of inputs required for undertaking the activities are described in the table below:

Activities	Kind of inputs
Conduct of meetings	<ul style="list-style-type: none"> <li>• Group Facilitation skills, Conflict resolution, Decision making skills and</li> <li>• Leadership skills</li> <li>• Qualities of a good group</li> <li>• How to sustain a group</li> <li>• Benefits of working as a group</li> <li>• Communication skills</li> <li>• Group dynamics and governance</li> </ul>
Governance, Management skills	Decision making structures in a group enterprise Elements of group empowerment and good leadership- (Attitude, Motivating, Inspiring etc) The role of other group members in sustaining group leadership Entrepreneurial qualities and skills
Financial	Record keeping- Accounting- Receipts and Payments, Costs and Returns
Planning, Implementing and monitoring skills	Activity planning, Management skills- Technical skills Coordination Monitoring
Convergences	Communication and Negotiation skills Networking skills

## TRAINING MODULES EG OFFICE BEARERS

### DETAILS

Total no. of modules: 6

No. of days: 7

Participants: EG office Bearers and Members

Type of training: Non-residential could be conducted at the Block/district level.

For the EG members Modules 1, 3, 4 and 6 could be imparted at the Village level.

### DAY 1 & 2: MODULE 1 & 2

#### Module 1 Basic Orientation Training

Session No.	Name of session	Contents	Methodology	Expected learning outcomes	Materials required	Duration
1.1	Introduction of the participants	Mutual Introduction of the participants	Group discussion and Games	Help create cordial atmosphere between trainees and resource person	Charts, Pen	60 min
1.2	Orientation to VKP Project	VKP Project Goals and Objectives Prioritized Commodities Value Chain opportunities and Enterprises promotion Role of ECPs in EGs	Presentation	Understanding the purpose, approaches and benefits of the project	PPT	60min
1.3	Individual Vs Group action	Individual Vs Collective Action Advantages of working in a group	ILM, Games	Understanding of working in a group	Flipchart	60 min
1.4	Basic Concepts of a EG- Why & What?	(Why EGs)-Scope of activities, Benefits What is a EG? Definition and Characteristics.	Case study interactive lecture method, video display	Understanding on the EG formation and Characteristics	Handouts, Flipchart, Case study	60 min
1.5	EG Structure and Formation process	Membership eligibility criteria, Process of formation Framing of Byelaws and Norms Selection of office bearers Opening of EG Bank account(Resolutions Filling up of Opening forms)	ILM, SGD, Mock exercise, Practice sessions	Participants understand the criteria and process of formation in an EG	Flipchart, Handouts	90 min
1.6	Legal forms and compliances	Registration under MSME Udhayam scheme benefits Other Legal compliances (PAN, GST, FSSAI )	Lecture method	Participants understand the legal registration steps and compliances	Handouts	

**Module 2 EG Organisation, Leadership and Management**

Session No.	Name of session	Contents	Methodology	Expected outcomes	Materials required	Duration
2.1	Governance	Group Constitution why & what? EG General Body and Executive committee	SGD, ILM	Understanding the elements of Governance in a EG	Charts , Pen	90 min
2.2	Management	Roles and responsibilities of office bearers Executive committee – What and who? Subcommittees- Types and functions	SGD, ILM, Role play, Case presentation	Understanding the roles and responsibilities at various levels	Charts, Pen	60 min
2.3	Leadership	Leadership styles Qualities of a good leader and effective leadership Communication skills	Case presentation/ SGD/ Storytelling	Understanding the qualities of a leader and learning effective communication skills	Stories, Case presentation	60 min
2.4	Group functioning and processes	Conduct of regular meetings Ensure member attendance and participation Decision making , Problem solving, Resolving conflicts	Exposure to well functioning group/ Small Group discussions	Understanding the management processes for implementing the group plans	Handouts, Flipcharts	90 min

**DAY 3 Module 3- Record- Keeping and accounting**

Session No.	Name of session	Contents	Methodology	Expected outcomes	Materials required	Duration
3.1	Record Keeping	Records keeping- Why and What? Types of records to be maintained and importance Minutes of group meeting	ILM(Integrated lecture Method)	Participants understand the importance of book keeping and the books to be maintained in an EG	Charts, Handouts	60 min
3.2	Basic accounting	Importance of accounting Basic principles of accounting Importance and role of book-keeper	Sample sheets of books and ledgers, vouchers. Practice sessions	Participants acquire the basic skills of book-keeping and accounting	Sample sheets and worksheets	180 min
3.3	Recording transactions	Receipt and Payment- What and Why? Cash and Bank Book What and Why? Recording transactions in a cash book	Practice sessions	Understanding how to record transactions	Sample Balance sheets	120 min

**DAY 4: Module 4: Business Planning**

Session No.	Name of session	Contents	Methodology	Expected outcomes	Materials required	Duration
4.1	Business planning	Importance of a business plan Visioning- Long term, Medium term and short term Preparing a business plan(Different elements and components) Implementation and Monitoring	Small Group discussion and Practice sessions	Understanding the important elements and components in Business plan preparation.	Templates, Chart, Pen, Pencils	120 min
4.2	Business Development and management	Accessing Business development services Business operations Incentivising productivity	Practice sessions, Small Group discussions and Presentations	Understanding costs, returns and profits in a production system	Charts, PPT	60 min
4.3	Accessing funds	Project Start up fund, Matching Grant support, Milestones to be reached Role of OSF, Project team Funds through convergences with Financial institutions and Government line departments	PPT presentations, Lecture Method.	Participants know the different sources and ways to access the funds	Pamphlets	45 min
4.4	Financial management	Financial Management – Its importance Costs and Income, Cost Benefits Pricing, Inventory management and reducing losses	Lecture, Case presentations and Small group discussions	Participants understand the importance and elements of financial management	Templates, Charts and pen	45 min

**DAY 5 Module 5 Markets & Marketing**

Session No.	Name of session	Contents	Methodology	Expected outcomes	Materials required	Duration
Session 5.1	Understanding Marketing and markets	Market analysis Market planning - Product, Place, Price and Promotion	Presentation, (Visit to nearby Markets could be planned)	Participants learn about markets, its dynamics and functioning	Templates, Papers, Pen	60 min
Session 5.2	Accessing Markets	Constraints and Opportunities Different ways to access markets- Distant and Retail markets	ILM, SGD	Participants understand the different ways to access markets/ consumers	Chart paper, Pen	60 min

Session No.	Name of session	Contents	Methodology	Expected outcomes	Materials required	Duration
Session 5.3	Marketing Strategies	Developing market linkages with Buyer  Promoting new market places and Business development services required  Facilitating activities to be undertaken by project team for the market linkages	ILM, SGD	Participants learn about ways to establish market linkages	PPTs, Charts, Handouts	60 min

### DAY 6 Module 6 Technical Trainings (as per commodity / sub-sector)

**Note:** These trainings are product specific and will be imparted by commodity/technical experts. The broad areas of imparting trainings related to the technical trainings are articulated in the table below. Specific content related to each commodity/subsector may be developed further with the support of the experts. The trainings may be conducted 1 to 2 days based on the need of the group. Could be conducted onsite also

Session No.	Name of session	Contents	Methodology	Expected outcomes	Materials required	Duration
6.1	Production Management	Innovative technologies  Addressing the production related technical issues  Understanding the importance of production schedule	Expert lecture  (Tie up with technical experts for on-site support on a case to case basis)	Participants gain knowledge on improved technologies and importance of maintaining production schedule	Handouts	60 min
6.2	Quality management	Kinds of produce quality issues and hazards  Quality loss during production and processing  Practices that help minimize these issues  Quality parameters and standards on Sorting, Grading, Packaging and labelling  Monitoring of Quality	Video tutorial, SGD, Demonstrations	Participants gain knowledge on different quality parameters	Templates, Handouts	45 min
6.3	Food and Environmental Safety	Food safety  ESMF compliances	SGD and ILM	Participants understand the importance of food and environmental safety	Handouts	45 min

## (E) Session Plan

<b>Module 1</b>	<b>Introduction</b>	<b>Time required</b>
Session 1.1	Introduction of the participants	60 min
Session 1.2	Orientation to VKP project	60 min
Session 1.3	Individual Vs Group action	30 min
Session 1.4	Basic concept of EG- Why & what	60 min
Session 1.5	Legal status	60 min
<b>Module 2</b>	<b>Organisation, Leadership and Management</b>	
Session 2.1	EG Governance, Structure and formation	90 min
Session 2.2	Management- Roles and Responsibilities	60 min
Session 2.3	Leadership and communication	60 min
Session 2.4	Group functioning and Processes	90 min
<b>Module 3</b>	<b>Basic Record keeping and accounting</b>	
Session 3.1	Record Keeping	60 min
Session 3.2	Basic accounting systems and recording transactions	180 min
Session 3.3	Legal Compliances	120 min
<b>Module 4</b>	<b>Business Planning, Development and management</b>	
Session 4.1	Business planning	180 min
Session 4.2	Accessing funds	60 min
Session 4.3	Business development and management	120 min
Session 4.4	Financial Management	60 min
<b>Module 5.0</b>	<b>Markets and Marketing</b>	
Session 5.1	Understanding Markets and marketing	60 min
Session 5.2	Accessing Markets	60 min
Session 5.3	Marketing Strategies	60 min
Module 6.0	Technical Trainings (as per commodity subsector)	
Session 6.1	Production management	
Session 6.2	Quality management	
Session 6.3	Food and Environmental safety	

# MODULE 1

## Basic Orientation Introductory session

SESSION	TOPIC	DURATION
1.1	Introduction of the participants	60 min
1.2	Orientation to VKP Project	60 min

### 1.1. Introduction to Participants and the project

**Duration:** 120 min

#### Objectives

The objectives of this session are to:

Register and introduce participants

Orient them about training facility, resource person, schedule & training methodology

Learn about participants' expectations from this training

Share training objectives and project description with participants

#### Contents

- Registration
- Introduction of the participants
- Introduction of training (facility, logistics, resources, resource person, schedule, Methodology)
- Participants expectation from Training
- Set ground rules
- Formation of peer groups
- Training objectives
- Project Introduction

#### Training Methodology

Brainstorming, small group discussion, interactive discussion, Presentations, and role play.

Virtual method may also be used to orient the participants on VKP project

1. PPT presentation
2. Videos on the project

#### Procedure

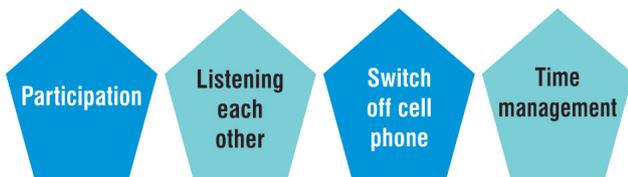
1. Registration of the participants
2. Introduce the session and learning objectives of this session.
3. Introduce him/her to the participants and the name to be used during the course of the workshop.
5. Introduce organization where he/ she is coming from and experience in enterprise development training
6. Facilitator will request each participant to introduce himself/ herself and the organization they represent as well as their expectations from the workshop; ask them to draw a picture by using marker and chart of their respective value chain product and display on the board while introducing him/ her along with following information:

Name
EG Village Panchayat (VP) Name and Enterprise Activity
Position in EG/VP
Expectation from the training

During the introduction, list of participants' expectation/s on the white sheet and place it on the wall. The purpose of this exercise is to identify Training related expectations and try to address them during the training.

Introduce about the training facility, resource person/s, schedule, and training methodology

Share importance of ground rules with the participants and set ground rules for this training with participatory manner but make sure following points in the list



Read the participants expectation as listed on the sheet and share training objectives with them, match each objective with the participant's expectation list.

Ask participants to share their understanding about the project, make sure all participants actively participate in this brainstorming exercise, note key points and participants understanding level and share project details with the participants and clarify the points which require further clarification.

**Learning outcome:** At the end of the session the participants are familiar with each other and about VKP project.

**Annexures/HANDOUTS**

**Game 1 Introduction to a companion game**

**Method:** The following methods can be used to select a companion. Names/drawings of fruits, flowers, vegetables, animals, etc., can be written in small slips, the number of slips should be as per the number of the trainees. Suppose if there are 50 people, 25 sets of slips or drawings should be prepared. After each of them selects a slip, two people who have selected the slip with the same name or same drawing can be asked to become companions. Five to ten minutes time shall be given for each pair to introduce themselves. After introduction, each of the participant will introduce his/her companion to the total group.

During introduction they should be asked to share the following points:

1. Name, place and family background
2. Professional experience
3. One good and one bad experience related to profession.

**Game 2 Introducing by moving in a circle**

**Method:** The trainees should be made to stand in two circles, one within the other and asked to walk in opposite directions. They should be asked to stop moving when the resource person claps and should introduce the person who is mutually in front of each of them. They shall be asked to exchange information like their name, place and a little family background. After some time they should be asked to move again. Again at the clap of the resource person they shall stop and introduce themselves with new friends. This activity can be continued for 4-5 rounds. This activity/ game helps to introduce or know 4-5 new friends in very less time.

**Note to the Trainer**

In this session process of filling up the pre-training questionnaire can be done. The trainer should have clarity and skill about the introduction game they are going to facilitate. They should keep all the necessary material prepared well before time. They should ensure that all the trainees will take part in the game and shall try to complete the game within the stipulated time

**1.2. Introduction to Vaazhdhu Kaattuvom Project (VKP)**

Vaazhdhu Kaattuvom Project (VKP) is a transformative project that looks beyond poverty alleviation by building sustainability and prosperity of rural communities through enterprise promotion, access to finance and employment opportunities. The project designed to build on the investments made by Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP), Tamil Nadu State Rural Livelihood Mission (TNSRLM) and National Rural Livelihood Project (NRLP) since 2005 and 2011 respectively. These projects enabled vulnerability reduction through building strong community based institutional structures.

The Project Development Objective (PDO) is to "Promote rural enterprises, access to finance and employment opportunities in selected blocks of Tamil Nadu". The VKP is operational in 26 districts

specifically focusing on 120 blocks and 3,994 village panchayats of Tamil Nadu.

### Project Beneficiaries

The project primarily target the beneficiaries of the project is the SHG households, created in the previous projects,; the focus will be on women, scheduled tribes, scheduled castes, differently-abled, youth and aspiring entrepreneurs.

The beneficiaries will be producer households, aggregated into producer groups/producer

collectives and individual entrepreneurs across farm and non-farm sectors in the selected project blocks with basic level of assets, resources and skills; and focusing on women, scheduled tribes, scheduled caste, youth and differently-abled persons.

The project targets to reach a total of 411,620 individuals, out of which 325,000 individuals will be organized into Producer Collectives (PCs), Producer Groups (PGs) and Enterprise Groups (EGs). The project plans to promote 6000 PGs, 1000EGs and 50 PCs.

## PROJECT TARGET BENEFICIARIES

Group enterprises	6,000 Producer groups - each PG to have an average of 50 members	3,25,000
	1,000 Enterprise groups - each EG to have an average of 25 members	
Individual enterprises	6,000 Nano Entrepreneurs	6620
	500 Micro Entrepreneurs	
	120 Small Entrepreneurs	
Skilling	40000 Individual Beneficiaries through convergence and 40000 through CSS	80,000

## Module 1 Basic Orientation on EGs

### Session plan

Topic		Content	Duration
1.3	Individual Vs Group action	Individual Vs Collective Action Advantages of working in a group EG as an Entrepreneur and Qualities of an entrepreneur	60 min
1.4	Basic Concepts of an EG- Why & What?	EG as an Entrepreneur and Qualities of an entrepreneur (Why EGs)-Scope of activities, Benefits What is a EG? Definition and Characteristics.	60 min
1.5	EG Structure and Formation process	Membership eligibility criteria, Process of formation Framing of Byelaws and Norms Selection of office bearers Opening of EG Bank account(Resolutions Filling up of Opening forms)	90 min
1.6	Legal forms	Registration under MSME other forms Udhayam scheme benefits	60 min

## 2.1. Conduct of sessions

**Duration: 4 hrs 30 min**

### Objectives

**At the end of session participants will be able to**

- Explain Enterprise Groups and its importance
- Formation and Development
- Enterprise Governance and Management
- Leadership- Roles and Responsibilities

### Contents

- Entrepreneurship, Qualities, EG as an entrepreneur
- Enterprise, Producer group and Enterprise group
- Importance of Enterprise Groups
- Purpose and Functions of Enterprise Groups
- Process of formation of Enterprise Groups
- Legal compliance

### Training Methodology

- Brainstorming, small group discussion, interactive discussion, Presentations and role play

### Procedure

Welcome participants. Establish link with the previous session and share objectives of the session with the.

Start the day's session by writing the title of session – 'Organisation, leadership and management' – on the white board.

Share objectives of the session. Link sub-content for discussion to achieve the objective

Divide participants into sub-groups and ask each sub-group to discuss the advantages and disadvantages of Group actions. Demonstrate and explain using an example.

Write the two words – 'Producer Group' and 'Enterprise Group' on the white board. Invite participants to brainstorm on what an EG means.

List their responses on the flipchart. Ask them to use this definition to identify types of groups that exist within their community.

Based on their response, extract a definition of EG.

List their responses on the board. These would be more focused on business, products and enterprises.

Here, it's also important to explain what an Enterprise is. Ask participants that it means and list their responses on the board

These would reflect their understanding of the word 'enterprise'. Share the standard definition of enterprise.

Stress that to become EG members, they must have attributes of successful entrepreneurs. And that they should always look for better and more efficient and profitable ways to do things.

**The discussion should include at least the following elements:**

#### Collective working

Interaction between participants to pursue a common goal

#### Encouragement to manage shared resources

Explain steps and processes to become EG member.

#### Explain EG characteristics.

Discuss the concept of governance and leadership

#### Discuss the role of leader in an EG

Ask questions on the qualities of an effective leadership. This could be done through a role play exercise. Encourage participants to provide examples where appropriate.

Supplement the discussion with a handout on leadership, qualities, characteristics, roles and responsibilities of office bearers, role of communication, decision making and conflict management in a group.

Conclude discussion by explaining details with Handouts.

Finally, ask participants to share their understanding about EG and Enterprise Group and highlight key points in participatory manner to assess the participants learning.

### Handouts

Entrepreneurship and Qualities of an Entrepreneur

## 2.2. What is an Enterprise?

Enterprise is as an activity or set of activities involving production of goods and services with the objective of earning a profit. There are four types of enterprises in rural areas which are production, processing /manufacturing, trading and services.

Types of Enterprise	Description
Production	Production goods for Selling eg. Growing fruits and vegetables, livestock rearing
Processing	Converting produce into value added product eg. Fruits into jams
Trading	Buying and selling of same produce and product e.g wholesale and retail market
Services	Main line of business is providing a support service eg. Packaging

### 2.3. Basic Concept of EG

#### What is an EG?

EG“A group of members having joint ownership and control over the business activities with shared profit and Loss”. These groups will have a membership range of 10 to 30. The Enterprise Groups is a group of producers associated with each other around a commodity or value chain. The EG would undertake joint procurement/sourcing of product/services and market

#### Purpose and Functions of EG

The main aim of the group is to pool individual producers become more competitive through economies of scale and to increase their individual income. The functions of the EG is to:

- Share a common infrastructure
- Produce and sell products for profit
- Purchase raw materials from Bulk markets and reduce transaction costs
- Access and share market information
- Access to innovative technology and other services
- Access government schemes

#### What are the essential features of an EG?

An Enterprise group is a joint venture owned and managed by primary producers their mutual benefit to access to common facilities like infrastructure, capacity building, hand-holding, financial support & markets linkages on a sustainable basis. It is a for profit enterprise.

EG is a collective enterprise formed the village level

Joint production and marketing by the producers in an EG.

EG is independent and mostly not linked with a producer collective.

The EG is owned by the members themselves

The EG activities are mostly related with High Value Product.

Works for the benefit of the member producers.

The Enterprise groups will be a formal registered body

EG will follow the ESMF guidelines in the project

#### Group Size

The size of the EG is 5-30. The EG will have its own byelaws and the members will select office bearers President, Secretary and treasurer who will be responsible to execute the functions of the EG as per the bye-laws framed.

#### Membership

All the EG members should belong to the same village

They should be a member or family member from SHG household.

Should have relevant productive assets or skills to participate in the value chain or should be willing to upgrade to be a part of producer groups.

The members age should be from 18 years and above

Already existing EGs may also be revamped to form new EG

All the selected members must belong to same village

The membership is inclusive (of all classes)

#### 2.4. Legal Form

- Enterprise groups will be a formal registered body. The nature of legal entity for the EGs would be decided at the time of formation i.e Society, Producer Company, cooperative etc.
- If the group is registered as a Society, it would be governed by the Tamil Nadu Societies Registration Act of 1975 whereas in case of

Producer Company it would be governed by the Producer Companies Act of 2002. In case of Cooperative, it would be governed by the Tamil Nadu Cooperative Societies Act 1983.

- Process of Registration should not be too demanding in terms of time and resources.
- The legal form needs to fit into its business needs, organisational priorities, social capital and management capacity.

**While choosing a legal form, the following factors may be kept in view:**

- Primary producers should benefit from the surplus generated by the EG.



# MODULE 2

## EG Organisation, Leadership and Management

Session No.	Topics	Contents	Duration
2.1	Governance	Group Constitution why & what?	90 min
2.2	Management	Roles and responsibilities of office bearers	60 min
2.3	Leadership and communication	Leadership styles Qualities of a good leader and effective leadership Communication skills	60 min
2.4	Group functioning processes	Conduct of regular meetings Ensure member attendance and participation Decision making , Problem solving, Resolving conflicts	90 min

**Duration: 5hrs**

**Objective:** The objective of the module is to orient the participants on

1. Importance of group constitution
2. Roles and responsibilities of office bearers
3. The qualities of a good leader
4. On the procedure and conduct of group meeting

**Methodology**

Small group discussion

Role play

ILM (integrated lecture method)

Video presentation

**Procedure**

Start the session with a recap of the contents taught in the previous module and also a brief on the contents of the current module and the connection between the two modules.

The first session on importance of constitution, the role of members, constitution of executive committee can be explained.

Discuss the concept of governance and group dynamics with the participants and supplement the discussion in the light of handouts on "governance and group dynamics".

Ask question to the participants that "what will be the role, responsibilities of the EG office bearers, divide

participants into groups of about five and let each group brainstorm on the questions. Allow groups about 15–20 minutes to come up with answers. Call back the groups and let a spokesperson from each group present the answers to the participants. Encourage participants to provide examples where appropriate. Where necessary, supplement the discussion with the support of handout “role and responsibilities of office bearers”

Discuss the role of Leader at EG, place the participants responses on the board and club into four heads;  
 » Leadership, qualities, characteristics, role, importance, style. In this session the participants can be asked to share on their ideas of a good leader with an example of leader who have inspired them and the qualities they possessed. The qualities of leader can be applied to the EG office bearers. The participants may be asked to enact through role play of the roles of the office bearers

A presentation can be done on communication  
 » Conflict management and team building » Negotiation and team building

Conclude the discussion by explaining details in the light of handouts. f Ask participants to share their experiences, what kind of issue they normally faced and how overcome. After 10-15 minutes experience sharing conclude the session by highlighting few examples.

The effective ways to communicate can be taught through examples and case presentations. Case examples of how this is important to an EG should be explained.

A video session can be planned to make the participants understand on the procedure to be adopted on conduct of group meetings, different roles etc.

**Learning outcome:**

At the end of the module the participants have understood the

- 1. Importance of EG governance,
- 2. Roles and responsibilities of office bearers,
- 3. Qualities of a good leaders,
- 4. Effective means of communication
- 5. Importance and conduct of group meetings

**Handouts:**

**ROLES AND RESPONSIBILITY OF OFFICE BEARERS**

**ROLE OF A PRESIDENT** - The president leads, coordinates and represents the group. He /She is the custodian of the group and provides overall guidance and ensures regular conduct of meetings and participation of members.

**The role of president is to**

- Coordinate the group’s and the committees’ activities
- Chair meetings and summarize them at the end
- Encourage participation by all members in discussion, decision making and work
- Support conflict resolution efforts
- Ensure that the group policies are followed
- Ensure that members pay their contributions as agreed
- Ensure that the work plan is followed
- Represent the group at meetings different forums and meetings/seminars
- Facilitate linkage and key person in developing functional linkage with relevant stakeholders

**ROLE OF A SECRETARY** - *The secretary manages the group’s correspondence and records. She/He is the custodian of all records and books of accounts of EG and its assets and responsible for organizing meetings regularly.*

**The role of a secretary is to**

- Convene meetings in consultation with president
- Set the agenda for the meetings
- Ensure attendance and participation of members
- Get the minutes of discussions recorded
- Execute the decisions of the Group
- Report the members on the progress of groups activity
- Coordinate and facilitate linkages with public and private agencies
- Maintains the list of members, the constitution, byelaws, business plan, and other important documents
- Deals with communications to and from the group

**ROLE OF A TREASURER** - *The treasurer manages the group's money-*

**The role of a treasurer is to**

- Safeguards and manages the group's money
- Keeps the financial records of the group
- Reports to the members about expenditures and receipts, and the balance available in cash or at the bank
- Receives money on behalf of the group, and gives receipts for the money received
- Keeps the cash book and the receipts of purchases, sales and received money
- Counts the money kept by the group, in the presence of the members
- Reports to the members on the group's financial situation.
- To ensure audit at least 1 audit per year

To summarise the treasurer is responsible for all financial matters including accounts and audit. In the absence of Treasurer, Secretary takes full charge of all the responsibilities of Treasurer.

## 2.7. Qualities expected of a good leader

**Integrity.** A leader must be honest and impartial and must earn the trust and respect of others.

**Vision.** Vision gives direction and builds cohesion among the group members. People trust a leader who knows where they should go and how to get there.

**Enthusiastic.** Leaders must inspire and motivate the group members, and must convince outsiders about what they do.

**Team player.** Good leaders work well with other people, and lead by example.

**Confident and purposeful.** Good leaders have the ability to make decisions, an ability to inspire confidence in others, and the talent to draw out the best efforts of the team and to get things done well.

**Resolving conflict.** He or she helps resolve disputes among members and guides their energy into positive channels.

**Good communicator.** Leaders must be able to communicate well with the group members. They encourage the building of relationships within the group and with outsiders.

**Calm, focused and analytical.** Good leaders manage crises by staying calm, and keeping the main goal in mind. They break down a task into manageable steps to make it progress easier.

**Knowledgeable.** Good leaders have a good understanding of the problems that group members face, and should have ideas on what the solutions might be.

**Participatory.** To lead a group of farmers, a leader must make it possible for all the members to voice their ideas and contribute to the group's growth.

## CONFLICT RESOLUTION

A certain amount of conflict or creative tension is always there in the group. Differences are inevitable in an EG having members with different experiences, attitudes and expectations. Differences of ideas about tasks also help in choosing better tasks and business deals. If the members have different opinions and express them the group can weigh up the options and choose the best. It is therefore useful to see conflicts as expressions of existing differences within a group. How effectively a group deals with conflict management largely affects the efficiently level of its functioning.



# MODULE 3

## Record Keeping and Accounting

**Session Plan**

Session No.	Name of session	Contents	Duration
3.1	Record Keeping	Records keeping- Why and What? Types of records to be maintained and importance Minutes of group meeting	60 min
3.2	Basic accounting systems and recording transactions	Importance of accounting Basic principles of accounting- Cash and Bank book Receipts and Payment Importance and role of book-keeper	180 min
3.3	Legal compliances	Income Tax, GST, FSSAI and other	60 min

**CONDUCT OF THE SESSION**

**DURATION:** 4 hrs

**OBJECTIVES**

At the end of the training session, the participants learn about the

Importance of Record Keeping and the skills related to the basic accounting skills and recording transactions

**PROCEDURE:**

Ask participants what is their understanding about record and record keeping and Trigger discussion with the participants about the importance of Recordkeeping. Share that the one of the main reason of conflict in EG members is related to transparency and transparency can be ensured if EG maintain

proper and complete records of all activities. Ask participants to share their experiences, conclude the discussion by explaining book and record keeping, its importance and how to manage records at EG level.

Discuss the record keeping highlighting the following points

- Cash and Bank Book,
- Payments and Receipts
- Sales and Purchase records
- Minutes of the Group
- Books to be maintained as per company act

**Divide participants into small groups**

The participants can be given practice sessions to prepare receipt/cash memo, cash book etc on

white papers. Templates out of examples could be presented

Elaborate and reiterate the importance of accounting and record keeping

Conclude the session by reviewing key points of the session

**HANDOUTS**

**3.1. RECORD- KEEPING**

**1. What is Book-keeping?**

Book-Keeping is gives information on PG organization, activities and income. It gives for group members on actions that have been taken by the group, and what or how much has been bought, sold or repaid.

**2. Why is Book-keeping important?**

The group should keep records for several reasons:

- Help members remember what happened and the decisions taken.
- Document money the group received, paid out and remaining dues. And money paid and due from individual members.
- Provide information for the group and its supporters to monitor progress.
- Prevent misunderstandings among members and with supporters and business partners.
- Book-keeping may be required by the government, banks or other organisations.

A simple accounting system consists of Cash Book, Bank Bok, Receipts and Payments documents

- Cash book: Cash receipts and cash payments, pertaining to the PG only, may be recorded in cash book against appropriate account heads
- Bank book: Any transaction made through the bank is recorded in the bank book.
- Cash Box: The money in the cashbox is recorded at all times. Every time money is received or payment is made it is recorded in the cash book.
- File folders: to hold receipts and other documents. The group will need one folder for the cash receipts and another for the bank receipts and statements.
- The Cash book: Cash receipts and cash payments, pertaining to EG only, may be recorded in cash book against appropriate account heads (discussed in a separate chapter). The format of cash book is given below:
- Table ( )

**3.2. ACCOUNTING**

CASH BOOK									
Debit side (Dr.)					Credit side (Cr.)				
Date	V.No.	Particulars	L.F	Amt.(Rs.)	Date	V.No.	Particulars	L.F	Amt.(Rs.)

- All the items of cash receipts are recorded on the debit side (left hand side) and all the items of cash payments are recorded on credit side (right hand side) in order of date of the cash transaction.
- The difference between the total of two sides shows balance of cash in hand i.e. excess of summation on debit side over the summation on credit side.
- Cash Book may be balanced whenever there is a cash transaction and Treasurer may put his/her signature after it.

**The Bank book**

All transactions related to receipt of money in Bank and payment made through bank are recorded in the bank book. The format of Bank book is similar to that of cash book. However, it is important to note that transactions routed through a Bank only (i.e. money received in Bank & payment made through Bank) be recorded in this book.

### BANK BOOK

Name of Bank: .....

Account Type & No. ....

Debit side (Dr.)				
Date	V.No.	Particulars	L.F	Amt.(Rs.)

Credit side (Cr.)				
Date	V.No.	Particulars	L.F	Amt.(Rs.)

- The difference between debit side (left hand) & credit side (right hand) of Bank book on any particular day will reveal the balance in Bank account of EG. Debit balance (excess of total of debit side over credit side total) represent bank balance, while credit balance (excess of credit side total over debit side total) represent Bank overdraft. The Bank book is closed by striking a balance on a given date. The treasurer may put his/her signature in Bank Book when Bank balance is struck.
- Bank book helps to reconcile difference between balance as per bank book of EG & balance as per pass book of Bank account of EG.

#### Preparation of Bank Reconciliation Statement (BRS)

Normally, bank balance as per bank book of EG and that as per pass book of Bank should be similar. However, on a particular day this balance may differ. Therefore, to know the reason for difference in balance as per these books, a reconciliation statement is prepared which is called Bank reconciliation statement.

### 3.3. LEGAL COMPLIANCES

As the EG is a registered entity having its own existence, it is required to comply with certain legal compliances, as mentioned below:

- a) **Licenses required**, depending upon nature of business a FPO may require Building Plan approval from Competent Authority, License from Industries Department, FDA, FPO, Pollution Control, NOC from Fire Department, FSSAI etc.
- b) **Compliance with Taxation Laws (Income Tax, Commercial Tax Act etc.)** – EG has to procure a PAN number from the Income Tax Department and GSTIN from the Commercial Tax Department to carry out business(for selling/offering the chargeable goods and services). In the wake of recent Budget announcement of 2018- 19, FPOs registered under Companies Act with an annual turnover upto Rs. 100 crore, are eligible for 100% Tax exemption for a period of five years from financial year 2018-19.
- c) **Compliance under Companies Act or Act under which EG is registered for maintenance**

**of Records and Preparation of Financial Statements – For a EGs registered under Companies Act, following returns are to be filed:**

- (i) **Balance-Sheet - Form 23AC to be filed by all companies**
- (ii) **Profit & Loss Account - Form 23ACA to be filed by all companies**
- (iii) **Annual Return - Form 20B to be filed by companies having share capital**
- (iv) **Compliance Certificate - Form 66 to be filed by companies with paid up capital between Rs. 10 lakh to Rs. 2 crore**

**For the EGs registered under Companies Act, following Statutory Registers, Books are to be maintained:**

- i) Share/Debenture transfer register [Section 108]
- ii) Copy of every instrument deed, etc., creating any charge which requires registration [Section 136]
- iii) Register of charges [Section 143]
- iv) Register of members [Section 150]

- v) Index of members [Section 151]
  - vi) Copies of annual returns and certificates and documents required to be annexed thereto [Section 159 to 161]
  - vii) Minute books of Board Meetings & meetings of committee of the Board [Section 193]
  - viii) Minute books of general meetings [Section 193]
  - ix) Register of dividend declared and remaining unpaid [Section 205]
  - x) Proper books of accounts [Section 209]
  - xi) Proper books of accounts in relation to transactions effected at Branch Office.
  - xii) Register of contracts, companies and firms in which directors are interested [Section 301].
  - xiii) Register of directors, etc.[Section 303]
  - xiv) Register of directors' share-holdings, etc. [Section 307]
  - xv) Books of accounts of producer company [Section 581ZE(1)]
  - xvi) Register of particulars of investments of producer companies [Section 581ZL(7)].
- d) Holding of Meetings** - The Companies Act, 2013 has given elaborate provisions for holding and conducting meetings. It is necessary to observe those provisions; failing which the decisions taken will not be considered binding. These meetings include:



# MODULE 4

## Business Planning , Development and Management

Session No.	Topic	Contents	Duration
4.1	Business planning	Importance of a business plan Visioning- Long term, Medium term and short term Preparing a business plan(Different elements and components) Implementation and Monitoring	180 min
4.2	Business Development	Accessing Business development services Business operations Managing individual producers and Incentivizing productivity	60 min
4.3	Accessing funds	Project Start up fund, Matching Grant support, Milestones to be reached Role of OSF, Project team Funds through convergences with Financial institutions and Government line departments	60 min

### Conduct of sessions

**Duration:** 5 hrs

### Objectives

This session will enable the participants to understand the concepts of business especially business plan and financial management, the specific objectives are to enable the participants to understand:

- How to do Business Planning for their business
- How to develop the Business
- Financial Management

**Duration:**

### Contents

Business Planning

- What is Business Planning?
- Why is Business Planning important for an Enterprise Group?

- Where are we now? Assessing the current situation
- How to translate analysis into action?
- Understanding enterprise profitability
- Assessing and managing business risks

**Development of Business Plan**

- Choosing and enterprise
- Developing a EG Business plan
- Components of a Business plan
- Preparing an action plan
- Financial Plan/Budgeting

**Training Methodology**

Brainstorming, small group discussion, interactive discussion, Presentations and role play

**Procedure**

Review the previous session and link the present session to the previous one.

Write “Business Planning” on the white board and put following question on flip chart and ask participants to share understanding about these:

**What is business planning?**

**Why is business planning important for an Enterprise?**

**How to do a business plan?**

Encourage participants to provide examples where appropriate. Where necessary supplement the discussion with the help of handouts

Brainstorming: What is Business? Probe participants to find out following answers

**Business is an activity to take risk**

**Business is an activity to earn profit**

**Business is an activity to invest money/ capital/provide service**

**Business is an activity to trade**

**Business is activity where we produce/ manufacture any product**

**Business is an activity to sale something**

Summarise by explaining business concepts and relate with EG doing a business

- 1) Explain the details of business plan with participants with handouts and divide

participants into four groups, ask them to develop their business plans with discussions (give them a copy of business plan format for further facilitation)

- 2) After concluding this discussion move to financial management part: Begin the discussion by making connection with previous discussion on “Business plan” to make a connection between chains of sessions
- 3) Ask participants on what is their understanding on Costs and Income, Profit and loss and also touch upon record keeping in light of Payment receipts, Order form, Record of sale/purchase, Record of creditors’ /Debtors and Profit loss record
- 4) Elaborate the importance of financial management and maintaining cash flow, calculating costs and profit, ways of reducing costs and increasing profits.

Conclude the session by reviewing key points of the session

**Handouts:**

**BUSINESS PLANNING**

A guided process of business planning can be helpful in shaping a prospective future of the Enterprise Groups.

**What is a Business Planning?**

A business plan is a formal statement of a set of business goals, objectives, activities, methodologies, process and outputs, the business plans of EGs in the project contain organizational, production/ operational, marketing, financial and management planning. It is about an enterprise’s future. It describes the enterprise, what it produces and how it produces them, how it markets its products, the risks its faces and how to deal with them, and its financial situation and financing needs.

**Why is a Business plan needed for an EG?**

**To undertake a business for the benefit of its shareholders**

**To identify the scope for income and areas of expenditure in a realistic way**

**To mobilize investments from financial institutions**

**To source funds from convergence from schemes from Governments Departments**

#### 4.4. Key components of a Business Plan

There are six basic components of the business plan each component have sub components which are essential for the development of any successful business plan.

##### Section 1.

##### Business Description/Executive summary

As an introduction to EGs involved in business, this section should provide an overview of the business and its objectives.

##### Mission Statement

The statement of purpose—a mission statement—is written to outline intentions and motivations.

##### Business Overview

Business Description of a business plan is a summary of the current state of the venture. The description of the legal structure, who the principal owners and a definition of the business—is it a producer, retailer, wholesaler, service provider, or some combination? It may also include the history of the business and its primary strengths.

##### Produce

EG must have a description of what producers are producing as a group. All such should be made available and in written form, which will help in further marketing of products.

##### Market Analysis

EGs must have detail analysis of market. This section of business plan should have market description, characteristic, customer, competition and how EG plan to gain an advantage over them to create a successful venture.

##### Section: 2 Target Customer Profile

In Market analysis, first of all customer should be identified, interested to buy products from farmer. Once EGs start gathering information, it will start building target customer profile. The profiling should include demographic information, focus areas and why the customer will buy produce from EG.

##### Section 3. Competitor Assessment

Every business have competitors in one or another form. While doing market analysis, EG must include a review of specific competitors.

When reviewing competitors, consider what they have as far as:



##### Section 4. Marketing Plan

Marketing plans of an EG must address following four areas



##### Produce

The EG will explain its products/services, identify their features and benefits, and discuss what needs or problems they address in the market. The EG will explain how it is produced, the input required, and the type of labor needed and will include aspects beyond the produce itself, like packaging etc. and how these supporting features, and information will make their business competitive and profitable.

##### Pricing

Pricing strategies are based on the value of produce, produced by member of EGs, cost of doing business, marketing goals, and expected competitive actions. EG should also think about what other produce similar to their produce sell for in the market. EG must demonstrate that its price will allow creating a profit.

##### Distribution

In the distribution portion of EGs marketing plan, describe how FEG's produce will be distributed and over what geographical area? Issues of cost and efficiency, timeliness, freshness, customer service, customer access, and control all affect the choice of distribution channel and how the produce will reach customers, including specific distribution channels and geographic areas.

##### Section 5. Operating Plan

The operating portion of the plan deals specifically with the internal (organizational) EG structure, operations, and equipment / tools EG need to operate

its business and EG should discuss how the business will be owned and managed, personnel and physical resource needs, and the legal issues FEG will have at some stage.

**Preparing Action Plan:**

Action	Duration	Start Date	Responsibility
Physical resources and inputs			
Labour			
Market			
Risks			

**Section 6. Financial Plan**

Financial plan is the heart of the business plan. The EG has to effectively manage EG finances, prepare realistic budgets by determining the actual amount of money needed

to start the business and the amount needed to operate it .

A Cash flow analysis is important in the plan.

**Cash Flow Statement**

A typical cash flow statement starts with the amount of cash the business has on hand then adds new cash received through cash sales, paid invoices and then subtracts cash that has been paid out as bills, loans, taxes etc. are paid off. This will then give the total cash flow (cash in minus cash out) and the ending cash (starting cash + cash in – cash out = ending cash).

Cash flow statement of the business will show, when the business might be low on cash and when it might be the best time to buy new equipment. Above all, a cash flow statement will help figure out how much money might be needed to be raised or borrowed to grow the business.

**5.1. Financial Management**

**Why learn about finance?**

It is vital for any enterprise to keep track of investments, costs, and income. In order to make good decisions, the producers have to know how much material and labor cost, how much money comes in, and how

much profit to expect. This information will enable the producers for preparation of the business plan through some simple calculations.

**Estimating Costs**

**Calculating Cost Benefits of Enterprise:**

In an enterprise it is important to understand the costs and benefits associated with the product.

**Costing of Produce**

Costs: A business has many different costs from paying for inputs to paying the lease or the utility bills. By careful classification of these costs a business can analyse its performance and make better decisions. Business costs can be classified as:

**Variable costs and Fixed costs:**

Variable cost: Costs that change depending on the amount of output. These may include raw materials (inputs), wages, fuel for machines etc.

Fixed costs: Costs that remain the same no matter the level of production of the business. For example, lease for land

**How to calculate the cost of production:**

Cost of production is the sum of costs of the resources or inputs that went into raising a given produce.

$$\text{Total fixed costs (TFC) + Total Variable costs(TVC) = Cost of production}$$

### Benefits (revenue)

For benefit-cost analysis, the benefits from the enterprise are equivalent to revenue, which is the total money received for the goods or products. To compute the revenue for a period of time it is to be done by multiplying the amount of produce sold by the selling price over that period

### Net income

Net income is the difference between the total revenue and the total costs

Net income= Total revenue- (Cost of inputs + Cost of labour + Marketing costs)

### Benefit- Cost analysis

Benefit- cost analysis is a process where costs and benefits are compared to determine whether a business is profitable and therefore financially viable.

Determine the minimum price and production for the enterprise

### Calculating the break-even price

A break-even price is the minimum acceptable price that will, if nothing else, cover the cost of production. At this price the income received will be equal to the cost of production and the profits will be zero. The break-even price can be calculated from the information in the enterprise budget, using the following formula

Break-even Price = Total variable costs per unit/ production per unit

Calculating break-even production

The break-even production is the minimum level of production that you can produce to cover the costs of production. It is calculated by dividing the Total Variable Costs with the per unit price of the product.

### Calculating costs, income and profit for the EG

The costs, income, and profits for all members of the farmers' group could be calculated from records kept by all farmers. But in only a few farmers might have records, the figures for costs and income per hectare to estimate the costs and incomes of the other farmers in the group. Example

## 5.3. Sources of funds for Enterprise Groups

The Enterprise Group (PG) may require finances for production activities, purchase of tools and equipment, primary processing, procurement activities etc. The funding for EGs can be accessed through

#### Start-up fund from the Project

#### Convergence with Line Departments and

#### Bank linkages

The project will fund a start -up grant of a maximum of Rs.xxxxx based on their activity plan and the fund would be released on submission of application articulating the need i.e. for establishment of common infrastructure or for the working capital of the group.

If the activity plan exceeds the start-up fund and as there is a less possibility of formal finance, the balance amount will be borne by the producer group.

# MODULE 5

## MARKETS AND MARKETING

### Session Plan

Session No.	Name of session	Contents	Methodology	Materials required	Duration
5.1	Understanding Marketing and markets	Market analysis Market planning - Product, Place, Price and Promotion	Presentation, (Visit to nearby Markets could be planned)	Templates, Papers, Pen	60 min
5.2	Accessing Markets	Constraints and Opportunities  Different ways to access markets- Distant and Retail markets	ILM, SGD	Chart paper, Pen	60 min
5.3	Marketing Strategies	Developing market linkages with Buyer  Promoting new market places and Business development services required  Facilitating activities to be undertaken by project team for the market linkages	ILM, SGD	PPTs, Charts, Handouts	60 min

### 5.1. MARKETS AND MARKETING

#### Objectives

At the end of session participants will be able to:

Understanding marketing and markets

Orient about marketing mix

Identify market opportunity channels

Explore appropriate linkages required for marketing

Understand benefits of Group buying and marketing

#### Contents

Following contents will be delivered to achieve the objectives as listed above:

**Market and marketing**

- Ways to access the markets and Marketing channels
- Marketing strategies
- Market constraints and opportunity at EG level
- Developing linkages with Market/Buyer

**Duration 180 min**

**Training Methodology**

Brainstorming, small group discussion, interactive discussion, Presentations and role play

**Procedure**

Welcome the participants and establish link with the previous session and share the objectives of the session with the participants.

Write the word “Marketing” on the left side of the board and ask participants what they understand by this term. Note key words from their responses under the word “Marketing”. Then write “Market” on the right side of the board. Again ask participants what they understand by this term, and note their responses under the word “Market”. Conclude this discussion by sharing handout contains definition of market and marketing and explaining the definitions as follows:

- Marketing is the process of exchange between the producer who sells, and the consumer?
- Market is the place where the exchange of goods and services takes place. It is made up of sellers, buyers products and prices.

Ask the participants that you would like them to spend some time discussing their experiences in marketing. Use the following questions to guide the discussion and make sure that some key marketing concepts and terminologies are introduced:

- Who has sold produce at the market?
- How did you identify a particular market
- Whom did you sell
- What products did they sell?
- What quantity did they sell?
- How did they take the product to the market?
- How well did this work?
- What was the market like?
- What difficulties did you have?
- What would you do differently?

In order to deepen participants understanding of marketing and to anchor the learning to their own farms, organise the participants into sub groups. Ask each subgroup to select a group to select a product that they are familiar with and ask them to answer the following questions with regard to the chosen product:

- Who is the final consumer?
- What are the different ways to market this product?
- What are some of the constraints or problems you might experience when selling the product?
- What is the market mix?

After 20 minutes, facilitate a discussion to ensure that the following concepts are clear:

A Product may pass through a number of hands to get from the producer to the final consumer or user. All the stages together from the producer to the final consumer are called the marketing channel. At each stage value is added to the product. And at each stage a cost is also added to the product. The costs include things like transport, storage, packaging and handling fees. Explain that if producers sell in the local market their profit margin might be high, but they can only sell small amounts. If the product reaches the city market or the global market, then the producers can sell larger amounts. But such sales would need the support of traders and others along the way. Each of them would add value and cost to the product. Conclude this discussion by sharing handout “Markets and Marketing ways and reiterating the following:

- The key marketing channels include middlemen, wholesalers, processors and retailers. The retailers deal mainly in small quantities while wholesalers and processors take agri products in larger quantities
- A product exists only if someone is willing to pay for it (someone who buys it)
- A product can be sold only if it has a customer
- Marketing is therefore critical to the success of the enterprise

Before concluding this topic also share marketing strategies with the participants with the help of handout “marketing strategies”

Ask participants to identify a commodity that is commonly produced among them.

Ask the participants that you will divide them into three groups, where each group should discuss their selected commodities and the following questions:

**What are the different market outlets available for the product?**

**What quantities do they want?**

**When is the best time to use these markets?**

**What else do they know about these markets?**

**What else do they think they need to learn about these markets?**

After completion of the group discussion, facilitate a question-by-question discussion in the plenary. Emphasize that it is important to know what market outlets are available for your products. It is important to know about these markets with regard to time, access, terms and conditions and other facilities. In this way they will be able to make informed decisions about which market to use.

Write the word "constraints" and "Opportunities" on the white board and ask participants to share at least one constraint and one opportunity about their respective product.

Ask participants to share their understanding about the "linkages" make sure engaged all the participants in this discussion and after getting feedback from participants share details of "Linkages development with market/buyer and 'activities for the linkages development"

Conclude the session by asking participants for sharing of key points of the session.

## **MARKET AND MARKET LINKAGES**

Understanding Markets and marketing is a very crucial for the EG Business development

### **What is market?**

Market is a physical place where buying and selling of produce or services take place. It is the place where the exchange of produce and services takes place. The market is made up of buyers, sellers, products and prices. Marketing can be described as a set of activities that direct the flow of produce and services from producers to the end users or customers.

Marketing is the process of exchange (producer) who sells and the consumer who buys. It is about finding out what the consumer needs and then making a profit by satisfying those needs.

## **Market Analysis**

The marketing of any product involves flow of raw produce from the farm to the final consumers (households) through a channel consisting of produce traders, wholesalers, processors and retailers. Access to the market place is crucially important for the EG to generate income by selling their produce. Profitability of the EG is linked to members being able to sell their produce at competitive prices. Therefore relevant market identification and addressing constraints is important. The questionnaire to guide for scoping markets is given in the Annexure

## **Marketing planning**

Marketing involves planning for efficient production, storage, processing and packaging, promotion and transporting produce from production site to consumers. The key components of the marketing mix therefore include: Product, Place, price, promotion this commonly known as 4 Ps.

## **6.2. Access to markets**

The key marketing channels include: middlemen, wholesalers, processors and retailers. The retailers deal mainly in small quantities while wholesalers and processors take produce in larger quantities. Most frequently they work through middlemen who buy in small quantities, bulk it and transport to the wholesalers or processors.

Common facility centres should be established for the EG, having basic facilities such as weighing machine, storage facility, transport/logistics etc. The EG group leader nominated by the members will coordinate with the traders and build relationship with them to do long term business so that all member producers benefit.

### **Different ways to access markets**

There are different ways and options to sell EG product to the buyers. This includes selling directly consumers or they may decide to sell to traders. EG can also send or take their product to nearby or distant markets. EG may also decide to establish retail units in nearby district centres or reach consumers in distant Urban centres.

EG must also consider the physical losses due to deterioration, which may be incurred during the transport of the product to different markets. A key consideration in making the decision on where to sell is the farmers expectations of prices which may be obtained from the different markets.

**Selling to directly to the consumers by establishing Retail units or digital platforms.**

**Selling to the traders**

**Marketing to the wholesalers**

**Marketing Directly to the retailers**

**EG can also directly to the producers/members of SHG themselves**

### 6.3. Marketing Strategies

Effective marketing strategies is needed for the EG to make better decisions. The following points are to be considered to build effective Market strategies:

- Product characteristics, grade, quality and packing
- Prices , price patterns, variations according to season, quality and supply
- Supply, volumes competing suppliers and seasonality
- Preferences of consumers
- Opportunities for additional production to be marketed

#### Developing market linkages/Buyer

Linking with different types of market is one of the very important services required for bringing product to the market. Linkage implies a physical connection between the producer and the ultimate consumer.

Linkages also involve financial transactions- the selling and buying. There is always a gap between the market demand and supply due to lack of linkages with the market traders and the producers.

Business linkages are made in the form of supply chains, inputs, procurement and contracting with the producers. In addition to buying and selling market linkages also allow to exchange new knowledge, information, technical, financial and business services.

#### Different ways to build linkages between the EGs and the traders:

- Meeting with Buyers**
- Inviting traders to meet with EG members**
- Contract farming**
- Promoting to a new market place**
- Working with the private sectors for " business to Business" meeting**
- Sub- contract exchange**

Facilitating activities to be undertaken by the ECP through OSF to create market and business linkages:

#### 1) Inviting traders to meet with an Enterprise Group:

- Explore with the traders interested in doing business
- Assisting traders to find new market outlets
- Identifying market opportunities for traders to explore and supporting them in expo or national events or international events

#### 2) Promoting new market places

- Encouraging the establishment of a common facility centre or a market in a local town and assisting them in planning

#### 3) Providing information and negotiating support to Enterprise Group and its members

- The producers can be assisted by providing them with names and contacts of important businesses such as suppliers of packaging, transport companies, market agents and traders and private contractors.
- EG can be guided with typical prices, packaging, comparative transport costs, and agents with good reputations
- Supporting the start-up of new trading relationships
- Act as the third party supporting in any disputes and communication

#### The Business Development Services that a EG may require is as follows:

- Companies that provide market information'
- Equipment hire services
- Logistics companies that transport and or store produce
- Trainers and technical assistance providers

**LINKING EG WITH MARKETS:** Following marketing requirements are to met by EG to link with markets

- Identifying a buyer**
- Negotiating with a buyer**
- Consensus within the group members**
- Maintaining a continuous supply**
- Maintaining quality**
- Keeping buyers informed**

**COSTS OF MARKETING** The sales process and marketing involves a cost and the EG agrees with the terms, and that payments to the marketing team (and other office bearers) are transparent.

# MODULE 6

## Technical trainings as per commodity / sub-sector

### Session Plan

Session	Topic	Content	Duration
6.1	Product/ Production Management	Commodity/Product related Issues and challenges Strategies and techniques for improvement in production Understand the importance of production schedule Innovative technologies in Processing, packaging and storage etc Product Diversification	1 day
6.2	Produce Quality Management	Kinds of produce quality issues and hazards Quality loss during production/manufacturing, post production Practices that help minimize these issues Quality parameters and standards	120 min
6.3	Food and Environmental safety	Food safety ESMF Requirements for EGs	120 min

**Note:** These trainings are product specific and will be imparted by commodity/technical experts. The broad areas of imparting trainings related to the technical trainings are articulate. Specific themes related to each commodity/subsector may be developed further with the support of the experts. This may take 1 to 2 days based on the need of the group.

**Duration:** 1-2 days

### Objectives

1. To impart the skills related to product management
2. To introduce product specific technologies and developing strategies
3. To discuss on quality management

4. To impart knowledge on Environmental safeguards to be followed for EGs

### Methodology



**Outcome**

The participants learn new skills on innovative technologies and good agricultural practices to followed in a particular commodity

**HANDOUT:**

**Introduction- Globalisation and its influence on food safety**

With globalization consumers increasingly demand a greater variety of foods, which has led to the creation of a global market and the transboundary movement of food across countries. With such a global movement of food there is a high potential for the spread of contaminants and diseases that have entered the food chain leading to greater risks to human health (food safety and nutritional status), increased food losses and wastes, reduced national and international market access and adverse economic impacts in terms of product destruction, market losses, health care, etc. In such a scenario, food quality and safety have become even more important and governments having recognized their roles in protecting the health and safety of their populations are imposing increasingly stringent requirements relating to pesticide residues, contaminants, microbiological parameters, pests, diseases, as well as hygiene controls.

*Food safety and food safety concerns*

In the case of fresh fruits and vegetables, it is important that there is no harm or adverse health effects, including physical injury, as a result of consuming these foods in their fresh state as they are often eaten raw. A snapshot of quality in the region reflects that major food safety concerns generally relate to residues and contaminants, plants and animal pests and diseases, pathogens and spoilage micro-organisms, physical contaminants, technology issues such as irradiation or GMOs, persistent organic pollutants, food allergens, labeling and claims related issues such as an incorrect –best before date and fraud.

With the rapidly changing world and varying influences such as increasing population, scientific advances, new technologies, changing agricultural practices, changing hazards such as more resistant hazards, and changes in lifestyles worldwide, there is a greater need to investigate and address the increasing potential for food safety incidents. To

elaborate on the growing importance of quality and safety in fruits and vegetables, one could find a host of specific recent examples with respect to horticulture. A range of risks were identified across countries and in the case of fresh and processed horticulture products, pesticide residues were identified as the most common risk factor, others being food additives, heavy metals, aflatoxins. Through the process of risk categorization undertaken by established mechanisms ( in the fruits and vegetables sector, farming is categorized as medium risk whereas retailers are categorized as low risk.

**Food safety approaches**

Greater awareness of food safety by consumers has led them to demand safe food. At the same time, regulators have recognized their responsibility for ensuring that their citizens are provided with safe food by imposing regulations on food safety to cover both domestically produced and imported food (processed and fresh produce). To address these concerns of the consumer, certain approaches have been recognized. Emphasis on the food chain approach is important as food safety hazards can arise at various stages of the food chain and need to be prevented or eliminated at each stage. The preventative risk-based approach is recommended. This aims at implementing practices that prevent the entry of hazards into the food chain, as once the hazards enter the food chain it may be difficult to remove them.

**Environmental Safeguards Requirements for the EGs**

**Compliances related to Enterprises/Value chain activities:**

- Industrial activity (related to food processing or cottage industries) should take necessary approval and license from Pollution Control Board (green, orange, red category), FSSAI etc. wherever applicable. Examples are given below: (detailed list available in ESMF document vol 2)

<b>Orange Category (High Impact)</b>	
1	Food and food processing including fruits and vegetable processing
2	Jute processing without dyeing
3	Dairy and dairy products (small scale)
4	Coffee seed processing

<b>Green Category (Low Impact)</b>	
1	Dal Mills
2	Flour mills (dry process)
3	Poultry, Hatchery and piggery
4	Rice mill (Rice hullers only)
<b>White Category (Low Impact)</b>	
1	Bio fertilizer and bio-pesticides without using inorganic chemicals
2	Organic and inorganic nutrients (by physical mixing)
3	Organic manure (manual mixing)
4	Manufacturing of coir items from coconut husks

- Avoid use of water for processing that does not prescribe to drinking water standards according to (IS 10500-2012)
- Avoid activities/projects causing water pollution or letting waste water into water bodies nearby or open places
- Avoid sale and use of recycled and colored plastic carry bags less than 50 microns in thickness
- Avoid use of non-permissible food colors





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