

Emerging Trends in Financing of Micro Enterprises: AC&ABC Telangana Model Policy Review and Recommendations

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Abstract:

Agriculture and the Indian economy are essentially two sides of the same coin. This is due to the agriculture sector providing a living for more than half of the population and contributing roughly 20% to the Indian economy. Further important point to note is that India has the unique distinction of being one of the few countries in the world where the working-age population will outnumber those dependent on them, and according to the World Bank (World Bank Overview Oct 04, 2021), this will continue until 2040, with 70% of the population living in rural areas. It is a challenge to retain these rural youth in rural areas by providing self-employment opportunities with credit support. Equally, the Indian government has launched numerous initiatives over the years to strengthen the country's economy. A number of government flagship programs have been launched to create massive opportunities for unemployed Agri-professionals in India. Amongst, is the Agri-Clinics and Agri-Business Centers Scheme (AC&ABC), which has been in place for the past 20 implementing in all states of India. The ultimate goal of the AC&ABC Scheme is to provide gainful self-employment opportunities to unemployed agricultural professionals and convert them into Agripreneur. The AC&ABC scheme's main draws also are credit availability and refinance. However, the financial situation demonstrated insignificant progress. To bridging the financial gap and ensure the availability of credit & refinance to Agripreneurs a tripartite memorandum of agreement (MoU) made in between financial institutes and private/national organizations in Telangana State that termed as AC&ABC Telangana Model. This article is focused on the progress and performance of AC&ABC Telangana Model in Telangana State with reference to AC&ABC Scheme of India.

Key word: Agripreneur, Micro-enterprise, Agri-Clinics & Agri-Business Centers Scheme, tripartite agreement etc.

Introduction:

The Agri-Clinics & Agri-Business Centers (AC&ABC) scheme is a grant-in-aid project run by the Ministry of Agriculture and Farmers Welfare, GoI. Since 2002 in all states of India and Agripreneur is the ultimate beneficiary of the scheme. In the context of AC&ABC scheme, Agripreneur is a term used to describe an unemployed Agri-professional who completed the AC&ABC training program and started their own Agri-Enterprise. Agripreneur is classified under Micro-Enterprise owner because their initial investment does not exceed Rs. 1 Cr. (Ni-MSME- 1st July 2020). Financial assistance in the form of bank loans and subsidies from NABARD is the major attraction of the scheme. Trained Agripreneurs were eligible to get a loan to start their agri-ventures after undergoing a residential training program of 45 days. The project cost ceiling under the AC&ABC scheme for the purpose of the subsidy is Rs.20.00 lakhs for individual projects and Rs.100.00 lakhs for group projects (5 members). The subsidy for general candidates is 36% of the Total Financial Outlay (TFO) and 44% for women candidates/SC/ST beneficiaries and candidates from North Eastern and Hill States. The loans are provided through banks, and credit-linked back-ended composite subsidy is routed to borrowers account through NABARD. Current progress revealed that a total of 82,000 (+ more) candidates were trained and 36,000(+ more) candidates were established in various agri-enterprises all over India. However, the sanctioned percentage of bank loans and subsidies is very negligible as the main role of the scheme was

to provide financial assistance to the agripreneurs. In order to bridge the "financing gap" that exists for certain categories of agri-enterprises and to reduce the increased financial crisis, the MANAGE-Hyderabad organization organized a series of dialogues on credit support with various social and financial institutions in Telangana State. As a result, a tripartite agreement was made for setting up agri-ventures and financial assistance to agripreneurs, in which institutions like Telangana State Agro Industries Development Corporation Limited, State Bank of India, The National Bank for Agriculture and Rural Development (NABARD) and National Institute of Agricultural Extension Management (MANAGE) Hyderabad have a key role. This tripartite agreement was named AC&ABC Telangana Model. This article explains in detail the entire Telangana model of financial assistance to Agripreneurs trained under the Agri-Clinics and Agri-Business Centers Scheme.

Objectives of the Study:

1. To study the description of AC&ABC Telangana Model in term of financing micro-enterprises.
2. To study the progress and performance of AC&ABC Telangana Model in terms of training program, status of credit availability and refinance.
3. To study the knowledge gain of Agripreneurs in entrepreneurship skills after training program.

Methodology: The study were divided into two part, to meet the first and second objectives, an in-depth secondary data covered based on available financial reports, annual reports of MoA&FW, Nationalized banks, NABARD and MANAGE Hyderabad. To assess the third objective, snowball sampling method of non-probability was used in selecting the respondents in the study. The selections of respondents done based on bank loan final sanctions. The list of 50 Agripreneurs who got bank loan sanctioned is prepared with the help of National Institutes of Agricultural Extension Management, (MANAGE) Hyderabad. The study was carried out in 50 blocks of the 10 districts of Telangana State. The mean score percent, standard deviation and 't' value were worked out to draw inferences. The secondary data was used to gets details about the AC&ABC Telangana Model, progress and performance with respect to training and success in disbursing credit and refinance.

Review of Literature:

The very first entrepreneurship class kept in 1947 the academic technique of entrepreneurship's development is described utilizing a chronology of 3 domains-- training courses, supplemental facilities and also publications(Katz, J. A. (2003). Despite the discussion whether entrepreneurs are born or made, most accept that entrepreneurship, or certain facets on it, can be taught, or at least encouraged, by entrepreneurship education (Kuratko, 2005). Entrepreneurial activities in both formal and informal sectors are immensely significant for economic growth and national development (Al-Mamun et al., 2016). Micro and small enterprises, as the engines of indigenouse entrepreneurship, play a critical role in the development of the global economy by improving technological capability building, innovation diffusion, and capital formation. (Nabiswa and Mukwa, 2017). According to Garavan and Barra (1994), the most commonly referred to goals of entrepreneurship education and training programmes are as follows: i) to get useful knowledge of entrepreneurship; ii) to acquire skills in the use of techniques, in the analysis of business atmospheres, and in the synthesis of action plans; iii) to identify and stimulate entrepreneurial skills; iv) to develop empathy and support for all aspects of entrepreneurship; v) to develop attitudes towards change and uncertainty; and vi) to encourage new start-ups. These entrepreneurship training programmes will contribute to the stimulation of entrepreneurial abilities.

Lichtenstein and Lyons (2001) argued that it is important for service providers to recognise that entrepreneurs come to entrepreneurship with different levels of skills and therefore each entrepreneur requires a different 'game plan' for developing his or her skills. Furthermore, they suggested that skill development is a qualitative, not quantitative, change which demands some level of transformation on the part of the entrepreneur. Many countries and international organisations (such as the EU) have attempted to encourage growth-oriented entrepreneurship, either directly or indirectly through policy instruments (European Commission, 2002). It is therefore understandable that policy actors are most eager to benchmark and compare the national government policies for entrepreneurship. They want to find examples of best practices in entrepreneurship policy design and make recommendations to national governments.

Description of AC&ABC Telangana Model:

The main objective of creating the Telangana model was to provide financial assistance to eligible candidates trained under Agri-Clinics and Agri-Business Centers Scheme in Telangana State. The Telangana model is a product of the tripartite agreement between MANAGE, State Bank of India and NABARD. The Telangana model is operated by various organizations. The tripartite institution does its individual work to operate the scheme in a successful manner. The main functions of all the organizations are given below in detail. A diagrammatic explanation of the roles and responsibilities of each unit in the flow of the Telangana Model AC&ABC plan is given below.

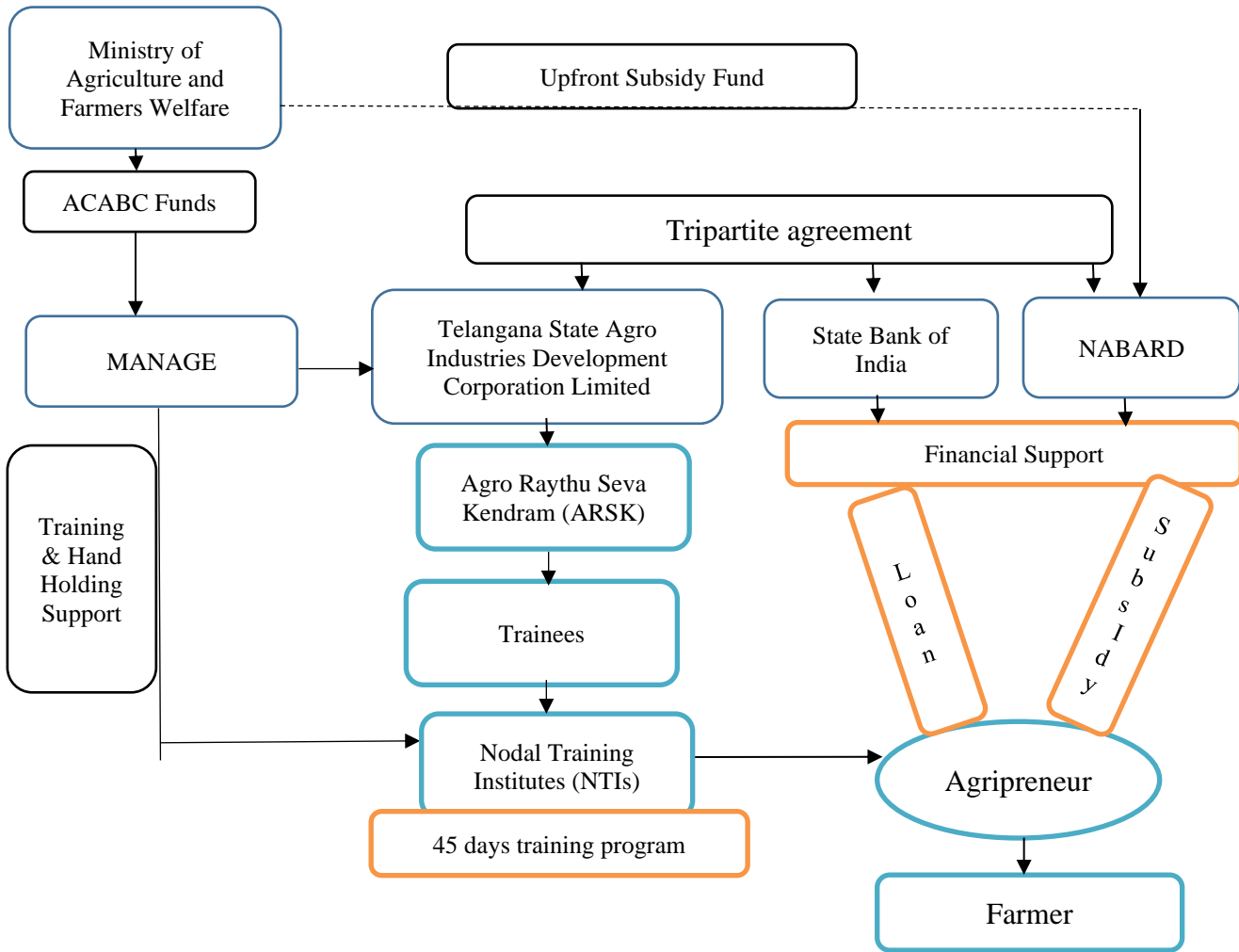


Fig-1 : AC&ABC Telangana Model

Figure-1 : Modified by the author

Significant features of AC&ABC Telangana Model: To counter the issue of credit support, the AC&ABC Telangana model is playing an important role in strengthening the credit linkages among Agripreneurs in the Telangana State. The significant features of the model are as follows;

- ❖ The Telangana model is a product of the tripartite agreement between MANAGE, the regional headquarter of SBI, and NABARD.
- ❖ Telangana State Agro Industries Development Corporation Limited (TSAICDL) has established a network of 1000 Agro Raythu Seva Kendram-ARSK (Farmers Advisory Centers) at different Mandal of Telangana State to supply of Agri-Inputs to the farming community.
- ❖ Trainees is manned by unemployed Agricultural and Biological sciences graduates.
- ❖ To build up the Agri-entrepreneurship skills among ARSK entrepreneurs TSAICDL has tie-up with MANAGE and allowed ARKS entrepreneurs to be trained under ACA&BC Scheme through existing Nodal Training Institutes in Telangana State.
- ❖ During 45 days of the training program, on 30th day of the training program, ARSK entrepreneurs prepared their Detailed Project Report (DPR) and sent for appraisal to the respective Bank branch of SBI of their locality.
- ❖ Within a span of 15 days, a bank loan appraisal has been done.
- ❖ On the 45th of the training program, trainees were given in principal loan sanction certificate of Rs. 10 lakh from the State Bank of India.
- ❖ Subsequently after completing the formalities loan was disbursed within a period of 2-3 months
- ❖ NABARD will be released the subsidy.

Progress of training program under ACABC Telangana Model (2021-22):

In the financial Year 2020-2021, a total of 6 batches has been completed with 164 AC&ABC trainees, out of 113 are male and 51 are female. The details are as follows in table-1

S. N	No. of candidates trained	Men	Percentage	Women	Percentage
1	32	22	68.75	10	31.25
2	20	15	75	5	25
3	28	21	75	7	25
4	30	22	73.33	8	26.67
5	30	23	76.67	7	23.33
6	24	10	41.67	14	58.33
Total	164	113	68.90%	51	31.10%

Table-1: Total number of candidates were trained under AC&ABC Model during 2020-2021

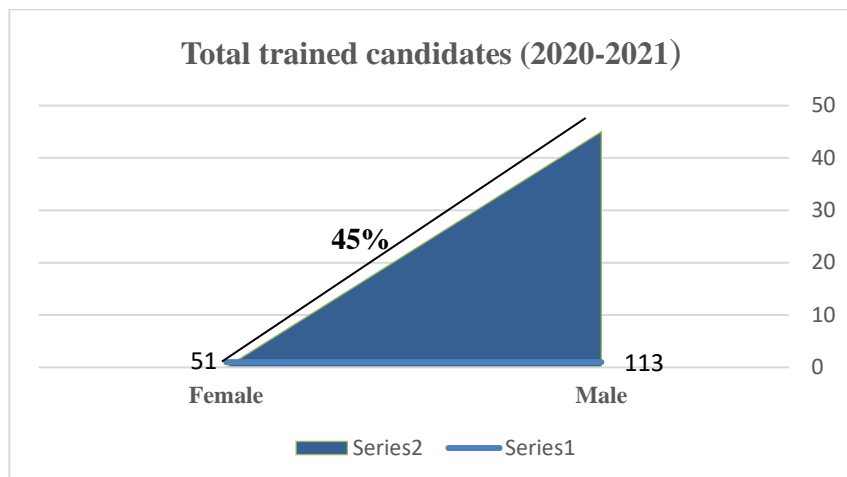
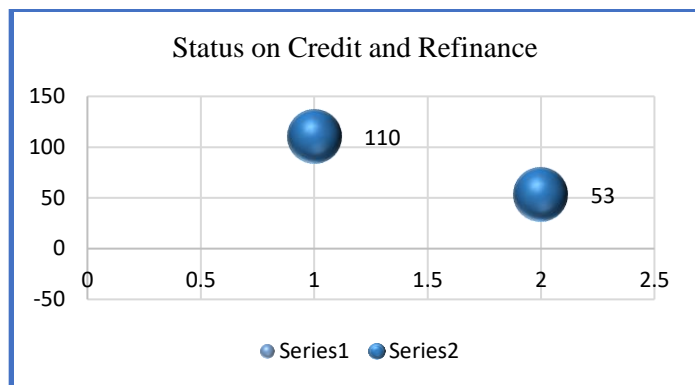


Table: 1 displays the total number of programs were conducted and gender wise profile of the Agripreneurs. Total 164 candidates were undergone training program under AC&ABC scheme for the financial year 2020-2012. Out of that, 113 (68.90%) were male and 51 (31.10%) were female Agripreneurs occupied the entrepreneurial skills during the 45 days of residential training program.

Credit and Refinance: One of the main benefits of the AC&ABC scheme is credit support. The maximum subsidy for an individual project is Rs. 20 lakhs (Rs. 25 lakhs for extremely successful individual projects) and Rs. 100 lakhs for a group project (Established by a group comprising at least 5 trained persons under the scheme). However, subject to their own satisfaction, the bank may finance groups formed by two or more trained people under the scheme, with a TFO ceiling of Rs. 20 lakh per trained person and an overall ceiling of Rs. 100 lakhs, whichever is less for the purpose of subsidy. NABARD will provide 100% refinancing assistance to commercial banks, RRBs, SCBs, SCARDBs, and other such eligible institutions.

Status of credit and refinance under ACABC Telangana Model Table no. 2:

Batch No.	Total trained candidates	Total Principal loan sanction certificate	No. of loan sanction	No. of Subsidy released	Remark
2468	32	30	22	9	Subsidy release process is based on the certification of extension services extend by Agripreneurs
2526	20	20	18	8	
2522	28	28	16	6	
2450	30	28	18	8	
2519	30	27	21	12	
2541	24	22	15	10	
Total	164	158	110	53	



The table -2 revealed that the total 164 candidates were trained under AC&ABC training program however, 158 respondent got in-principal loan sanction certificate and total 110 (69.26%) of the respondent got bank loan sanctioned. Out of that 53 (48.18%) gets subsidy, Subsidy release process depends on the certification of extension services extends by Agripreneurs to the farmers.

Demographic profile of the Agripreneurs Table-3:

To evaluate the third objective to study the impact of training program on knowledge level of respondents after AC&ABC training program. A robust survey has been conducted in 50 blocks of 10 districts in Telangana state. Table -3 shows the details demographic profile of the Agripreneurs selected for the said study. Maximum candidates were young and categories under age group of 18-25 years (15%) and 26-35 years (15%). A total of 36 male (72%) were male and 14 female (28%) were selected for the study. Major respondents 29 (58%) belongs to other backward caste. A total 80% respondent had married and 12% are unmarried. A 44% of respondents were studied diploma in agriculture sciences, 26% bagged with degree and 12% respondent qualified post-graduations. 10% Biological sciences candidates were chosen for the study.

Particulars	Frequency	Percentage
Age (years)		
18-25	15	30
26-35	15	30
36-45	10	20
46-55	7	14
above 56	3	6
Gender		
Male	36	72
Female	14	28
Caste		
SC	11	22
ST	10	20
Other Backward cast	29	58
Marital Status		
Single	6	12
Married	40	80
Divorced		
Qualification		
Intermediate Agriculture	4	8
Diploma in Agriculture	22	44
Degree	13	26
Post Graduate	6	12
Allied Science	5	10

Capacity building under AC&ABC training program:

The data in the table-4 reveals knowledge level of the AC&ABC trainees in the Agri-entrepreneurship skill before and after the training program. The data in the table-1 before training reveals that more than 76 per cent of the respondents were having knowledge business design strategies, 70% in a details study on crop husbandry/Animal husbandry, 60% in Introduction of interpersonal relationship and Identification of Agri-project respectively, 26% knowledge in Ledger & Book keeping, total 18% in Knowledge on GoI scheme and their implementation and farm mechanization and use. However, 98% respondents shows that they got knowledge in small enterprise management, 96% in increased knowledge in entrepreneurship skill, 84% respondents reveals knowledge gain in Stress and risk management, a details study on crop husbandry/Animal husbandry and Identification of Agri-project. 72% of respondents shows that they gain knowledge in Market survey/Hands on experience. 50% respondents having knowledge on GoI scheme and their implementation. This indicates that the training has an impact on respondents. The reason for this they all are qualified in agriculture and allied sciences, they underwent hands on experience and market survey a multi-learning facilities on field. The other reason might be that the interaction with other entrepreneurs, dealers, farmers, customers etc. during training situation might have influenced the increased knowledge. Another reason might be that the increased exposure to visit the demonstration models on crop and animal husbandries leads to increased knowledge of the respondents.

Table:4 Impact of the AC&ABC training program on knowledge level of respondents:

S. No.	Topic covered in training program	Before Training		After Training	
		Frequency	%	Frequency	%
1	Knowledge gain in entrepreneurship Skill	28	56	48	96
2	Introduction of interpersonal relationship	32	64	32	64
3	Stress and risk management	29	58	42	84
4	Small enterprise management	32	64	49	98
5	Business design strategies	38	76	31	62
6	A details study on crop husbandry/Animal husbandry	35	70	42	84
7	Farm mechanization and use	18	36	28	56
8	Identification of Agri-project	32	64	42	84
9	Market survey/Hands on experience	30	60	36	72
10	Ledger & Book keeping	26	52	28	56
11	Knowledge on GoI scheme and their implementation	18	36	25	50
12	Preparation of Detailed Project Report	17	34	41	82

Difference between knowledge level of Agripreneurs before and after AC&ABC training program : Table 5

t-Test: Two-Sample Assuming Unequal Variances		
	<i>Variable 1</i>	<i>Variable 2</i>
Mean	27.91666667	37
Variance	47.90151515	65.81818182
Observations	12	12
Hypothesized Mean Difference	0	
df	21	
t Stat	-2.950652246	
P(T<=t) one-tail	0.00381719	
t Critical one-tail	1.720742903	
P(T<=t) two-tail	0.007634379	
t Critical two-tail	2.079613845	

In table 5, the mean score for knowledge level respondents before and after training was 27.91 and 37.00 respectively. This establishes that after training the respondents have to get better knowledge compared to before training program. The 't' critical value for the one tailed test - score of 1.720 is 0.05 indicating significant difference, this revealed that the knowledge level of Agripreneurs after training program was significantly higher than that of before training program. So the findings of this study, indicated that training had a definite impact of the knowledge level of the respondents.

Conclusion: AC&ABC Telangana Model Scheme has been successfully implemented in 4 Nodal Training Institutes of Telangana State. In a way, 164 agricultural Agripreneurs are ready to serve the farming community. A total of 51 women agricultural agripreneurs are ready to serve both male and female farmers. These are the more attractive features of the scheme. There will be valuable agricultural advice from Rythu Seva Kendra in 164 blocks of Telangana state which will benefit the farmers of 164 Blocks (approximately 10 villages in each Mandal) of Telangana state, it clearly shows the impact of this scheme. Total 110 cases got bank loan sanctioned, out of 53 cases gets subsidy. Rest cases is under progress as the delivery of extension services shall be the main component of AC&ABC projects for availing of the benefit of subsidy under the Scheme. Besides, rural employment will be created, migration of rural youth will be stopped. In the light of the above facts, it is recommended that Telangana model AC & ABC scheme should be continued in the other State of India for financing micro-enterprises

Recommendations: The performance of the Nodal Training Institutions of Telangana State should be consistently satisfactory. On reviewing the performance of the work, the MANAGE should delist the non-performing Nodal Training Institutions. An expert committee of MANAGE should be constituted to conduct surprise inspections of nodal institutions. Through which the available resources (manpower / physical) in the institute can be verified. Which are helpful in the successful implementation of the Telangana - AC&ABC scheme. A comprehensive selection process should be devised to shortlist the trainees for interviews. Because of that an agro-professional can be selected. There should be wide publicity of the AC&ABC Telangana model so that more and more unemployed agricultural professionals in the state can take advantage of the scheme and serve the farmers. To promote the Telangana AC&ABC model more. The Nodal Training Institutes of various states should try to tie up similar memorandum of agreements with their state lead banks and regional NABARD offices. MANAGE is at the forefront of making this process easier.

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