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- What are the key challenges faced by rural India?
- What has Drishtee done about it?
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For creating an impact that can promote inclusive growth, the focus must be on the villages of India.

- India’s GDP is growing at over 8%
- Rural India is growing at a meager 2.1%
- 40% of the population lives on less than $1 a day
- Demographics of rural India:
  - 82% of the population is rural
  - About 800 million people live in approximately 640,000 villages
  - 75% of the poor are in rural villages
  - 30% live under chronic poverty

Leading to increasing unsustainability of a Village Unit
There are three key pillars that provide support to a village community unit’s sustainability.

- Infrastructure
- Livelihood
- Services
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Drishtee operates a supply chain network in a “Route” which connects 20 villages per Route.

- The last mile of Drishtee’s operations that connects to a village is a “Route”.
- Drishtee’s Route is established at the Block* level and a Route covers a group of 20 contiguous villages – there are 6 such Routes/ Block (one per day of the week).
- On each of these Routes, Drishtee services four categories of entrepreneurs:
  - Rural Retail Points (RRPs)
  - Education Kiosks
  - Banking & Micro Finance Kiosks; and
  - Health Kiosks
- Drishtee’s vehicle leaves its Block level office in the morning (fully loaded with FMCG goods as well as material for other entrepreneur categories) and comes back empty in the evening. This process, however, leaves some spare capacity which can be utilized if there were some produce from a village-based micro enterprise that can be loaded on to the vehicle during its return journey.

* Block is an administrative unit in an Indian state under a District but above the villages.
Drishtee's Ecosystem

Drishtee has created a two-way channel for flow of information, knowledge, products, services and capital
Drishtee’s 4C Support for Rural Entrepreneur

Drishtee intends to create an ecosystem of 4Cs, Channel, Capacity, Capital and Community engagement to empower rural entrepreneurs to enable their success – so far, we have created three (for Channel, Capacity, and Community engagement) of the four entities and the one on Capital shall be established this year.

DF: Drishtee Foundation
DDCL: Drishtee Development & Communications Ltd.
DSDC: Drishtee Skill Development Center Pvt. Ltd.
TBE: To be established
Drishtee currently covers over 5,000 villages and 14,000 entrepreneurs in three Indian states.

- Drishtee’s footprint in rural India extends across 17 states, over 150 districts covering 8,000+ villages with 25,000+ entrepreneurs across India.

- From among this pan-India footprint, Drishtee is mainly active in the three states of Assam, Bihar, and Uttar Pradesh where its footprint covers 5,000 villages with about 14,000 entrepreneurs and is perhaps the fastest-growing such network.
Drishtee has focused its energies on the pillar of “Services” over the last 10+ years

- Drishtee has built a robust rural supply chain platform on which critical services ride, including Health, Education, Banking & Microfinance, e-governance and livelihood services such as rural BPOs.
- Our rural supply chain also provides market access for physical products such as agri-products, and common day-to-day needs of the villagers.
- Through this low cost, direct delivery rural supply chain network, we have achieved cost and time savings for the villagers, and importantly supported entrepreneur development in villages.
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From among the three key pillars of sustainability, two still need focused attention.

- Focus is required on "Livelihood" and "Infrastructure".
- Weakness of these two pillars will lead to un-sustainability of the "Services" pillar as well because people are increasingly moving away from villages in search of livelihood and/or lack of infrastructure.
- It is with this objective, Drishtee has conceived the holistic Model Village Plan.
Model Village Defined

- A Model Village is a sustainable rural community that is able to generate and maintain the resources necessary to improve its level of wellbeing and happiness without depleting economic, social & environmental values.
- In doing so, the Model Village strengthens the sustainability pillars of “Livelihood”, “Infrastructure” and “Services”.
- Therefore, the Model Village Plan is a natural next step in line with Drishtee’s current focus on “Services” and presents a holistic mechanism of bringing about sustainability of a village community unit.
The Model Village ecosystem consists of four entities with specific focus and purpose:

<table>
<thead>
<tr>
<th>Focus</th>
<th>Entity</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihood and Infrastructure</td>
<td>MV Fund (MVF)</td>
<td>Providing loans to the micro-enterprises established in villages and provide seed capital for basic infrastructure development in villages.</td>
</tr>
<tr>
<td>Livelihood, Infrastructure and Services</td>
<td>Drishtee</td>
<td>Providing micro-enterprises the 4C support framework i.e. Capital, Capacity, Channel, &amp; Community engagement and providing Services to villagers as is being done currently.</td>
</tr>
<tr>
<td>Primarily Livelihood</td>
<td>Village Micro-Enterprise (MME)</td>
<td>Small businesses set up in villages to provide livelihood opportunities and stimulate village economy.</td>
</tr>
<tr>
<td>Primarily basic Infrastructure</td>
<td>Model Village Company (MVC)</td>
<td>Providing basic infrastructure such as health, sanitation, potable water, etc. in the village.</td>
</tr>
</tbody>
</table>
The Model Village Fund builds on and augments the microfinance model for increased impact.

Microfinance proves capabilities of individual micro-entrepreneur

Larger loan allows for investment in foundation for the long term success

Leverages Drishtee’s existing supply chain network and 4C support framework

Development of network of micro-enterprises stimulates rural economy

Model Village Fund
The Vision and Goal of the Model Village Plan

- **Vision:** We envision sustainable rural communities that are able to generate and maintain the resources necessary to increase their level of well being and happiness without depleting economic, social & environmental values.

- **Goal:** To understand a community ecosystem and engage 500 rural communities in the development of village based micro-enterprises that enable the increase of assets, income generation opportunities, provision of adequate services and advancement of social equity and sustainability by 2016.
Model Village Pilot: Observations

Currently, Drishtee is conducting a 1-year pilot of Model Village Plan at Thawar village in the northern Indian state of Uttar Pradesh with the objective to set up the processes and metrics that shall lead to establishing a replicable unit of Model Village.

Following are the key observations from this pilot:

- It is important for the individual entrepreneur to be completely focused on the business he/she proposes to set up in the village and not get distracted – there have been instances that the business suffered because of marriage in the family or similar reasons.
- It is seen that existing entrepreneurs are more likely to take lead in setting up micro-enterprises rather than new entrepreneurs because of lack of previous experience and risk averseness.
- The model of Self-Help-Groups (SHGs) being formed to start micro-enterprises is not evident.
Model Village Pilot: Recommendations & Next Steps

Following are the recommendations:

- There is a need for providing support in all aspects of the business to the micro-enterprises as well as to monitor them closely to ensure success.
- For ensuring effective channel support (for procurement of raw material and sales of finished goods) for micro-enterprises, it is important that a defined set of micro-enterprise businesses be developed.
- For helping first-time entrepreneurs as well as SHGs to start up a micro-enterprise, the micro-enterprise business idea needs to be de-risked.

Next steps:

- For addressing the above recommendations, it is proposed to develop a bouquet of ‘business-in-a-box’ franchisee model that can be offered to new entrepreneurs and SHGs.
Model Village Plan: Three Phases

Community Identification & Engagement

Product Identification & “Business-in-a-Box” Micro-Enterprise Development

Model Village Company Creation for Village Level Infrastructure Development

- Roll out of “Business-in-a-Box” Micro Enterprises (MEs) owned by Model Village Fund – roll-out of 25 MEs under 5 product categories each year for 4 years creating 100 MEs under 20 product categories thereby creating 40 Model Villages
- Enlisting of franchisees for “Business-in-a-Box” Micro Enterprises and grow the same from 28 MEs in 2012 to 1153 MEs by 2016
The phase-I of Model Village Plan shall involve deep engagement with the community to identify the routes and the Model Villages within the routes with focus on assessing the needs of the community.
Model Village Plan: Phase II

The phase-II of Model Village Plan shall involve identification of products based on community need assessment followed by development of Model Village Fund owned Micro-Enterprise for offering as “Business-in-a-Box” to franchisees.

Phase II: Product Identification & “Business-in-a-Box” Micro-Enterprise Development

- Development of “Business-in-a-Box” Micro-Enterprise Model in 20 Product Areas
- Implementation of Micro-Enterprise of identified Products 5 times over
- Develop 100 MVF Owned Micro-Enterprises and offer the same as “Business-in-a-Box” model to Franchisees
Model Village Plan: Phase III

The phase-III of Model Village Plan shall involve establishment of a Model Village Company, owned by villagers for development of infrastructure in the village through seed funding from Model Village Fund (MVF) as well as capital contributions from the villagers.

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**Phase III: Model Village Company Creation for Village Level Infrastructure Development**

- **Seed Capital from MVF**
- **Capital Contribution from Villagers @ US$5/ HH**
- **Loan from bank or government sources**

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**Establishment of Model Village Company for Village Infrastructure Development**
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Model Village displays significant impact on various parameters in 500 villages by 2016

<table>
<thead>
<tr>
<th>Objective</th>
<th>Metric</th>
<th>Impact*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stimulation of Rural Economy</td>
<td>• New micro-enterprises established by 2016:</td>
<td>1,253</td>
</tr>
<tr>
<td></td>
<td>• Total revenue generation by micro-enterprises in 2016:</td>
<td>US$49 million</td>
</tr>
<tr>
<td>Capacity &amp; Livelihood Creation</td>
<td>• Number of vocational training recipients till 2016:</td>
<td>15,036</td>
</tr>
<tr>
<td></td>
<td>• Number of new jobs created till 2016:</td>
<td>12,530</td>
</tr>
<tr>
<td>Community Benefit</td>
<td>• People benefited by ease of procurement as well as potential reduction in expenditure by 2016:</td>
<td>2.5 million</td>
</tr>
<tr>
<td></td>
<td>• Number of Model Village Companies set up by 2016:</td>
<td>150+</td>
</tr>
<tr>
<td>Fund’s Sustainability</td>
<td>• Cumulative loans extended by the Fund till 2016:</td>
<td>US$10 million</td>
</tr>
<tr>
<td></td>
<td>• Dollars for sustainable impact created per individual:</td>
<td>US$1.5</td>
</tr>
</tbody>
</table>

* Impact in 500 villages
Under the Model Village pilot project, five micro-enterprises are being implemented in FY11-12

<table>
<thead>
<tr>
<th>Micro Enterprise/ Entrepreneur</th>
<th>Capital Investment</th>
<th>NPV* (5-years)</th>
<th>New Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pickle Making/ Ashwini Kumar Tripathi</td>
<td>US$1,300</td>
<td>US$98,000</td>
<td>8</td>
</tr>
<tr>
<td>Ashwini is farmer by profession, his dependable harvest of mangoes led him to come up with the idea of processing them and other produce like lemon to make pickle, package it and sell it.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flour Mill/ Dhiraj Dwivedi</td>
<td>US$14,000</td>
<td>US$68,000</td>
<td>5</td>
</tr>
<tr>
<td>Dhiraj has already dabbled in business and owns a general store in the village. He wants to invest in a small-scale flourmill and wants assistance in marketing and distribution of the production.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tent house/ Ganesh Kumar</td>
<td>US$2,000</td>
<td>US$12,000</td>
<td>4</td>
</tr>
<tr>
<td>Ganesh runs a marriage tent and lighthouse renting business, which makes all the necessary arrangements for wedding ceremonies in the village. He wants to expand his business by buying another complete set of items for his business so that he can manage more orders in the same time.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil Mill/ Pramod Kumar</td>
<td>US$17,000</td>
<td>US$44,000</td>
<td>4</td>
</tr>
<tr>
<td>Pramod runs a general shop in the village. He also has a mustard oil (edible oil) extraction unit and a flour-milling unit. He proposes to expand the oil extraction business and run it on a bigger/professional scale by packaging the product, increasing capacity &amp; distribution channels.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaged Snacks/ Ram Kumar Sahu</td>
<td>US$1,600</td>
<td>US$33,000</td>
<td>1</td>
</tr>
<tr>
<td>Ram has a functional unit of snack production. He is also a caterer for weddings, festivals and other ceremonies. With a little more investment, he wants to prepare a larger variety and quantity of snacks for sale around the region.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>US$35,900</td>
<td>US$255,000</td>
<td>22</td>
</tr>
</tbody>
</table>

* Discounted @ a Weighted Average Cost of Capital (WACC) of 22% p.a.
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We seek your active participation in following areas

- Critical evaluation of the Model Village Plan
- If you find that the Model Village presents a credible vehicle to bring about sustainability of a village community unit, then, we need you to:
  - Help identify new business models for rural micro-enterprises as well as low-cost technology solutions that can help deliver more efficiency
  - Support in bridging the funding gap
  - Equity participation in the Model Village Fund
Model Village Plan envisages sustainability of a village community by supporting all the pillars of sustainability namely Livelihood, Infrastructure and Services.

Model Village presents a credible vehicle for bringing about sustainability of a village community unit, which is in line with Drishtee’s current focus on Services pillar.

The plan is scaling up of Model Village from 1 village in 2011/12 to 500 villages in 2016/17.