ADVANCE MODULE-02

FPOs are growth engine of Indian Agriculture

BIRD

BANKERS INSTITUTE OF RURAL DEVELOPMENT, LUCKNOW

(Designated Nodal Training Institution at Central Level by GoI under CSS on Formation and Promotion of 10000 FPOs)

Training Program Design

Business Planning

under

Central Sector Scheme on Formation & Promotion of 10000 FPOs

NABARD

german cooperation
DEUTSCHE ZUSAMMENARBEIT

Implemented by
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Master Training Programme Design for Advanced Module on Business Planning

under

The Central Sector Scheme on Formation & Promotion of 10000 FPOs

Objective

Enabling CEOs/BODs/CBBOs of FPOs to Develop a Sound Business Plan

Program Mode Online/Offline

Program Duration - 4 days

Broad Coverage of the Program

- FPO as a viable business entity - Various business opportunities as Agri-entrepreneur - Essentials for a business enterprise
- Conceptual framework for preparation of a sound Business plan - Logical steps involved
- Feasibility study – Identification of Business opportunities for FPO
- Mapping of the value chain of relevent commodities under Business planning
- Developing the Marketing & Financial plan
- Components of a Model business plan + practical exercise
- Way forward for diversification and upgrading the business model of the FPO

Advanced Program on Business Planning for FPOs	
Objective	Enabling CEOs/BODs/CBBOs of FPOs to develop a sound Business Plan
Duration	4 Days
Course Highlights	• FPO as a viable Business Entity - various business opportunities for an Agri-entrepreneur • Conceptual framework for preparation of a sound Business Plan – logical steps involved • Feasibility Study – Identification of Business opportunities for the FPO in the cluster area • Mapping of the value chain of relevant commodities under business planning • Developing a Marketing and Financial plan • Component of a Model business plan for submission to Financial Institutions • Way forward for diversification and upgrading the business model of the FPO • Practical exercise in developing an FPO business plan
Target Participants	CEOs / BODs/CBBOs
Methodology – A Note to Facilitators	The Sessions on Agri Marketing contain several technical terms and concepts. The materials should be translated to the language of the participants so that they can easily read and take part in the learning activities.

Programme Schedule

Day	Session	Topic
I	0	Formal inauguration, overview of programme, introduction of participants, expectations
	I	Understanding FPO as a business entity- Various business opportunities as Agri-entrepreneur-Essentials for a business enterprise
	II	Conceptual framework of business planning for a FPO–Coverage, component & steps involved
	III	Resource mapping of the cluster area through baseline survey & PRA for preparation of Business Plan by FPO
	IV	Feasibility study – ranking and selection of the most potential , viable and sustainable business activities for developing the business plan of a FPO
II	I	Mapping of the Agri- value chain of identified commodities – various players and financial dynamics
	II	Risk Analysis of the selected economic activities – Mitigation strategies
	IIII	Marketing strategy - Demand/ market/ competition analysis in the area and Profit planning dynamics
	IV	Financial Planning and management of businesses by FPO
III	I	Legal and compliance aspects of Businesses
	II	Managing businesses by FPO – Roles & responsibilities of CEO/BOD/Members for a successful business venture, – Convergence & Networking
	III&IV	Experience sharing by a successful FPO/ Case studies on successful FPO business – Pre harvest, post-harvest, Trade, Services, Processing , Export etc.
IV	I	Templates of a model business plan to be submitted to a financial institution by FPO for financial assistance , Way forward for diversification and upgrading business model of the FPO
	II, III & IV	Group exercise on preparation of Integrated Business Plan covering economic activities related to crops, Horticulture, Animal husbandry/Allied sector, Processing, Export etc.
		Action planning, Feedback and Valediction

Session - I: The FPO as a Business Entity

- Various business opportunities as Agri-entrepreneur
- Essentials for a business enterprise

Objective: At the end of the session, the participants will be able to:

- Describe why FPOs should function with a business mindset
- Describe in brief the various business opportunities available to FPOs in the agri business sector

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Why FPOs	Describing the challenges for farmers in agriculture – Need for collective action through aggregation	25	Presentation
ii	FPO as a business entity	Describing FPO as a business entity through synergy in addressing issues related to agri-inputs, technology transfer, credit availability, market access, risk mitigation, etc.	20	-do-
iii	Various opportunities available to Agri enterprises and FPOs in particular	Understanding various Agri enterprise opportunities available to FPOs such as pre/post-harvest, agro services, allied sector, trading, value addition, processing, export etc.	35	
	Discussion & Feedback		10	Discussion Mode
Relevant chapters in Reading Material: Chapter 1: FPO as a business entity				

Session - II: A Conceptual Framework for Business Planning

- Coverage, component and steps involved

Objective: At the end of the session, the participants will be able to:

- Define a business plan in simple terms
- List its components
- Describe in brief the steps involved in developing a business plan

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Why Business Plan? - Rationale	Understanding why a business plan is required for any business entity and its importance for FPOs	20	Presentation
ii	Characteristic features of a good business plan	Describing the characteristics of a good business plan	20	Brainstorming, discussions and brief presentations
iii	Coverage of a business plan	Highlighting various aspects to be considered while preparing a business plan	15	
iv	Broad steps involved in preparation of a business plan	Underlining broad contours of business plan for FPO	25	
	Discussion & Feedback		10	Discussion Mode
Relevant chapters in Reading Material: Chapter 2: A Conceptual Framework for Business Planning				

Session - III: Gathering Information for a Business Plan

- Resource mapping of cluster area through baseline survey
- PRA for preparation of Business Plan by FPO

Objective: At the end of the session, the participants will be able to:

- Describe the importance of background research to prepare a business plan
- List some major sources of primary and secondary data
- Briefly describe the process of collecting data through baseline surveys and PRA tools

Duration: 90 Minutes

<table>
<tr><th colspan="5">Session Outline</th></tr>
<tr><th>S.No.</th><th>Session plan</th><th>Objective</th><th>Duration minutes</th><th>Methodology</th></tr>
<tr><td>i</td><td>Resource mapping of the cluster area</td><td>Describing the importance of resource mapping and steps involved</td><td>20</td><td>Presentation</td></tr>
<tr><td>ii</td><td>Collection and analysis of secondary data</td><td>Key data points, their sources and analysis of secondary data</td><td>15</td><td rowspan="3">Brainstorming, discussions, videos and brief presentations</td></tr>
<tr><td>iii</td><td>Primary data collection through baseline survey</td><td>Key data required, methodology of data collection and mapping of individual & community resources</td><td>25</td></tr>
<tr><td>iv</td><td>Participatory Rural Appraisal (PRA)</td><td>Concept of PRA and various tools</td><td>20</td></tr>
<tr><td></td><td colspan="2">Discussion & Feedback</td><td>10</td><td>Discussion</td></tr>
<tr><td colspan="5">Relevant chapters in Reading Material: Chapter 3: Gathering Information for a Business Plan</td></tr>
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Session - IV: Chapter 4: Feasibility Studies for Business Planning

- Ranking and selection of most viable and sustainable business activities for an FPO

Objective: At the end of this session, the participants will be able to:

- Explain the use and importance of feasibility study in business planning
- Explain the process of eliminating potential activities
- Apply criteria for checking feasibility (demand, supply feasibility and commercial analysis)
- Identify gaps in identified activities

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
I	Tabulating output of baseline survey and PRA exercise	Describing the process of tabulating the output of baseline survey and PRA exercise for proposed business venture	20	Presentation
Ii	Elimination of unviable economic activities	Illustrating general rules for elimination of unviable economic activities	10	Brief presentation, Sub-group work
Iii	Feasibility analysis of potential business opportunities	Demand analysis, supply feasibility, commercial analysis of viable commodities	30	
Iv	Identification of potential gaps in identified economic activities	Describing the process of identification of potential gaps in identified economic activities	20	
	Discussion & Feedback		10	Discussion
Relevant chapters in Reading Material: Chapter 4: Feasibility Studies for Business Planning				

Session V: Mapping of Agri-Value chains

- Mapping various players and financial dynamics of Agri-Value Chains
- Cases of Maize and Goat Value Chains

Objective: At the end of the session, the participants will be able to:

- Describe various aspects of value chains and why it is necessary to study value chains before business planning
- Map various players, their economic rent and value added in a given value chain
- Select different business options for FPOs based on the value chain dynamics

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Understanding Agriculture Value Chains	Defining the concept, elements and functioning of the agri-value chains	20	Presentation
ii	Market Mapping and various players in the value chain	Describing the agri market structure, value chain players , market practices, perceived inefficiencies and the possible role and opportunities for a FPO among the identified economic activities	25	Brief presentation, sub-group work, plenary discussions
iii	Various business models for FPO	Collective input procurement, technology & mechanisation, collective marketing of produce, collective processing, marketing & exports for the identified economic activities and facilitation for exports and rules of importing nations	35	
	Discussion & Feedback		10	Discussion
Relevant chapters in Reading Material: Chapter 5: Mapping of Agri-Value chains				

Session – VI: Risk Analysis of Economic Activities

- Risk analysis of the selected economic activities
- Risk mitigation strategies

Objective: At the end of the session, the participants will be able to:

- Describe various types of risks associated with businesses – especially for FPOs
- Describe how to identify risks in selected businesses through SWOT analysis
- Describe risk mitigation measures at various parts of the business

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Risk analysis	Describing the process of identifying various types of risk associated with identified economic activities	10	Presentation
ii	Business diversification & growth strategies for FPOs	SWOT Analysis of available business opportunities, ranking & selection of appropriate business activities and operationalization of business activity, growth & diversification strategy	50	Brief presentation, sub-group work, plenary discussions
iii	Risk mitigation strategy	Illustrating risk mitigation strategies to be adopted by an FPO for the identified economic activities.	20	
	Discussion & Feedback		10	Discussion
Relevant chapters in Reading Material: Chapter 6 Risk Analysis of Economic Activities				

Session –VII: Marketing Strategy for FPOs

- Demand, Market and Competition analysis
- Profit planning dynamics

Objective: At the end of the session, the participants will be able to:

- Describe the process of market analysis – customer segmentation, competition, marketing channels
- Describe how to develop a marketing strategy for their FPO
- Describe how to apply the 4 Ps of Marketing – Marketing Mix

Duration: 90 Minutes

<table>
<tr><th colspan="5">Session Outline</th></tr>
<tr><th>S.No.</th><th>Session plan</th><th>Objective</th><th>Duration minutes</th><th>Methodology</th></tr>
<tr><td>i</td><td>Market analysis</td><td>Customer segmentation - estimation of demand & supply – present players – competition level - alternate marketing channels</td><td></td><td>Presentation</td></tr>
<tr><td>ii</td><td>Strategic positioning – Securing competitive advantages</td><td>How to gain competitive advantages - Price advantage, differentiation advantage and niche market advantage</td><td></td><td rowspan="4">Brief presentation, sub-group work, videos, plenary discussions</td></tr>
<tr><td>iii</td><td>Cost, pricing and profitability planning for a given business segments</td><td>Case studies on various types of business opportunities for a FPO and determining the cost and pricing of the identified activities</td><td></td></tr>
<tr><td>iv</td><td>Strategic positioning – Securing competitive advantages</td><td>How to gain competitive advantages - Price advantage, differentiation advantage and niche market advantage</td><td></td></tr>
<tr><td>v</td><td>Developing a marketing strategy</td><td>Working out a marketing strategy - Product, price, place and promotion of identified economic activities</td><td></td></tr>
<tr><td></td><td colspan="2">Discussion & Feedback</td><td>20</td><td>Discussion</td></tr>
<tr><th colspan="5">Relevant chapters in Reading Material: Chapter 7: Marketing Strategy for FPOs</th></tr>
</table>

Session VIII: Chapter 8: Financial Planning and Management of Businesses by FPO

Objective: At the end of the session, the participants will be able to:

- Describe the key financial concepts in budgeting (capital, working capital, term loans, fund flows,)
- Describe how to prepare and use financial statements like Cash flow statement, balance sheet and profit and loss statement in budgeting
- Briefly describe how to calculate Break-even Point for a business
- List various sources of funding

Duration: 120 Minutes (TWO HOURS)

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Basic financial concept	Familiarity with basic financial concepts viz. capital budgeting, working capital, term loans, cash flows, fund flows, income – expenditure statement, balance sheet, profit and loss account etc.	20	Presentation
ii	Working capital concept & term loan assessment	Items of investment and assessment of term loan, working capital cycle and methods for assessing working capital requirement - Important information required and general terms & conditions for bank finance	40	
iii	Sources of funds	Providing information on equity, equity grant, bank loan, credit linked subsidy schemes and credit guarantee scheme	20	
iv	Break even analysis of identified economic activities	Describing the concept of breakeven analysis to arrive at a conclusion that how much volume of business a FPO should undertake for the identified commodities and setting of a business target.	30	
	Discussion & Feedback		10	Discussion
Relevant chapters in Reading Material: : Chapter 8: Financial Planning and Management of Businesses by FPO				

Session – IX: Legal Aspects and Compliance

Objective: At the end of the session, the participants will be able to:

- Describe the need for complying with legal and regulatory frameworks applicable to FPOs
- List some of the common compliance requirements for food and agriculture related businesses
- Explains ways in which the FPO will build in systems for compliance
- Enumerate the role of BoD and CEO in ensuring compliance

Duration: **60 Minutes (one hour)**

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Statutory compliances under relevant legal acts	Describing the framework & type of compliances	30	Presentation
ii	Regulatory compliances	Regulatory frameworks under various acts pertaining to performing businesses of a FPO	30	Brief presentation, sub-group work, plenary discussions
iii	Role of BOD/CEO in compliance management	Instituting systems & procedures along with the monitoring mechanism for management of compliance	20	
	Discussion & Feedback		10	Discussion
Relevant chapters in Reading Material: Chapter 9: Legal Aspects and Compliance				

Session – X: Roles and Responsibilities of BoD and CEO of FPOs

- Managing a successful FPO business venture
- Networking and Convergence

Objective: At the end of the session, the participants will be able to:

- Discuss the role of BoD and CEO in managing a successful FPO Business Venture
- Describe ways they can develop convergence and linkages for the benefit of the FPO and members

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Pillars of Corporate Governance	Describing the basic aspects of governance and management of FPOs – Democratic functioning, collective decision making, developing system & procedures, transparency, confidentiality, accountability	20	Group Activity, with brief presentations and plenary discussions
ii	Role of BoD/CEO	Roles under different aspects of FPO Management - planning, operationalization, management and risk analysis, financial aspects, monitoring, and optimization. Need for convergence – to make FPO activities viable and support member farmers. Role of CEO and BOD in networking and convergence	60	
iii	Discussion & Feedback		10	
Relevant chapters in Reading Material: Chapter 10: Roles and Responsibilities of BoD and CEO of FPOs				

Session – XI: The Business Plan Document

- Templates of a model business plan to be submitted to a financial institution by FPO for financial assistance
- Way forward for diversification and upgrading business model of the FPO

Objective: At the end of the session, the participants will be able to:

- Correctly suggest what content should be filled in each section of a sample Business Plan Document
- Indicate how they will make their business plan dynamic – so that it can be upgraded and diversified over time

Duration: 90 minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Features of a comprehensive business plan	Describing various features of a comprehensive business plan to be submitted to financial institutions and elaborating key benefit to FPO for preparation of a good business plan	20	Presentation
ii	Mission and vision statement	Illustrating the importance of mission and vision statement of FPO	15	Brief presentation, sub-group work plenary discussions
iii	Structure of a comprehensive business plan	Describing the model format of a comprehensive business plan	15	
iv	Identification of potential activities to be included as business of the FPO in future	Identification of potential economic activities for which there is scope in the cluster area but not included in the business plan	15	
v	Identifying potential of value addition and processing of existing commodities	Describing the scope of value addition, grading ,sorting, processing and export of existing commodities undertaken as economic activities of the FPO	15	
	Discussion & Feedback		10	Discussion
Relevant chapters in Reading Material: Chapter 11: The Business Plan Document				

Session –XII, XIII & XIV: Step by Step Preparation of Business Plan

- Practical: Case Exercise of preparing a Business Plan for an FPO

Group exercise on preparation of integrated Business plan covering economic activities related to crops, Horticulture, Animal Husbandry/Allied sector, processing/export etc.

Objective: At the end of the hands-on-activity, the participants will be able to:

- Develop a sample integrated Business Plan incorporating "Input – Output – Value Addition business" for FPO using the case material given
- Develop a sample business plan for their own FPO in case they have access to background material
- Assess the quality of the sample business plan – based on logical consistency of arguments and completeness of the sample Business Plan Document developed.

Duration: 270 Minutes (4.5 hours)

Session Outline				
S.No.	**Session plan**	**Objective**	**Duration minutes**	**Methodology**
i	Participants to be divided into groups for preparation of an integrated business plan using the case exercise method	Learning by doing	240	Group Activity, plenary, periodic presentations; support from facilitator
	Discussion & Feedback		30	Discussion
Relevant chapters in Reading Material: Step by Step Preparation of Business Plan Case Exercise of preparing a Business Plan for an FPO				

Final Session: **Action Plan, Feedback and Valediction**

Objective: At the end of the session, the participants will be able to:

1. written their feedback for the programme in the format provided
2. given oral feedback
3. received their participation certificates

Duration: 90 Minutes

Session Outline				
S.No.	**Session plan**	**Objective**	**Time minutes**	**Methodology**
i	Preparation of Action Plan for developing a business plan by FPOs	To prepare an agency-wise plan for developing a business plan	50	Sub Group activity and presentation
ii	Feedback on the programme	To collect written feedback for the training organisations use and oral feedback from all participants	20	Written feedback in given format, oral feedback in plenary
iii	Valediction	Formal event	20	Formal event

Note: Use the Organisation's standard format for collecting feedback and a well-designed format for action planning

Bankers Institute of Rural Development (BIRD), Lucknow is an autonomous institute promoted by National Bank for Agriculture and Rural Development, the Development Bank of the country. It is a premier institute for providing training research and consultancy services in the field of agriculture and rural development banking in India and abroad. The Institute was established in 1983, for addressing the capacity building needs of stakeholders. BIRD, Lucknow is an ISO 9001: 2015 certified training Institute.

Clients

All Banks, Government agencies, MFIs, NBFCs, Financial Sector, NGOS and Civil Societies.

Coverage (Training, Consultancy, Research)

Project Lending-Agriculture and MSME, Climate Finance, Rural Banking, Farmer Producer Organization, Micro Finance, Human Resource, Financial Inclusion, Training of Trainers, Executive Development, Management Development Programme, IT based Banking, Green Finance, Responsible CSR, Group approach to Development, Women Empowerment, Organizational Development, Investment & Treasury Management, Risk Management.

Faculty

Faculty are drawn from NABARD, banks and scholars of respective fields and have pan-India level field experience. The faculty have specialization in Banking Finance, Financial Inclusion, Agriculture & Allied sector, Fisheries, Forestry and Human Resources, etc.

Infrastructure

43 acre green campus has world class infrastructure in terms of class rooms, simulation and AV Rooms, Board Room, Conference Hall, Auditorium, Library, Gym, Air-conditioned Hostel Rooms, Local and International cuisine.