

Theme	Sustainable Agriculture
Title	Increasing the Competitiveness of Indian Agriculture through Farmer-led Agri-Business Centers (ABC)
State	Andhra Pradesh
District	Guntur and Prakasam
Implementing Agency	BIAF Development Research Foundation
Evaluation Agency	Phicus Social Solutions
Date of Submission	May 2015

Executive Summary

Objectives: To assess effectiveness of the Agri Business Centers as institutions to provide credit linkages, collective procurement of inputs, custom hiring of equipment, knowledge dissemination to farmers on advanced and proven technologies and institutional strengthening processes.

Key Findings:

- The organisational structure of the ABCs shows a clear demarcation of roles between the management committee members, collective decision-making, equity and community-connect – all factors crucial for project sustainability.
- As a result of cash disbursement there has been weaning away from informal sources of credit for member farmers.
- The timeliness of the loan, and time and cost savings because of collective procurement of inputs, was important to member farmers.
- there is an inbuilt regulation for repayment that ensures almost zero default incidence. Once the crop is harvested, until and unless all farmers have paid back the loan with the interest, the next Revolving Fund (RF) amount is not released. Thus an external sanctioning mechanism, a collective group pressure is built, which ensures that no farmer defaults.
- Production and productivity gains have been seen for member farmers almost for all crops grown before and after joining the ABC, though results are not significantly different when compared to non-member farmers.

Areas for Improvement:

- Increasing modernisation of agriculture has resulted in escalating input costs. The ABC can provide documents to enhance the credit-worthiness of the farmer thus enabling borrowings from formal sources.
- A critical need is information provision and fortification of the skill base of the farmer. Although this is an in-built mandate, the ABCs fell short here, focusing instead on provision of services.
- To prevent soil degradation, farmers must be informed and trained to use correct dosage of fertilizers & insecticides.
- ABCs must actively disseminate knowledge, network with Central Food Technological Research Institute (CFTRI) and other research stations and conduct exposure visits and demonstrations for farmers.
- A key recommendation is to educate the farmers on sustainable natural resource management, specifically soil regeneration ensure appropriate and sustainable use of fertilisers, and where possible switch to organic fertilizers.

Please write to us at: itcnsk@itc.in for the full study