

TARAhAat for Mini Enterprises



Sustainability Forum

Zurich

14 September 2001

Sustainable Development

Necessary conditions:

- Meet basic needs of all
- Maintain resource base



Jobs and Livelihoods

**— the most unmet basic need
in the South**



Example: India

250 million new jobs needed by 2015

Agriculture can absorb no more than 25%

*Therefore, must create
15 million new jobs off-farm
-- each year, starting today*



Today's Technologies and Production Systems

No Good

To create one industrial workplace
costs \$30,000 to \$500,000



Example: India

Each year, job creation by conventional route would, alone, cost at least 1 trillion dollars

-- several times the GNP



Sustainable Development

Needs sustainable

- consumption patterns
- production systems



Sustainable Livelihoods

– the KEY to

Sustainable Development



Sustainable Livelihoods

Jobs and lifestyles that

- yield a good income
- give meaning to life
- care for the environment



Sustainable Livelihoods

Jobs and lifestyles that

- produce goods and services for basic needs
- create purchasing power
- regenerate the resource base



Sustainable Livelihoods

Particularly for women, are the most effective route to

- Empowerment
- The demographic transitions



Sustainable Enterprises

– one important **KEY** to

Sustainable Livelihoods



Sustainable Enterprises: Examples

- Sustainable Livelihoods
- Energy
- Food and Agriculture
- Water and Sanitation
- Construction
- Rural Infrastructure



Sustainable Enterprises: Examples

- Biomass based enterprises
- Recycling of industrial wastes
- Food processing
- Handlooms and fabrics
- Service Industries



Sustainable Enterprises

Mini and Small

- v 1 to 100 employees
- v \$1,000 to \$ 100,000 investment
- v **Local**
- v Skills/raw materials
- v Markets/clients
- v **Informal**
- v Flexible
- v Women and marginalized
- v Renewables



Mini and Small Enterprises: backbone of production in the South

Example: India's mini and small enterprises

- 2 million units
- 40 million employees
- 70% of total industrial output
- 60% of exports
- Also: 80% of industrial pollution



Mini and Small Enterprises

Can be highly profitable

-- but they must have access to **support** for

- v **technology**
- v **finance**
- v **management/infrastructure**
- v **marketing channels**

which are freely available to big business



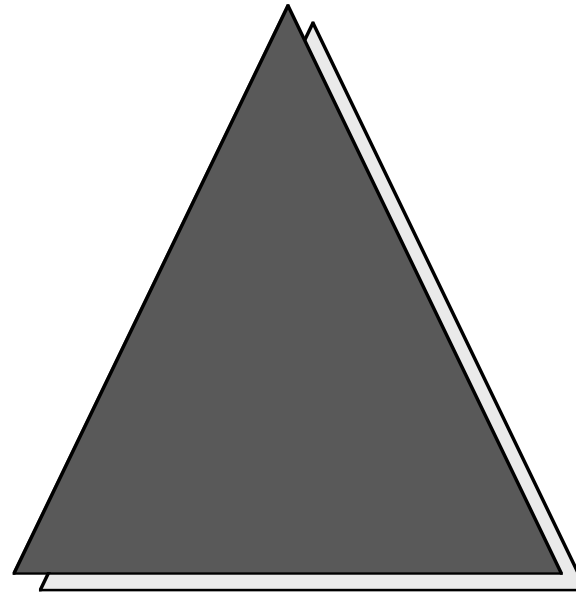
Basic Theses

- v Prime task: large scale creation of S.L.
- v S.L. need Sustainable Enterprises
- v Sustainable Enterprises need essential supports
- v The Independent Sector best for these supports
- v IT delivers such supports very effectively



Effective Assessment and Choice of Technology

People



Technology

Environment

Economic Sustainability requires

- **Marketable products**
- **High return on investment**
- **Low cost per workplace**
- **Large local economy component**



Social Sustainability requires

- **Accessibility by the poor**
- **Continuity with traditional practice**
- **In tune with need for modernisation**
- **Building of technical capacity**

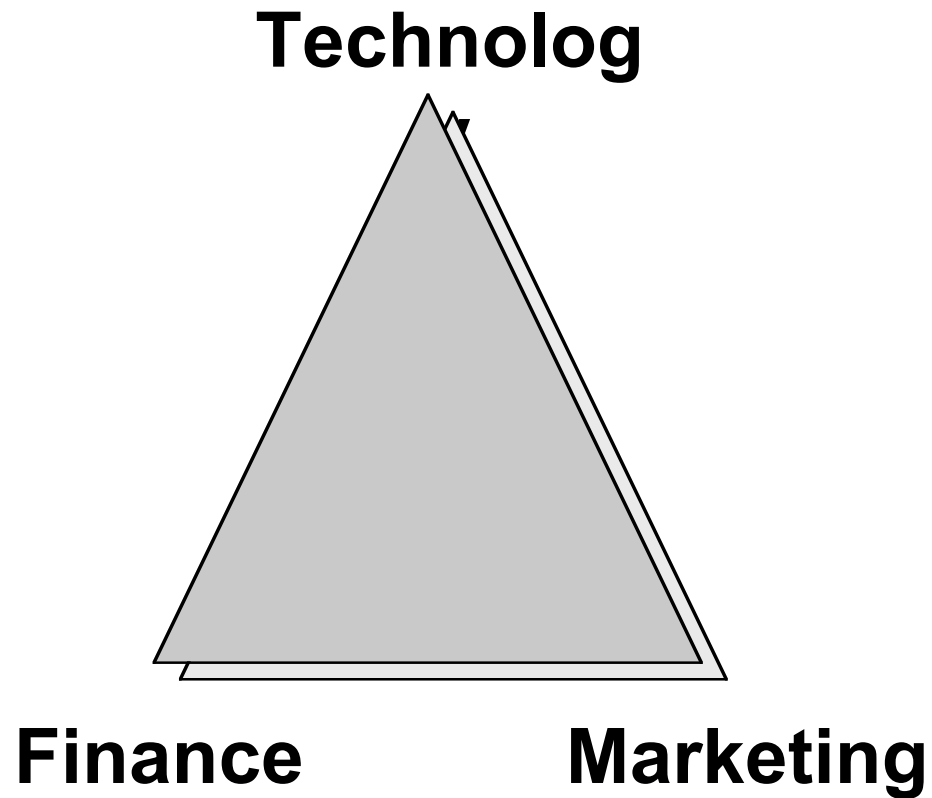


Environmental Sustainability requires

- **maximum use of renewables**
- **minimum output of waste**
- **closed production loops**
- **ecological harmony**



Effective Operation of Sustainable Enterprises



Technology Support

Complete Technology Packages

- Product design
- Production system specification
- Know-how and training
- Maintenance and trouble-shooting
- Quality control specification



Technology Packages

- clusters
- economies of scale
- economics of rural products
- realities of rural products
- support systems



Management Support

- Operational advice
- Information
- Marketing channels
- Communications
- Infrastructure



Financial Support

- Feasibility reports
- Facilitating access to credit
 - Fixed investment
 - Working capital
- Insurance/guarantees
- Evaluation and reporting
- Auditing and certification

Mini Credit

- **More than Micro, Less than Small**
- **Crucial for sustainable enterprises**
 - **Technology based**
 - **Job creating**
 - **Surplus generating**
- **Gaping hole in credit spectrum**



Effective Support Systems
for
Sustainable Enterprises



DO NOT EXIST

The T-F-M Myths

- **Technology** : Innovators see no “High Tech”
- **Finance** : Funders see high risk, low return
- **Management** : Governments see no lobbies, votes, money
Corporations see no profits or opportunities



Who
will provide
them?



Partnerships for Sustainable Enterprises

- Governments and foundations for
 - ◆ funding
- Scientific community for
 - ◆ innovation
- Independent sector for
 - ◆ extension and feedback
- Corporate sector for creation of
 - ◆ delivery



Independent Sector

- Production-oriented NGOs
- Research institutions for innovative resource management
- Environmental action groups for clean processes
- Consumer protection organisations for clean products



Action

Designing the Corporation of tomorrow:

Sustainable development
as a profitable business



Key Requirement

Technical, Financial and Market
Information and Services
to link and sustain Partnerships



The Power of the Internet

- Universal access
- Decentralised
- Multiple entry points
- Existing knowledge
- Partnerships

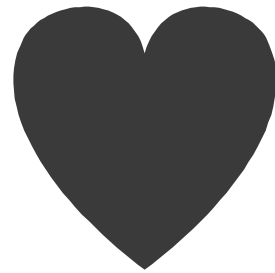


Relevance of the Internet

- Tailored to local needs
- Any language – or none
- Local news
- Responsive
- Demand-driven



TARAhAat.com



The Village Marketplace



For Sustainability

An Internet Based Organisation with

- Social Objectives
- Commercial Strategies
- Multi-layered Partnerships



The Internet Revolution ...

IT and the Internet can now offer

- ***Connectivity*** even for remote communities
- ***Services*** for small local enterprises
- ***Content*** for business applications
- ***Delivery*** using growing infrastructure



... in a Sachet Pack

by

- Time-sharing of access facilities
- Franchising local delivery systems
- Mobilizing underemployed assets
- Releasing resources: disintermediation
- Purchasing power from new livelihoods

All the factors are gradually falling into place, inexorably coming into sync



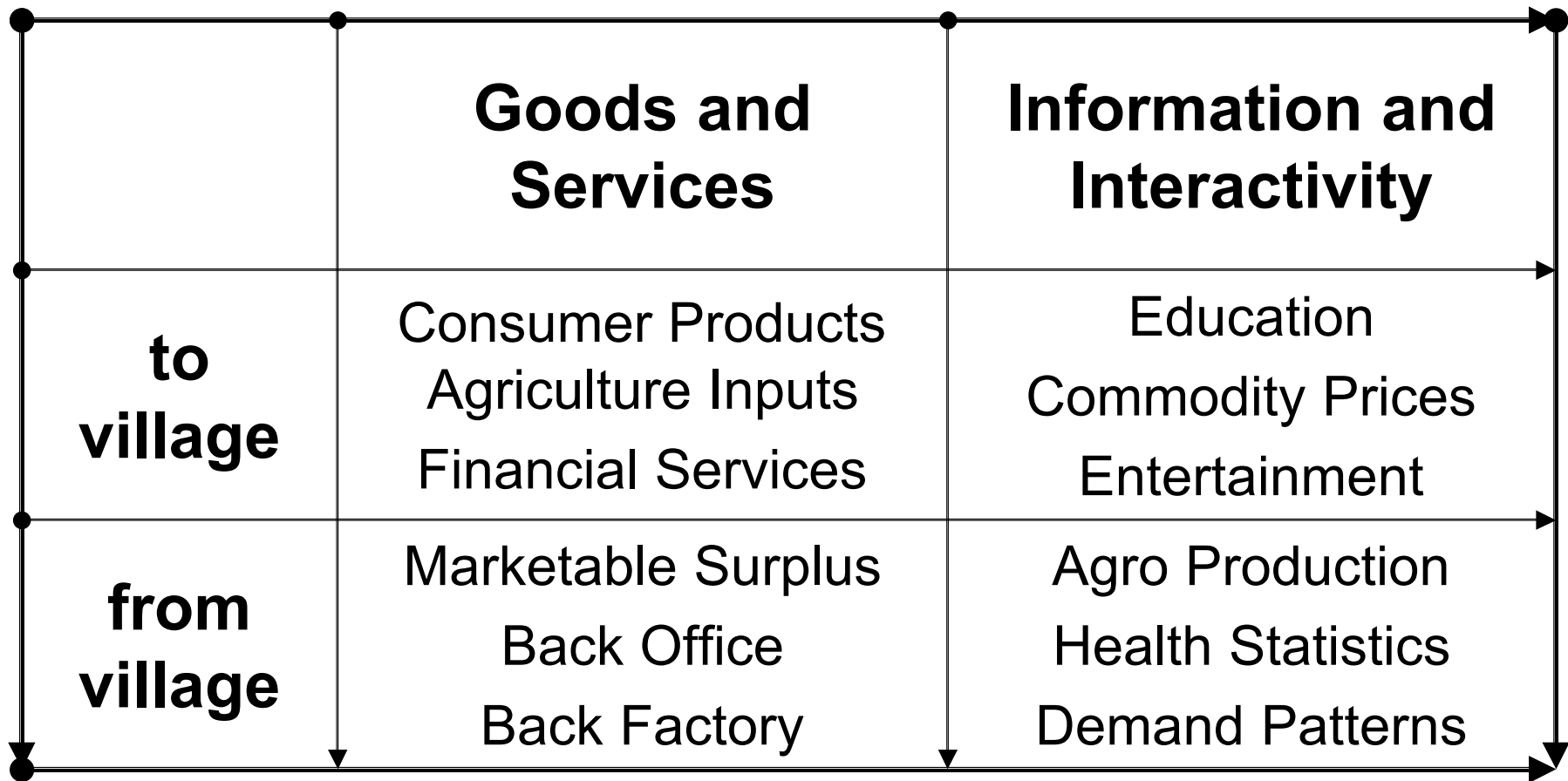
TARAhAat.com – New Sustainable Model

The Key Success Factors

- **targets large, underserved markets**
 - alternative outreach methods
- **full-service and total experience brand:**
 - access + content + transactions + fulfillment
- **multiple revenue streams**
 - on-line and off-line
- **user-friendly portal**
 - horizontal and vertical: B2B and C2C, P2P



TARAhAat.com – Architecture



TARAhAat.com – Key Components

- TARAkendras... for online access
- TARAgyan... for online / offline education
- TARAvans... for offline access / fulfilment
- TARAvendors... for goods and services
- TARAscouts... for news & information
- TARAsaathis... for assistance to users
- TARAgurus ... for enterprise mentoring
- TARAcards ... for identification and credit



TARAhAat (with TARA) – Products for Mini Enterprises

- Techno-economic feasibility reports
- Tested business plans
- Access to financial services
- Procurement of equipment and materials
- Training
- Technical and marketing support



TARAhAat – Services for Mini Enterprises

- TARAhAat.com... for online services
- TARAbazar.com... for e-markets
- TARAvendors... for supplies
- TARAvans... for delivery
- TARAscouts... for market information
- TARAgurus ... for barefoot consultancy

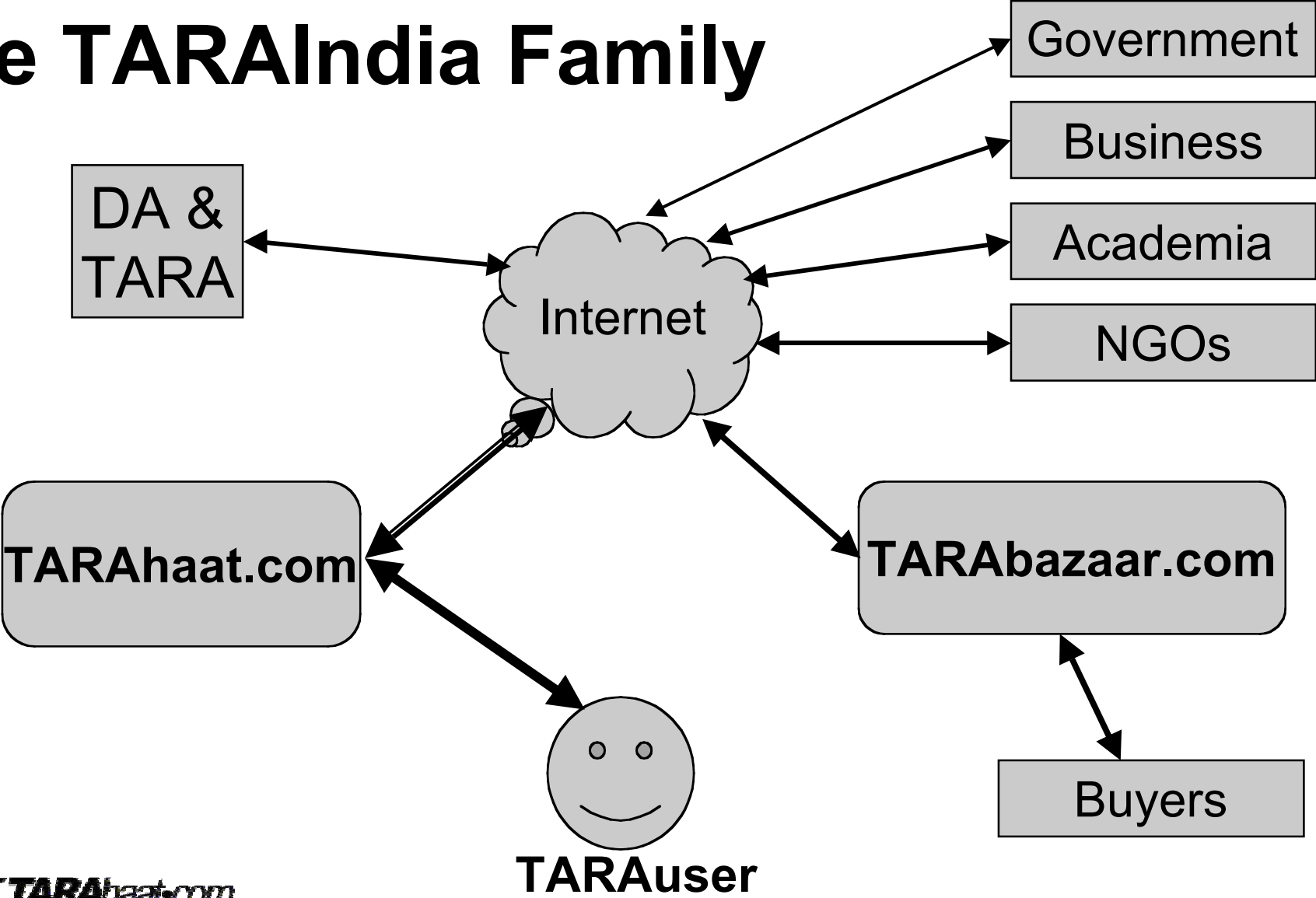


TARAhAat – ASPs for Enterprises

- Partnerships with Corporate Houses
- Supply Chain Management
- Banking and Credit Facilitation
- Insurance Services
- Credit Validation
- Barter and Auctions
- Information Sources

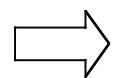


The TARAIndia Family



TARAhAat: Rollout Trajectory

- Initial Investment in non profitable service
- Serving low income, marginal markets
- Need for Critical Mass
 - Content: Full spectrum of Information & Services
 - Connectivity: ~ 12K TARAKendras

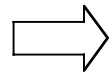


Three year breakeven



TARAhAat: Financial Structure

- Social goals, business methods
- 50% equity shareholding by DGF
- Benefits to society and environment
- Continuing management control
- Track record and valuation

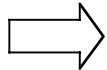


Public + Private Financing



TARAhAat: Financial Strategy

- **Initially, promoter's equity – DA, TARA**
- **And strategic partners inputs**
- **Then seed capital from F&F, angel V.C.s**
- **Then grants from public agencies**
- **And contracts from public and private sector**
- **Then equity from Venture Capitalists**
- **Then IPO, Listing, etc**



Initial need for Concessional Support



Bridge the Digital Divide

Connect Rural Enterprises
to the Global Economy

And Create Digital Dividends
.....for All

