

# Farm Harvest: A case study on Inclusive growth through Sustainable Employment

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## Abstract

*Indian Start-ups are progressively working towards attaining sustainable and scalable type of business models. These start-ups are not conventionally limited to FinTech/IT but also include those which are focussed on rural development and societal upliftment. Indian Farm Harvest is one such start-up which has achieved an inclusive growth through a sustainable business model. 'Farm Harvest', both sweet corn producer and seller, follows an unique model that has been creating small entrepreneurs, empowering women and providing employment in its process of production and marketing. Here, author has made an attempt to analyse how the micro level efforts made by the startup company help achieve macro objectives of employment generation, supplying food nutrients which help in bringing about upliftment to the society. This research has identified country-specific constraints to sustainability of growth with employment generation thus integrating two components of development i.e., eradication of Poverty & Growth.*

**Keywords:** Start-up, Entrepreneurship, Sustainable Employment, Inclusive Growth

## Introduction

Rajesh a native of Salem, Tamil Nadu recognized the potential of growing sweet corn on Indian soil and hence decided to take training from the some of the best sweet corn farmers in the world from Iowa, USA. Very soon, he was able to create a revolution by sowing corn fields in his 5 acre of land and also helping other farmers too. Over the years, Rajesh Kumar has been able to source and sell fresh sweet corn to foodies across India. He now farms in 120 acres of land using drip and flood irrigation to harvest sweet corn, baby corn, tomatoes and other vegetables. He also runs a food processing unit for canning vegetables and engages in contract farming among 350 other farmers.

At the moment, everyone in India from policy makers at the parliament to farmers on the field, thinks, perceives and debates about inclusive growth more than any other issues. In fact, the central government's initiatives like 'Make in

India', 'Start-up India', 'Stand-up India' and various others schemes are directed towards making entrepreneurs who can offer jobs to the present and future generations thereby achieving inclusive growth.

## Conceptual Framework of Inclusive Growth: A Review in the Context of Farm Harvest

Mission of Farm Harvest has been to achieve inclusive growth through creation of productive employment as oppose to redistribution of income generated through economic growth. The paper reviews the conceptual definitions of inclusive growth offered by researchers. As per Ianchovichina & Lundstrom (2009), inclusive growth is often used interchangeably with a suite of other terms, including 'broad-based growth', 'shared growth', and 'pro-poor growth'. Inclusive growth is basically a combination of two words which refers to both the pace and the pattern of the economic growth (Samans, Blanke, Drzeniek Hanouz, & Corrigan, 2017). This kind of growth takes longer time because the focus is on productive employment

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rather than on direct income redistribution for the excluded community. Inclusive growth is however expected to be inherently sustainable as distinct from income redistribution schemes which is looked at as short term measure to reduce inequality between the poorest and the rest. Inclusive growth allows people to “contribute to and benefit from economic growth” (The International Bank for Reconstruction and Development, 2008). Apart from addressing the issue of inequality, the inclusive growth may also make the poverty eradication efforts more effective by explicitly creating productive economic opportunities for the poor and vulnerable sections of the society. The inclusive growth by encompassing the hitherto excluded population can bring in several other benefits as well to the economy. The concept “Inclusion” should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process, and not simply as welfare targets of development programmes (Planning commission, 2007)

## Review of Literature

The literature on the subject draws fine distinction between direct income redistribution or shared growth and inclusive growth. The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than on direct income redistribution as a means of increasing incomes for excluded groups. Inclusive growth is, therefore, supposed to be inherently sustainable as distinct from income distribution schemes which can in the short run reduce disparities between the poorest and the rest which may have arisen on account of policies intended to jumpstart growth. While income distribution schemes can allow people to benefit from economic growth in the short run, inclusive growth allows people to “contribute to and benefit from economic growth”.

Growth is always considered to be inclusive when

it creates economic opportunities along with ensuring equal access to them (OLUWASOGO, 2017). Also, apart from reducing inequalities in the society by creating some opportunities for the poorer sections of the society which would be productive for them. (Dixit & Ghosh, 2013). Here, we emphasize the idea of equality of opportunity in terms of access to markets, resources, and unbiased regulatory environment for businesses and individuals (Chakrabarty, 2010). This considers systematic inequality of opportunity “toxic” as it will derail the growth process through political channels or conflict. The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than on direct income redistribution as a means of increasing incomes for excluded groups. In the short run, governments could use income distribution schemes to attenuate negative impacts on the poor of policies intended to jump start growth, but transfer schemes cannot be an answer in the long run and can be problematic also in the short run. Even in developed countries, redistribution schemes cannot be the only response to rising poverty rates in certain segments of the population. Such schemes can allow people to benefit from economic growth in the short run, inclusive growth allows people to “contribute to and benefit from economic growth”.

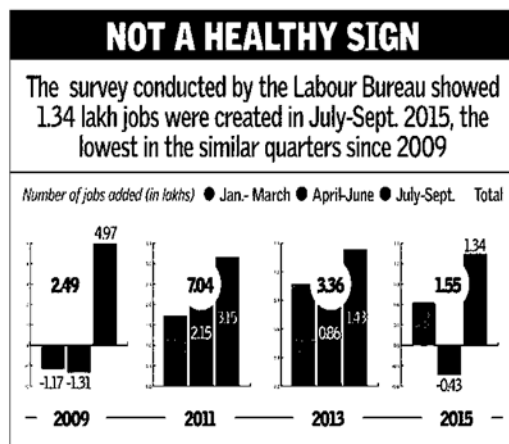
## Farm Harvest- Evolution and Growth

KMS Rajesh Kumar is the man behind the organization-Farm Harvest - a model based on inclusive growth for creating sustainable employments among farming community. Rajesh Kumar is a business management graduate from the prestigious PSG College of Arts and Science, Coimbatore and for years he has been trying to upscale farming in India. Farm Harvest started way back in the year 2011 with multiple objectives viz. (1.) creating high standards of living (2) providing healthy and nutritional farm products- both fresh

& processed for the farming community;(3) developing entrepreneurship among farming community and providing updated technologies by closely working with them.

This inclusive growth model of job creation and entrepreneurship development in rural India is a big step in the overall situation of jobless growth in Indian Economy. According to Jha(2016), ever since the last global financial crisis in 2008, the labour bureau has looked at r job creation in India. While in 2009, the figure on job creation was 12.5 lakh, in 2014 4.9 lakh jobs were created and in 2015 only 1.35 lakh jobs. Thus, the year 2015 saw a huge number of job losses (in Figure 1).

**Figure 1: Job creation during the period of 2009-2015**



Source: *Compilation of Jobs created from 2009 – 2015.*  
Source (Jha, 2016)

Currently, the government is aiming at creating 175 million new jobs by 2032, which is possible only if the economy grows by 10 percent annually. On the other hand 115 million is estimated to be created if it grows by 7 per cent (Sharma, 2016). This task of job creation should not only be only with the government; individuals should also step forward and start their own businesses in order to create as many jobs as possible for the people. The

government schemes like make in India, Start-up India and Stand-up India, etc should also be used in the most effective manner. Ideas are also an important asset and they are always supported by a number of Venture Capitalists, Investors, PE Funds, and seed Capital.

### **Sustainable Employment for Inclusive growth at Farm Harvest**

At Farm Harvest, the objective of accomplishing inclusive growth through sustainable development starts from recruitment of people or identification of farmers. There are over 2000 agricultural farmers, 40 processing employees and 10 administrative staff attached to farmers, in which over 90% are women as they wanted to empower women. In fact, deciding to be in SIDCO- Women Industrial estate itself shows their concern for women empowerment so as to reach inclusive growth. Those farmer willing to be business partners with positive attitude are given opportunity to grow American corn and generate income. Farm harvest ensures productive employment to the farmers while offering redistribution of income to the farmers. The income earned through their cultivation has always been redistributed to the farmers. This method is inherently sustainable as distinct from income distribution schemes. More than income distribution for inclusive growth, farm harvest also consciously offers sustainable income to farmers. If the income is seasonal and not through the year then that cannot be inclusive growth hence, they ensure farmers who are attached to farm Harvest get sustainable income for their livelihood around the year.

In order to achieve Inclusive growth, Farm Harvest follows three simple mantras:

- Farmers are suffering due to lack of income-provide sustainable business opportunities by cultivating American Sweet corn

- Rural people are suffering due to unemployment- Create employment opportunities to ensure constant income
- Women are underpowered due to male dominated society-Empower women by giving them employment and farming opportunities

### **Organizational Structure of Farm Harvest**

Figure 2 in the appendix explains the size and scalability of Farm Harvest. Majorly the organization has hierarchic order headed by three Management personnel such as MD,CEO and COO respectively. There are five sections of the organization such as procurement, finance, production, sales and marketing, Logistics and R&D. Operational functions are distributed among managers and their executives thereafter.

### **Why Corn: Social awareness—the driving force for product choice:**

Rajesh felt that the present generation is excessively addicted to the fast food culture and inculcated the habit of having pizzas, burgers, fried chickens as their food/snacks. He also thought it is the responsibility of the food based entrepreneurs to provide healthy food especially to this younger generation. When people are struggling with diabetic and obesity oriented issues, it is imperative to be socially conscious when dealing with food products. The nutritional Value of Corn is given below:

Corn contains folate that reduces heart attack rates by 10%. Corn is rich in Vitamins B1, B5 and Vitamin C. This product reduces the risk of lung cancer, increases energy. Thiamine contain of the product increases memory power. The product reduces stress level and also element of ferulic acid reduces aging process and good for skin.

### **Farm Harvest-An inclusive Growth Model:**

Farm Harvest has now incorporated various opportunities and advanced agricultural technology for over 1,500 farmers. Its business model allows the company to share profits with the farmer community to look after their welfare. Farm Harvest is also to distribute seeds of sweet corn to farmers without any negotiators thus improving farmers' share in the revenue earned from the product.

Let us have a look at the benefits of farm harvest till now-

- It has touched the lives of over 1,500 farmers
- They provide high quality seeds as well as better technologies
- The farmers are taught the best practices which adds to their collective growth
- There are no negotiators between farmers and Farm Harvest and thus the farmers are guaranteed maximum returns
- The farmers enjoy a portion of retail profit too.

### **Technology and Processes**

All the manufacturing facilities ensure that only fresh produce are processed. This is also done in a very clean and hygienic environment. Farm Harvest uses latest Japanese Retort technology with temperature control so sweet corn stays fresh without any added preservatives.

### **Fresh Corn**

Every corn is handpicked from the fields so that they don't lose their juicy taste. Customers then pick these up from their local supermarkets or even gourmet outlets. Most of the customers have now become addicted to it. It has a high nutritional content with a delicious taste.

### **Approach to inclusive growth in Farm Harvest**

Following are ways Rajesh has been applying the

inclusive growth model in Farm Harvest. His First task is to ensure quality of the product as follows;

- The Corn is first grown on 1000 acres of land and then they are hand-picked for harvest.
- At the processing plant, fresh corn harvest is expected to arrive for basic quality checks.
- Corn is processed in a hygienic temperature as well as a controlled environment

### **Franchisee Model- Creation of micro entrepreneurs**

Farm harvest also has a great scope of franchisee and they do so by encouraging marketers to take corn to their customers. They create business opportunities for anyone starting their journey or even someone who is a full fledged professional. Apart from this, they also try to run their own franchisees and operate kiosks.

### **Empowering Women**

There are women working effortlessly in the field now which is the reason why farming is basically improving. Farm Harvest has taken an extra care to ensure that the women are encouraged and empowered to earn a living for themselves.

-Corn is then packaged and distributed without preservatives.

### **Recruitment and Development of employees**

The recruitment and Development plans of Farm Harvest were also one of the major elements in accomplishing sustainable employment.

#### **Recruitment:**

The candidates are recruited from ITIs, Polytechnics or Business Schools, not for consideration of their marks or high performance calibre. Rather, people are selected for their right attitude and the urge to learn. After right candidates are selected, they are

trained according to requirement of the company. This recruitment strategy has been an important norm of the company.

#### **Learning and Development:**

The company believes in investing in learning and development of employees. To keep their employees trained and up to date with their skills, there are 8 to 10 training programmes organised annually. They are especially trained in the areas of ISO, Six sigma, TQM, JIT and other quality related areas. Apart from this, the company also organise many training programmes of CII Institute of Logistics to teach them about production and logistics strategies.

#### **Grooming of employees:**

Employee grooming is one of the practices that Farm Harvest follows. Internally, their employees are groomed to function better. Recently, a high performer was identified and then groomed to head the operations of Mauritius.

#### **Employees cum Distributors:**

Farm Harvest had introduced a model called Employees cum Distributors. This means that they can avail the salary as employees from the company and they can also get the opportunity to share the profits as distributors.

Communication: Now a days, new technologies have come up in play and keeps people connected entirely. One of them is whatsapp which makes communication across the globe easier. Thus, sending and receiving information becomes a much easier task now and reaches everyone in no time. Wonder list is an amazing app too which helps the boss of the company distribute work functions amongst his employees easily and effectively through an app.

#### **SWOT Analysis**

A detailed analysis of the Start-up is required

to identify the next strategy on which Rajesh needs to work and ensure the overall success of the organization and growth of the start-up. This analysis is done using the SWOT tool and has been detailed in Table 1.

**Table 1: A Table for SWOT analysis of Farm Harvest**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Eco-system for end to end corn cultivation and maintenance</li> <li>• It provides inputs, manpower and finance for farmers</li> <li>• Sustainable relationship with the farmers</li> <li>• There is a strong bonding between the two</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>• Nature plays a big role in deciding the crop growth</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• The business could expand in other companies too</li> <li>• Opportunity to venture into other related products</li> <li>• Adding value to products or Value chain</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• There is a highly growing competition</li> <li>• Customer perception of American corn compared to Indian corn</li> </ul>

### The Struggles of Farm Harvest

Like any other Start up entrepreneur, Rajesh has also had all his turbulent times and some of the areas of his struggle have been identified below.

**Customer Education:** At the stage of nurturing idea of starting business of American sweet corn, it was extremely difficult for him to get consumers because product was totally new for Indian market. Customer education was a major challenge initial days of establishing the company. The obvious question in the minds of the customer was that why one should buy spending Rs. 25 to 30 for a cob for American corn when the local variety was as cheap as Rs. 5 per cob,. In fact, the persistent efforts in making customers accept this product latter helped to sell corns not only in domestic markets but also export to various countries. They also set up a plant in Mauritius, an East African county this year and going to start the operations soon.

**Start-up Struggles - Farm Harvest in India** had crossed a number of obstacles especially with the

quality and hygiene of the product. The consumers initially believed that American corn contained Genetically Modified Organism (GMO), which was unhealthy. The company had to convince the customer that it was hygienic and fit to eat.

**External issues-**Rajesh was from a moderate Vysial family and thus he had initial problems of investment and Land for cultivation. He then aggregated 2000 farmers to cultivate corn in their land and make them feel that they are also part of his business.

**Internal Issues:** Rajesh's family members were not in favour of corn business and they resisted initially to support him to take up this business. Latter, they had to agree to his line of thinking and doing corn business.

### Way forward

Rajesh has thus emerged as a social entrepreneur because he started a company with the aim of keeping people healthy. This is in due course of the fact that outlets like Pizza, burger points, cake shops, ice cream parlours, etc have opened up and they lure the young crowd. Apart from being unhealthy, they also charge huge money from their customers. Hence, the aim of farm harvest is essentially to provide healthy snack to the people especially youngsters at an affordable price. They also have some great ambitions for the growth of the company which keeps them improving in their work.

American sweet corn is a concept in India and that's why around 50% of the Indians are clueless about this product and benefits of the same. Hence, Farm Harvest aims to join hands with the farmers, redistribute income as well as accomplish inclusive growth.

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**Appendix**  
**Organisational Structure of Farm Harvesting**

