



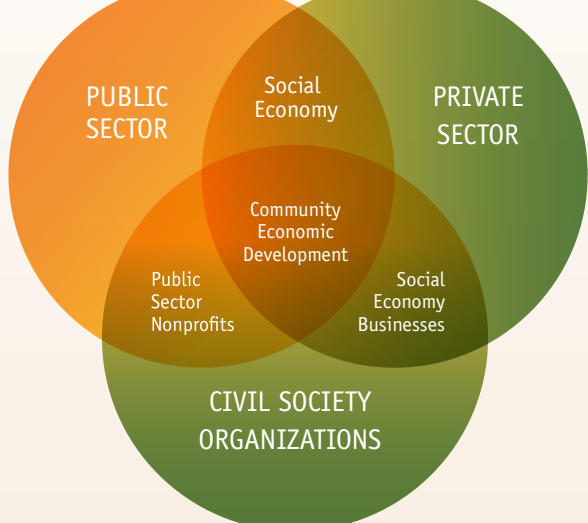
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## KRISHI UTSHO | The Building of an Agro-Input Microfranchise Network in Rural Bangladesh

### Background

Almost half of the labor force of Bangladesh is employed in agriculture<sup>1</sup>. Ironically, they work hard to secure food for the rest of the country, lack food security for themselves. Frequent natural disasters like floods, river bank erosions, droughts in the Northwest regions and cyclones, soil and water salinity in the Southwest regions hamper cultivation and cause widespread damage to standing crops and livestock and reduce the availability of arable land. Nearly 60% of the farming households are landless and among them, the small poor farming households of which each own about one to three cows account for 90% of the dairy supply of the country<sup>2</sup>. The constant pressure on limited arable land and various disruptions need agricultural productivity to be high. However, poor productivity in agriculture tends to stand out as one of the most staggering factors perpetuating the vicious cycle of poverty where farmers remain trapped. Due to poor productivity, the value addition to agriculture per worker is US\$ 505<sup>3</sup>, among the lowest in the world, only next to sub Saharan Africa. Nearly 27 million rural poor men and women work hard for long hours under the

smoldering sun to yield little marketable surplus and even lower income, on an average less than US\$ 2.3<sup>4</sup> a day for a landless agricultural laborer. The low income leads to poor build up of savings and assets.



Increasing farmers' access to good quality dairy and agricultural inputs for higher yields and improved incomes, CARE has helped set up a network of 64 agro input shops in the remote rural areas in the Northwest Bangladesh. The network is fondly named 'Krishi Utsho' – the Source of Agriculture.

### About Krishi Utsho

Funded by Finn Brooks Family Foundation, Krishi Utsho is a social enterprise project under CARE Bangladesh. Initially Krishi Utsho was an initiative to implement the role of access to quality and services as a part of Strengthening the Dairy Value Chain Project through a micro-franchising network. Micro-franchising has its roots in traditional franchising, which is the practice of copying a successful business and replicating it at another location by following a consistent set of well-defined processes and procedures. Krishi Utsho demonstrates how micro-franchises can complement traditional market-based approaches to alleviate poverty. In technical terms, Krishi Utsho could be referred to as an 'agro input micro franchise network'.

**KRISHI UTSHO Microfranchise**

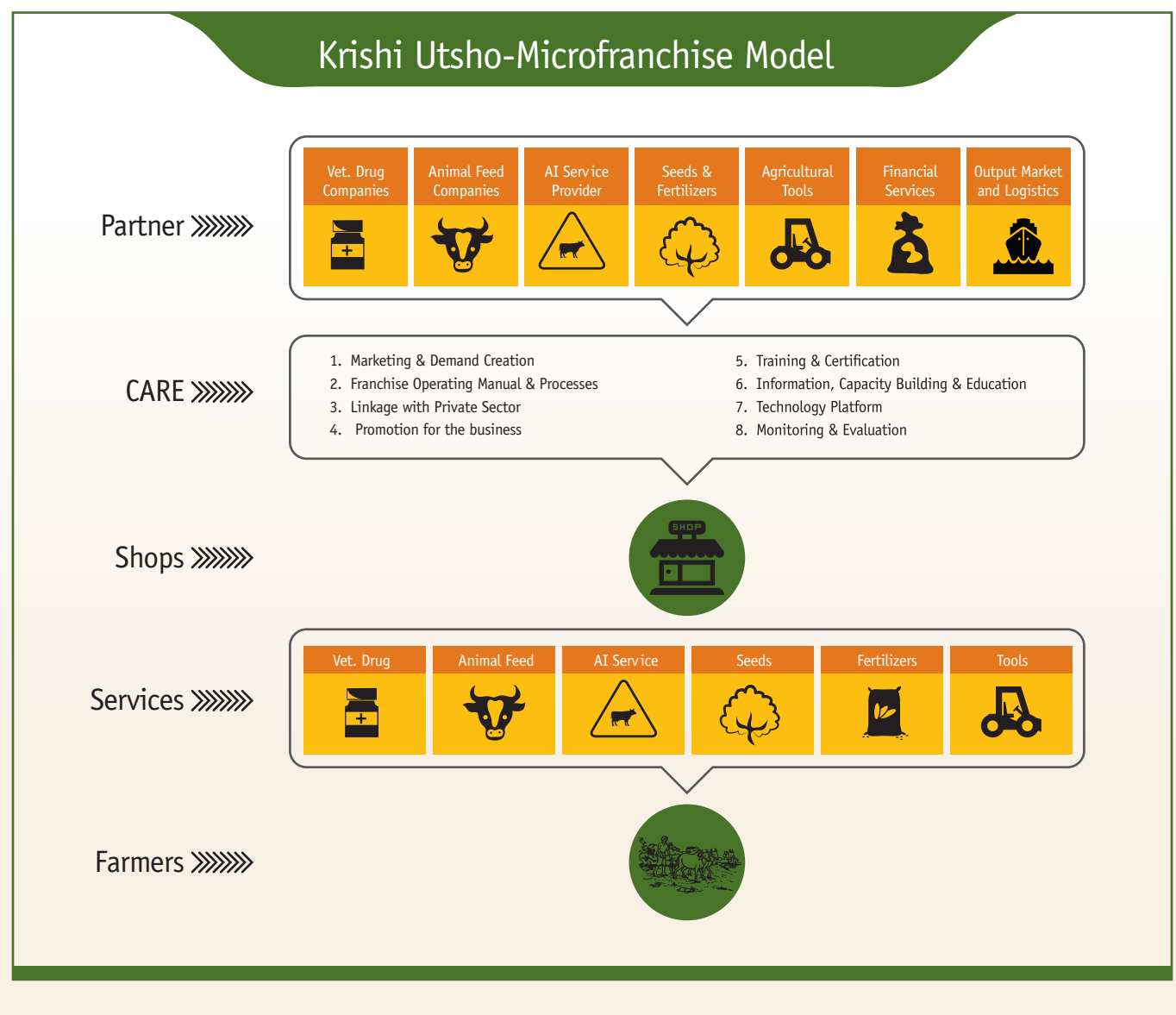
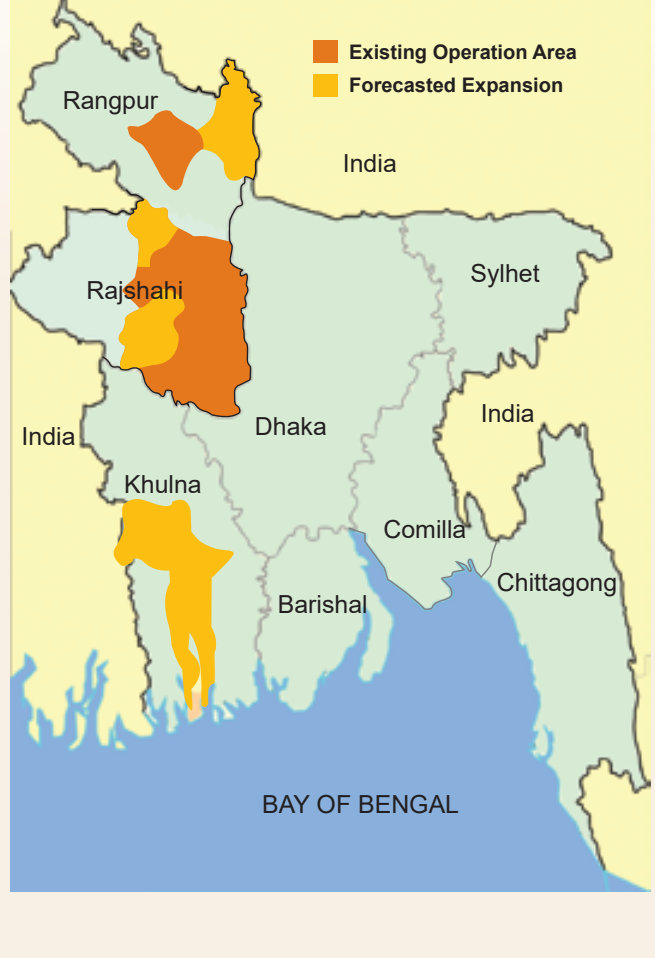
- Ensures access to affordable quality feed and veterinary drugs
- Provides proper animal health and management at household level
- Provides access to livestock health services and artificial insemination services
- Enables market linkages and dairy related entrepreneurship opportunities within the community

Krishi Utsho is a supply chain and distribution network of different agro inputs, all linked by a common brand but owned by individuals. Krishi Utsho sells inputs like dairy feed and veterinary medicines to farmers through a network of franchisees and generates both financial and social returns. Now Krishi Utsho is operating through 92 shops and serving More than 17000 service receivers with a plan to reach 65000 customers through 230 input shops by 2018. Today Krishi Utsho is a livestock focused micro franchise initiative looking forward to expand its social business

towards poultry, aquaculture and horticulture.

### Krishi Utsho Progress

- 90+ shops are operating under KU network
- 60+ input shop owners received training from franchisor
- 8+ renowned private sector suppliers are linked with KU
- 6 warehouses augmenting KU distribution model
- \$22k + monthly average sales of franchisor with 6% average margin
- Copyright of Krishi Utsho (R) an intellectual property of CARE
- An eMIS system to monitor the Micro-Franchise initiative



### Opportunities

Micro-franchises offer a valuable addition to traditional value chain development or M4P (Making Markets Work for the Poor) strategies by not only facilitating market change, but also actively filling a market gap. In the case of Krishi Utsho, everyone from farmers to agro input suppliers benefit.

- Farmers benefit from regular access to high-quality services and goods which are specifically marketed for smallholders.
- Franchise holders benefit from business training and an increased consumer base, with a growth during the pilot period of over 50% more customers.
- Brands are able to cross "the final mile" and reach base of the pyramid markets which they would otherwise be unable to access.

- CARE, as the franchiser, is able to establish a social enterprise which is sustainable, scalable, and, in the long-term, independent of donor funding.

### Social Impact

- Most achievable impact of Krishi Utsho is the one stop solution, which provides in the rural level. Farmers who used to go to different places for their needs, are getting almost everything in one shop now.
- Due to Krishi Utsho farmers get advice from shop owners, because most of the shop owners get training from CARE.
- Farmers are getting feed from KU branded shop which increases the production of milk as well as meet nutrition in household level.

- KU also arranges seminars and workshops regularly which help farmers to maintain their cattle.
- KU is actively involved in increase of women empowerment. Women involvement is gradually increasing in this micro-franchise. KU also facilitates in women entrepreneurship.
- KU assures the quality of products at rural level.

- Milk production as well as quality has been increased which helps in higher income for farmers.
- A better socio-economic environment is developed through women empowerment.

### Challenges KU has overcome

- Increase in women involvement.
- Diversification in product line.
- Gradual network expansion.
- Product quality assurance.
- Software controlled Inventory Management System.
- On time availability of product through multi channel sourcing.

### Economical Impact

- Increased job and business opportunity for the common people through training and workshops.
- KU works as a bridge between the formal sector and the informal sector which leads to more of private sector engagement in rural level.
- Income level increment results in improved living standard.
- One stop solution heads to saving of time and money of the farmers.

<sup>1</sup> 2014 CIA World Factbook  
<sup>2</sup> Strengthening the Dairy Value Chain in Bangladesh (2007-2011)  
<sup>3</sup> World Bank, 2013  
<sup>4</sup> BDT 200, CARE, 2014



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We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security

