

oikos Case Writing Competition 2014

Social Entrepreneurship Track

Runner up

MokshaYug Access (MYA) in India Enriching India's Dairy Farmers

By Rajan Shah, Amity Research Centers; India

This is an Online Inspection Copy. Protected under Copyright Law.
Reproduction Forbidden unless Authorized. Questions relating to permission should be
directed to: siganesh@blr.amity.edu

Copyright © 2014 by Amity Research Centers HQ, Bangalore. All rights reserved. This case was prepared by Mr. Rajan Shah as a basis for class discussion rather than to illustrate the effective or ineffective handling of an administrative situation. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form by any means without permission.

After gaining sound work knowledge abroad, Harsha Moily (Harsha), returned to India with a clear vision to build an organisation focused on creating income-generating opportunities for rural people. In 2006, he established MokshaYug Access (MYA), a limited company based in Karnataka, India with a seed capital of \$2 million. Being a rural supply chain solutions company, MYA was committed to create an organised platform in rural areas by linking such platform to urban parts in India. For its Dairy Business Vertical, MYA procured milk from rural dairy farmers in various districts of Karnataka and sold the same to the institutional buyers. In this process, MYA implemented a scientific and technology-based approach, whereby MYA focused on increasing yield per cattle per day and improving quality of milk. To achieve this, MYA emphasised on creating a deep engagement with the dairy farmers by making them aware about the best practices in the dairy farming and animal husbandry. Moving ahead, in late 2012, under 'Farmer-to-Consumer Connect' initiative, MYA launched its retail milk brand 'Milk Route' in Bangalore. In addition, it also started selling fruits and vegetables under 'The Good Chain' retail stores. Identifying the strength in the business model, MYA was successful in securing private equity funds. But, experts felt that MYA was in direct competition with Karnataka Milk Federation (KMF) and Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF), dominant players in dairy business in India. In addition, availability of manpower, convincing rural dairy farmers to switch to MYA and creation of brand was key challenges ahead for MYA. With such innovative practices, how MYA takes its operation to the next level of growth remained to be seen

Case Study

“Moksh' means liberation in Sanskrit and 'Yug' means world. I've always believed that the fundamental reason why the poor remain poor is because they lack access to income-generating opportunities. So as melodramatic as it may sound, I named [MokshaYug Access] because we wanted give the rural poor 'access to a liberated world'.”¹

Harsha Moily, Founder and Chief Executive Officer, MokshaYug Access (MYA), India

The rural dairy farmers in Tumkur district of Karnataka were surprised when they saw new milk collection centre being opened up in their village. Initially, dairy farmers were reluctant to supply milk to this new milk collection centre.² But, focused on its approach towards creating income-generating opportunities for rural dairy farmers, MokshaYug Access (MYA), a rural supply chain solutions company³, in 2011, collected 90,000 litres of milk per day. It also provided monetary empowerment to rural dairy farmers. According to experts, MYA

¹ “MokshaYug Access: Providing Opportunities and Income for India’s Rural Poor”, <http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4728>, March 28th 2013

“© 2014, Amity Research Centers HQ, Bangalore. All rights reserved.”

² “MokshaYug Access: Providing Opportunities and Income for India’s Rural Poor”, op.cit.

³ “Company Overview”, <http://www.moksha-yug.in/company.html>

through its milk collection network had empowered hundred of villages in Karnataka.⁴ One such dairy farmer, Mahalakshmi, said, “Working for milk route has really helped me, I earn a lot and I can buy whatever I want. I feel independent now.”⁵ Apart from dairy business, MYA aimed at creating a link between rural communities and commercial market.⁶ Over a period of time, through its operations, MYA aimed to accomplish its vision “To create robust rural economies, thereby enabling every rural citizen to access everything indispensable for human progress.”⁷ Amidst this backdrop, the case discusses the growth of MYA and various initiatives pursued to link rural market with the urban market by developing rural supply chain solutions.

MokshaYug Access (MYA): A Modest Beginning

An MBA in International Business from Thunderbird School of Global Management⁸ based in USA⁹, Harsha Moily (Harsha), son of M. Veerappa Moily, former Cabinet Minister, Petroleum and Natural Gas, India¹⁰ decided to pursue unprecedented career path.¹¹ Harsha had gained a sound work experience of nearly 14 years (1999-2013) in countries like the US, UK and India in diversified fields such as private equity, telecom, infrastructure, hydrocarbon, and agribusiness.¹² After returning to India, in October 2005, he incorporated MokshaYug Access (MYA), a limited company incorporated under The Companies Act 1956 in Bangalore, India.¹³ MYA was established with an initial seed capital of \$2 million collected from family and friends.¹⁴ On the inspiration to start the company, Harsha mentioned, “During my later years abroad, I realised how important India was to the world. But I found that the focus of foreign investments and technology was channelled only towards urban India, which only widened the divide between the rich and the poor. I decided to start a company which would capitalise on the phenomenal economic growth in urban India to create an organised platform in rural areas to alleviate poverty and foster wealth creation in rural India.”¹⁵

With such philosophy, MYA started its official voyage in April 2006. Initially, MYA kept its sight on microfinance business and developing infrastructure to set up health care centres and dairy farming units. In addition to these initiatives, an idea sparked in the mind of Harsha to add value to the current operations of MYA. He decided to provide supply chain

⁴ P V Abhirr, “US Returned Moily’s Son provide Financial Empowerment to Villages”, <http://ibnlive.in.com/news/usreturned-moilys-son-provides-financial-empowerment-to-villages/199887-3.html>, November 9th 2011

⁵ *ibid.*

⁶ “MokshaYug Access”, <http://elevarequity.com/entrepreneur/mokshayug-access/>

⁷ “Company Overview”, <http://www.moksha-yug.in/company.html>

⁸ A Top ranked international business school based in the US founded in 1946.

⁹ “Board of Directors”, <http://www.moksha-yug.in/boardofdirectors.html>

¹⁰ “Cabinet Ministers”, http://cabsec.nic.in/council_ministersofstate.php

¹¹ Rai Saritha, “Farm to Mkt, Moily Jr. Builds Direct Route”, <http://www.indianexpress.com/news/farm-to-mkt-moily-jr.-builds-direct-route/969603/>, July 3rd 2012

¹² “Board of Directors”, *op.cit.*

¹³ “Company Overview”, *op.cit.*

¹⁴ “Farm to Mkt, Moily Jr. Builds Direct Route”, *op.cit.*

¹⁵ “The New Face of Rural Microfinance in Karnataka”, http://www.icicicommunities.org/cs_rural_microfinance.html

solutions to dairy farmers in rural villages. Making MYA a rural supply chain solution company, Harsha said, “The minute you increase income in rural India, other benefits will fall into place -- doctors, teachers, health care. [MYA is] commercial enterprise with a social conscience. We are in the business of building income certainty for rural producers by participating across every component of the rural supply chain.”¹⁶ The key business vertical was healthcare and dairy for MYA. In addition, for each of this business vertical, MYA owned and established the infrastructure like health care centres, dairy farming units and warehousing networks.¹⁷

Harsha established MYA with a mission “To be the most trusted company in Rural Procurement by delivering profits to our shareholders and by creating wealth for rural producers through efficient access to premium markets and transformational increases in the quality & quantity of their produce.”¹⁸ According to experts, through its dedicated focus on dairy business and supply chain solutions, MYA had effectively established market linkages between rural communities and large commercial markets.¹⁹ On such model based on value creation, Harsha emphasised, “MYA’s value addition, will be by way of building partnerships with domain experts, access to quality and low-cost inputs by building in supply chain efficiencies and bringing in market linkages. And a few years down the road, if a healthcare provider wants to expand its network into rural areas, he will have a platform kept ready through our network of health care-centres.”²⁰

With such focused approach, by April 2008, MYA had established 13 branches, covered 304 villages in Bagalkot district of Karnataka, and created a member base of 14,000.²¹ Through its business model, MYA aimed at building income certainty for rural producers. For this, MYA participated in each and every components of supply chain via building rural-producer relationship, rural-producer yield improvement programmes, and procurement of infrastructure in rural areas. All these initiatives were ultimately resulted in delivery of high quality rural produce to consumers based in urban markets²² (**Exhibit I**).

In the dairy business model, Access Centres played an important role of procurement and buyback of milk in overall dairy supply chain. In addition, MYA offered various benefits to dairy farmers such as provision of quality livestock feed at reasonable prices, reduction in transportation cost, provision of output improvement tools etc. by which dairy farmers can increase the yield per cattle, and offered veterinary services. At the same time, upstream dairy firms were also had advantages such as access to quality milk production network,

¹⁶ “MokshaYug Access: Providing Opportunities and Income for India’s rural Poor”, op.cit.

¹⁷ Shekar Meenu, “A Model for Salvation?”, <http://www.moksha-yug.in/pdf/bi.pdf>, April 20th 2008

¹⁸ “Company Overview”, op.cit.

¹⁹ Bose Praveen, “Creating Income-Generating Streams for Farmers”, http://www.business-standard.com/article/companies/creating-income-generating-streams-for-farmers-113050600004_1.html, May 6th 2013

²⁰ “A Model for Salvation?”, op.cit.

²¹ *ibid.*

²² “MYA Launches Dairy Brand MILK ROUTE in Bangalore”,

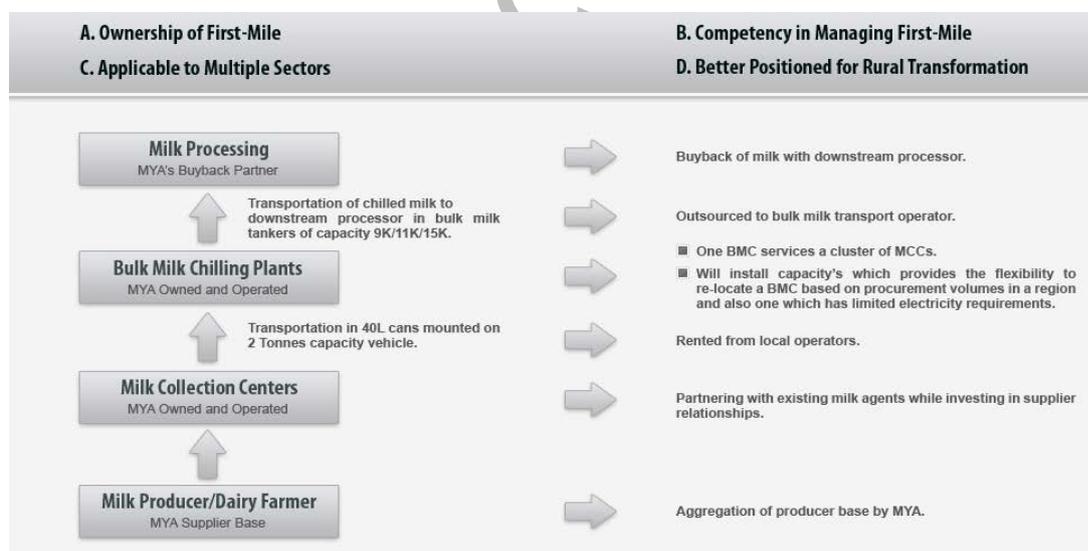
<http://www.prnewswire.co.in/news-releases/mya-launches-dairy-brand-milk-route-in-bangalore-189147391.html>, January 31st 2013

reduction in procurement cost of milk and cost saving as such firms were not required to invest in the infrastructure.²³

According to industry observers, income certainty and improvement in both yield and quality were the key aspects of focus by MYA. Compared to developed nations like US, Canada and Israel, in India, yield per cattle per day remained extremely low at two or three litres. Whereas, the yield per cattle per day in US, Canada and Israel stood at 40 litres. Citing the reasons behind such low yield, Kiran Konher (Konher), Founder, Dairy Assist, a Pune-based dairy consultancy in India mentioned that inadequate feeding to the livestock, low quality of livestock, lack of availability of artificial insemination, non adoption of hygienic practices during milking, and unfavourable mindset among dairy farmers with regard to prevention of diseases in livestock led to low yield per cattle. But, to fight with such challenges, MYA implemented a practice of adopting same farmer, same cattle, more milk and better milk approach. To achieve this, MYA emphasised on deep engagement with the dairy farmers by making them aware about the best practices in the dairy farming and animal husbandry.²⁴ Lauding MYA's such work at the ground level, Konher opined, "The capacity of cattle to produce milk depends on its feeding, its breeding, its health and so on. Everyone in the dairy industry knows this. What makes MYA different is its focused approach, appropriate implementation and a strong R&D orientation."²⁵

Exhibit I

Dairy Business Vertical – Model Adopted by MYA



Source: "The MYA Model", <http://www.moksha-yug.in/whatwedo.html>

²³ "Our Value Proposition – Dairy Business Vertical", http://www.moksha-yug.in/dairy_business_vertical.html

²⁴ "MokshaYug Access: Providing Opportunities and Income for India's Rural Poor", op.cit.

²⁵ ibid.

In 2007, Unitus Inc.²⁶, partnered with MYA to provide various microfinance services in the area of healthcare, clean water, and education.²⁷ On such partnership, Harsha observed, “The microfinance expertise of Unitus and their ability to integrate it into innovative business models will help MYA develop a supply chain model which leverages microfinance to vastly improve the livelihoods of India's rural poor. MYA is delighted to be a Unitus partner.”²⁸ Also, Geoff Davis, Chief Executive Officer, Unitus, highlighted, “This is an important partnership for Unitus. MYA is tackling the industry problem of innovation in a big way- it is offering poor families additional financial and finance-linked services to meet their household needs. Ultimately, this means new economic opportunities for families in rural areas. Unitus is proud to be fighting global poverty by supporting visionary leaders like Harsha Moily in their quest to scale up quickly and serve more of the world's poor.”²⁹

Expanding Reach: The MYA Way

In a major development, in March 2008, Unitus Equity Fund LP³⁰ had pumped \$2 million as a private equity funding to build dairy farming supply chain and infrastructure in MYA.³¹ On such development, Harsha quoted, “MYA brings an innovative business model to a market that is the most challenging and vibrant. This requires us to build relationships with customers and partners and a team that thinks big, outside the box and has the discipline to execute.”³² With such approach, in 2011, MYA was successful in collecting 88,000 litres of milk per day from dairy farmers based in South Karnataka.³³

At the same time, dairy farmers associated with MYA also started realising benefits inherent in the business model of MYA. Anusuya, Centre Head, Milk Collection Centre, MYA, Tumkur district, Karnataka, sold cattle food specifically manufactured by MYA, undertook co-ordination work between farmers and veterinary doctor, organised camps for village dairy farmers to make them aware about best dairy farming practices and so forth.³⁴ On such role,

²⁶ A global leader in scaling innovative solutions aimed at providing access to financial services to poor people.

²⁷ “Unitus Announces New partnership with MokshaYug Access”, <http://www.prweb.com/releases/2007/10/prweb560026.htm>, October 10th 2007

²⁸ *ibid.*

²⁹ *ibid.*

³⁰ It is a federation of enterprises consisting Unitus Labs, Unitus Equity funds, Unitus Capital, Unitus Impact and Unitus Seed Fund. All these funds are focused for a one single mission to reduce global poverty.

³¹ “MokshaYug Access Received Private Equity Funding of USD 2 M”, <http://news.oneindia.in/2008/03/17/mokshayug-access-received-private-equity-funding-of-usd-2-m-1205742878.html>, March 17th 2008

³² “MokshaYug Access announces \$2mn Funding”, <http://www.livemint.com/Money/nC0iVvDih7RnC9YzsiwAL/MokshaYug-Access-announces-2-mn-funding.html>, March 17th 2008

³³ Rai Archana, “Milk Collection Firm MYA Started by Veerappa Moily's Son Bags Follow-on Funding from Venture Capitalist Vinod Khosla”,

http://articles.economictimes.indiatimes.com/2011-08-30/news/29945200_1_vinod-khosla-supply-chains-collection-centres, August 30th 2011

³⁴ “MokshaYug Access: Providing Opportunities and Income for India's Rural Poor”, *op.cit.*

Anusuya mentioned, “I was part of a self-help-group in the village. When MYA approached us, I agreed to run the collection center because it gives me extra income and a better status within my community. I can also help my neighbors to learn better dairy practices and improve their income levels.”³⁵ By March 2012, MYA reported revenues of `1 billion in which milk and milk-based products accounted for 80%.³⁶

In October 2012, targeting urban markets for its high quality local produce, MYA started ‘Farmer-to-Consumer Connect’ initiatives. This initiative was purely dedicated to retail farmers produce. Under the ‘Farmer-to-Consumer Connect’ initiative, MYA decided to launch ‘Milk Route’, branded toned milk initially in South Bangalore and post December 2012, across Bangalore city.³⁷ In January 2013, taking a lion’s leap, MYA succeeded in offering ‘Milk Route’ across the Bangalore.³⁸ According to experts, this was the retail segment entry of MYA in Business to Customer (B2C) segment from its core Business to Business (B2B) segment. Under the Milk Route brand, MYA planned to sell pasteurized toned milk, ultra-high temperature (UHT) processed toned milk, and UHT low-fat milk.³⁹ On such launch, Harsha stated, “The Milk Route brand encompasses a liquid milk product range that will include pasteurized toned milk, UHT toned milk and UHT low fat milk in various packing options and will be available across Bangalore city.”⁴⁰ He further added that, “We were active in B2B segment i.e. selling milk to business establishments. Now we have entered the mass market consumer segment.”⁴¹

Giving out the rationale behind launching retail milk brand, Harsha mentioned, “Our objective is to ensure income-certainty for our dairy farmers by improving their yields and providing them with market access. The launch of ‘Milk Route’ through our own distribution & retail network goes a long way towards helping us achieve that objective.”⁴² He further added that, “Our business model of managing rural supply chain solutions is based on building efficiency in milk production & procurement and in securing the quality of produce at the first mile. Likewise, we want to ensure that the last mile (urban consumers) connectivity is established so that the dairy farmer realises a higher share of the end-

³⁵ *ibid.*

³⁶ *ibid.*

³⁷ “MokshaYug A Unfurls Urban Outreach Initiatives to Tap Consumers Directly”, <http://www.fnbnnews.com/article/detnew.asp?articleid=32761§ionid=1>, October 30th 2012

³⁸ Yousaf Shamsheer, “MokshaYug Access Launches Milk Route in Bangalore”, <http://www.livemint.com/Companies/DGZ9awgBfdSP31MTNF6NaM/MokshaYug-Access-launches-Milk-Route-in-Bangalore.html>, January 31st 2013

³⁹ Dairy Brand ‘Milk Route’ launched in Bangalore”, <http://www.thehindubusinessline.com/marketing/dairy-brand-milk-route-launched-in-bangalore/article4365562.ece>, January 31st 2013

⁴⁰ *ibid.*

⁴¹ *ibid.*

⁴² “MokshaYug A Unfurls Urban Outreach Initiatives to Tap Consumers Directly”, *op.cit.*

consumer price, while the consumer benefits from all the goodness that our milk has to offer.”⁴³

By March 2013, MYA was successful in covering five districts of Karnataka by having 1,200 milk collection centres in 23 rural centres based in 1,100 villages. Through such network, MYA was able to collect 0.1 million litres of milk per day from nearly 15,000 dairy farmers.⁴⁴ In addition, MYA’s network consisted of 18,200 cattle, 187 acres of irrigated land and a transport network of 4,200 kilometres.⁴⁵ But, dubious about MYA’s retail foray, experts believed that MYA would now directly be competing with Karnataka Milk Federation (KMF), considered as 2nd largest milk-cooperative in India after Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF). For instance, KMF was collecting 3.8 million litres of milk per day.⁴⁶ But, in order to increase the reach of its brand ‘Milk Route’, MYA partnered with Bharti Walmart, Food World, Auchen, Reliance, Big Basket and Total hypermarket and various general stores in Karnataka.⁴⁷ On such partnership, Harsha, Mentioned, “The launch of a wide range of products across Bangalore is an important milestone for Milk Route. The partnerships with various retail companies have definitely helped us take a step towards our objective to supply consumers with nutritious milk. The introduction of toned milk fortified with Vitamin A is a commitment to consumer wellness in a country where there is a deficiency of this vitamin. We will continue to identify gaps in the dairy sector and introduce products to fulfil consumer requirements.”⁴⁸

In April 2013, MYA announced multi-unit, multi-year royalty and distribution agreement with SurePure, a global leader in liquid photo purification, the green alternative to pasteurisation and chemicals. With such tie-up, experts believed that MYA would have access to strong technology in order to retain integrity and notorious content of milk at the time of delivering to customers.⁴⁹ On this development, Steve Miller (Miller), Vice President, Sales and Marketing, SurePure, mentioned, “Our technology has enabled MYA to create a world-class dairy milk brand, with superior shelf life and enhanced consumer benefits. More importantly, together with MYA, it offers the potential of full retail market access to millions of small Indian dairy farmers with a unique collection and processing solution made possible

⁴³ “MokshaYug A Unfurls Urban Outreach Initiatives to Tap Consumers Directly”, op.cit.

⁴⁴ “MokshaYug Access: Providing Opportunities and Income for India’s Rural Poor”, op.cit.

⁴⁵ “MokshaYug Access India Creates a Packaged Milk brand Called Milk Route”, <http://www.dairyfoods.com/articles/89221-moksha-yug-access-of-india-creates-a-packaged-milk-brand-called-milk-route>, February 2nd 2013

⁴⁶ “MokshaYug Access Launches Milk Route in Bangalore”, op.cit.

⁴⁷ “MYA’s Milk Route Partners major Retail Outlets to Bolster Presence in K’taka”, <http://www.fnbnews.com/article/detnews.asp?articleid=33526&SectionId=40>, April 12th 2013

⁴⁸ ibid.

⁴⁹ “SurePure Announces Multi-Unit, Multi-Year Royalty and Distribution Agreement with Moksha Yug Access” <http://www.prnewswire.com/news-releases/surepure-announces-multi-unit-multi-year-royalty-and-distribution-agreement-with-moksha-yug-access-204861241.html>, April 26th 2013

only with the SurePure technology. We believe this solution is tailor-made for the challenges of third world processing and expect the MYA model to be adopted in other markets.”⁵⁰

In a major boost to the MYA’s adoption of SurePure technology, in August 2013, Food Safety and Standard Authority of India⁵¹ approved commercialisation of SurePure technology across fluid milk market in India.⁵² Welcoming this move, Millar, said, “We believe that the SurePure technology is ideal for the Indian dairy operating environment, enabling small-and large-scale producers to save money and improve the quality of the final product.”⁵³

Meanwhile, in order to fund its expansion, by second half of 2013, MYA decided to raise additional funds of `500-600 million. MYA had already received a funding of about `400 million from Vinod Khosla⁵⁴ and Unitus Equity Fund.⁵⁵ Rohtash Mal⁵⁶, representing Khosla on the board of MYA, pointed, “Over the past year, Khosla has seen MYA prove its procurement business model and establish its scalability. He has, therefore, committed to invest in the next round.”⁵⁷ Harsha, explaining the benefits of milk retailing move, said, “One, since there are no intermediaries, the farmers receive a higher share of the end consumer price. Two, the higher profit margins from retail milk will be diverted back into R&D and other value-added services to the farmers. This will help them in the long run in the form of increase in yield and quality improvement, and also lower value loss of the milk in the supply chain.”⁵⁸

Moving one step ahead in its supply chain solutions, MYA entered into new business vertical of selling fruits and vegetables. Fruits and vegetables produce was aimed at selling only to institutional buyers.⁵⁹ Harsha, said, “MYA is currently operating in the food supply chain focussing on helping farmers grow nutritious milk, fruits and vegetables, while establishing a nutrition-focussed consumer brand.”⁶⁰ MYA opened its first retail store named ‘The Good Chain’ in JP Nagar, Bangalore, to sell fresh fruits, flowers and vegetables. Such move was aimed at eliminating the middlemen to ensure better value for farmers’ produce and end users. MYA planned to have 20 such ‘The Good Chain’ outlets in Bangalore. In order to

⁵⁰ *ibid.*

⁵¹ It is an agency of Ministry of Health & Family Welfare works for public health through various policies.

⁵² Whitehead RJ, “Pasteurisation Rival Given Green Light for Indian Milk”, <http://www.foodnavigator-asia.com/Formulation/Pasteurisation-rival-given-green-light-for-Indian-milk>, August 1st 2013

⁵³ “Pasteurisation Rival Given Green Light for Indian Milk”, *op.cit.*

⁵⁴ The billionaire venture capitalist and co-founder of Sun Microsystems.

⁵⁵ “MokshaYug plans to Raise \$10 Mn”, http://www.business-standard.com/article/companies/mokshayug-plans-to-raise-10-mn-113020100033_1.html, February 1st 2013

⁵⁶ He is an Executive Director and CEO of Escorts Ltd, Agri Machinery Group.

⁵⁷ “Milk Collection Firm MYA Started by Veerappa Moily’s Son Bags Follow-on Funding from Venture Capitalist Vinod Khosla”, *op.cit.*

⁵⁸ “MokshaYug Access: Providing Opportunities and Income for India’s Rural Poor”, *op.cit.*

⁵⁹ *ibid.*

⁶⁰ “MokshaYug A Unfurls Urban Outreach Initiatives to Tap Consumers Directly”, *op.cit.*

attract end users, each farm products were put up in the store with details such as where it was grown and by which farmer.⁶¹ Stating this objective behind launching such stores, Harsha, said, “It ensures better income certainty for the farmer and better loyalty for us”⁶² **(Exhibit II).**

According to experts, one of the key success factors of MYA was adoption and use of technology in its operations.⁶³ “MYA is using science and technology to make small dairy farming more productive and to improve income certainty for small dairy farmers. Many of the other organizations in this space depend on subsidies, and subsidies don't scale. Eventually, the money runs out”⁶⁴, asserted Mark Straub (Straub), Co-founder, Khosla Impact Fund.⁶⁵ Adding on he quoted, “MYA is a good fit for us because it is building capacity in rural India, both in terms of nuts and bolts infrastructure and also in terms of best practices in dairy farming and animal husbandry. As investors, we are very pleased with MYA's progress. It has had tremendous success in scaling up in the past three years.”⁶⁶ On the usage of technology in the business, Harsha, said, “The cost of servicing rural markets is very high and I am a firm believer that technology can help reduce the cost of servicing the rural poor.”⁶⁷

Exhibit II

Supply Chain Solutions for Social Cause

⁶¹ Jejaswi Joseph Mini, “Moily's son Builds a Farm-to-Retail Venture”, http://articles.timesofindia.indiatimes.com/2012-11-07/india-business/34972399_1_mokshayug-access-telecom-venture-vinod-khosla, November 7th 2012

⁶² “MokshaYug Access: Providing Opportunities and Income for India's Rural Poor”, op.cit.

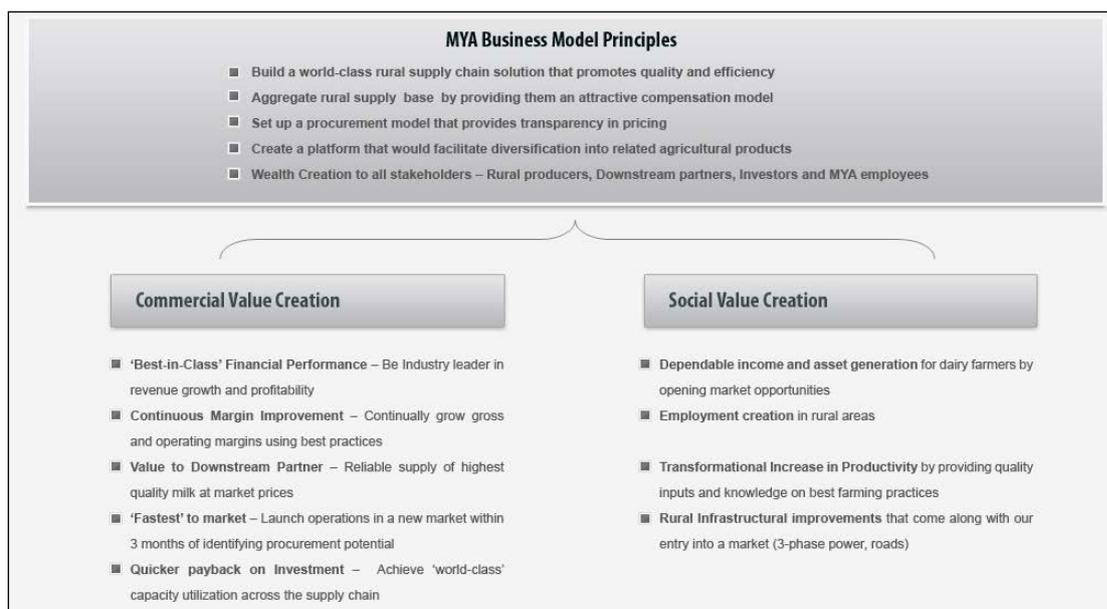
⁶³ ibid.

⁶⁴ ibid.

⁶⁵ The fund as set up in 2011 to support entrepreneurs to develop market-based solutions.

⁶⁶ “MokshaYug Access: Providing Opportunities and Income for India's Rural Poor”, op.cit.

⁶⁷ “A Supply Chain Model for Dairy Farming & Health Care”, <http://www.moksha-yug.in/pdf/livemintMYA.pdf>, October 20th 2008



Source: “Supply Chain Solutions”, <http://www.moksha-yug.in/supplychainsolutions.html>

Supporting Straub, Devanath Tirupati (Tirupati), Professor, Production and Operations Management, the Indian Institute of Management Bangalore⁶⁸ (IIMB), mentioned that MYA had developed sharp focus on ‘the first mile’ of production. He mentioned, “The cooperative model has come under strain over the years with the market opening up and private players entering the space. MYA's is a market-driven model. If it succeeds, it could well be a role model more suited for today's environment.”⁶⁹

Future Prospects

As part of future expansion, by 2016, MYA planned to extend its business in Southern and Western India and aimed to garner revenues of `5 billion. In addition, MYA also aimed to reach 0.1 million dairy farmers and increase the average milk yield per cattle from four litres to 15 litres per day by 2016.⁷⁰ In addition, Harsha, revealing the future approach for its Milk Route brand, said, “The fundamental reason for MYA's existence is to create wealth for the rural farmer. The launch of MILK ROUTE goes a long way towards achieving that objective. MILK ROUTE will not only focus on providing the most nutritious milk to the consumer, but will also help in ensuring that the dairy farmer gets a higher share of the end consumer price, as we reach out to urban consumers through our sales & distribution network.”⁷¹

⁶⁸ It is one of the top public business schools located in Bangalore, Karnataka, founded in 1973.

⁶⁹ “MokshaYug Access: Providing Opportunities and Income for India's Rural Poor”, op.cit.

⁷⁰ “MokshaYug Access Forays into Dairy Sector with New Offering Milk Route”, <http://www.fnbnews.com/article/detnews.asp?articleid=33200§ionid=1>, February 2nd 2013

⁷¹ “MokshaYug Access India Creates a Packaged Milk brand Called Milk Route”, op.cit.

But, experts believed that there were numerous challenges stored for MYA in order to achieve its revenue target. For instance, convincing rural women to start dairy farming was a difficult task.⁷² Vishwanath Hegde, Chief Operating Officer, MYA, mentioned, “It is tough to convince women from villages to get involved in any income-generation activities as often their families are male-dominated. In rural areas, agriculture is the mainstay. But due to its seasonal nature, people are practically jobless otherwise.”⁷³ But, at the same time he was happy that they were able to convince nearly 9,000 women to work as dairy farmers in Tumkur, Mandya and Kolar districts of Karnataka, whereby their earning have increased from `10,000 to 12,000 per year to `7,000 a month.⁷⁴

Also availability of manpower ready to work in rural parts was also a major challenge.⁷⁵ As Harsha mentioned, “Availability of quality man-power is the only challenge we face in a business focused on rural markets.”⁷⁶ But, in order to solve such problem and attract people, MYA hired domain experts as consultants for short-terms projects. To attract people in long-term, MYA started building partnership with educational institutions and offered stock-option plan.⁷⁷ On such move, Harsha mentioned, “We aim to set up a non-profit foundation that will establish high schools in rural areas that can provide a stable source of quality field staff for our operations.”⁷⁸

In long run, some believed that sustaining quality of service as a milk collection company becomes very crucial.⁷⁹ R S Sodhi, Managing Director, AMUL⁸⁰, said, “Milk farmers always expect the one (the co-operative or the company) collecting the milk from them to provide value-added services. You can’t win their trust so easily. To do so, a company would have to provide value-added services. This would help increase milk productivity and it helps farmers increase their incomes, too. For milk, just as for any agricultural produce that is perishable, sustaining the quality of the produce is the most important factor. A milk collection company would also have to ensure the quality of service is sustained over a period. Therefore, to keep milk farmers on its side, Moksha Yug Access has to ensure it sustains the services it provides, including veterinary services such as health check-ups, and insemination services. Also, you need a good brand while ensuring the product is of good quality. All this would take time”⁸¹

(Annexure I).

⁷² Golikeri Priyanka, “Dairying Rural Women Making Dashing income”, <http://www.dnaindia.com/bangalore/1815066/report-dairying-rural-women-making-dashing-income>, March 24th 2013

⁷³ “Dairying Rural Women Making Dashing income”, op.cit.

⁷⁴ *ibid.*

⁷⁵ “A Supply Chain Model for Dairy Farming & Health Care”, op.cit.

⁷⁶ *ibid.*

⁷⁷ *ibid.*

⁷⁸ *ibid.*

⁷⁹ “Creating Income-Generating Streams for Farmers”, op.cit.

⁸⁰ It is a brand of GCMMF for its milk and milk-based products.

⁸¹ “Creating Income-Generating Streams for Farmers”, op.cit.

To make its brand visible and to portray itself as a dairy brand, experts believed that MYA required huge funds for branding and marketing activities.⁸² An anonymous person from dairy business mentioned, “The one weakness MYA has today is it does not have a known brand of its own. It's a tough model, though it's a good business to be in. It's difficult to win the trust of farmers. First, you have to inform them of the benefits they would get... Then you build trust and have good relations with farmers. Word of mouth also helps. Once that's done, 90 per cent of the job is done.”⁸³

But, in order to combat with all such challenges, Tirupati emphasised that, “Farmer engagement works well up to a point; but once the market develops, the farmer can give his milk to anyone else. This is what is happening with Amul. In order to maintain its edge, it is important for MYA to continue to invest in R&D to improve the yield and quality of milk, and all aspects of the supply chain.”⁸⁴ Knowing such importance, Harsha, said, “Our single-minded focus on only two components of the dairy supply chain – rural procurement and establishment of micro-infrastructure for upstream market linkage – is in itself an innovation in rural supply chain.”⁸⁵

With such innovative practices, how MYA takes its operation towards next level of growth remained to be seen.

⁸² “MokshaYug Access: Providing Opportunities and Income for India’s Rural Poor”, op.cit.

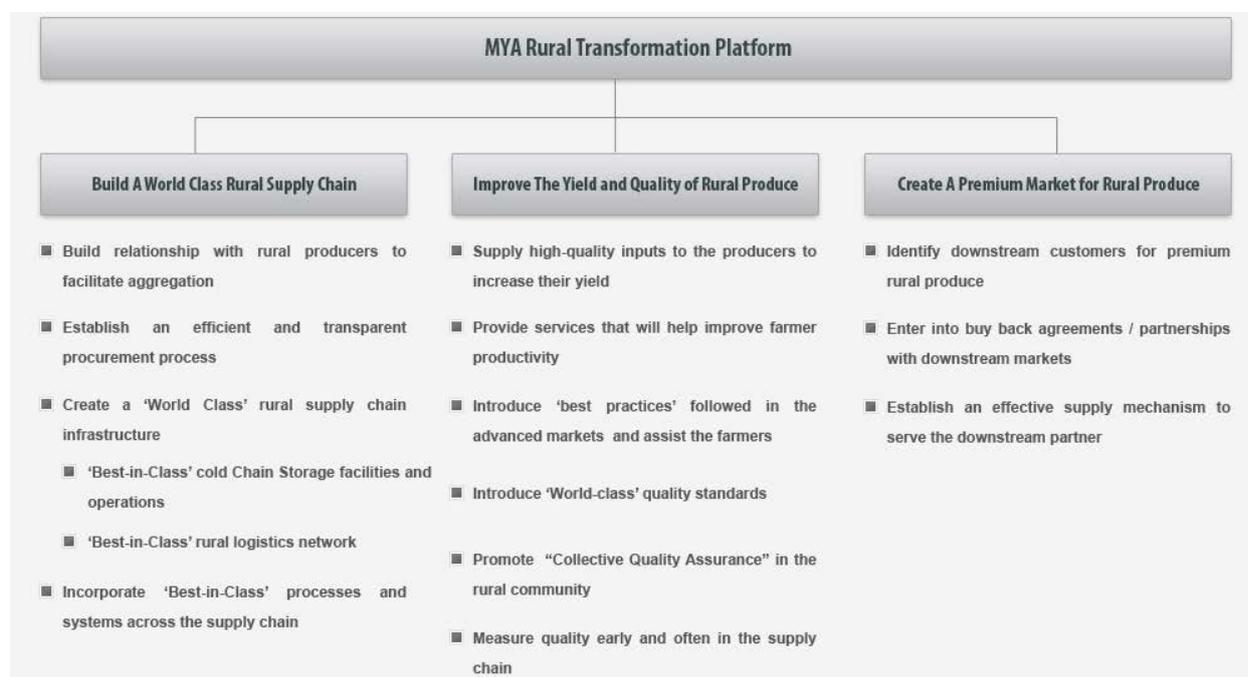
⁸³ “Creating Income-Generating Streams for Farmers”, op.cit.

⁸⁴ “MokshaYug Access: Providing Opportunities and Income for India’s Rural Poor”, op.cit.

⁸⁵ “Milking the Last Mile”, <http://businesstoday.intoday.in/story/milking-the-last-mile/1/5336.html>, March 21st 2010

Annexure I

MYA – Key Focus Areas



Source: 'Our Value Proposition', <http://www.moksha-yug.in/ourvalueproposition.html>