

SHRI JAGDAMBA SAMITI



EIGHTEENTH ANNUAL REPORT

2008-09

1, Vinod Market, Dehradun Road, Rishikesh - 249201

Regd. Office: Village and PO Bhatgaun, Ghansali, Tehri Garhwal, Uttarakhand

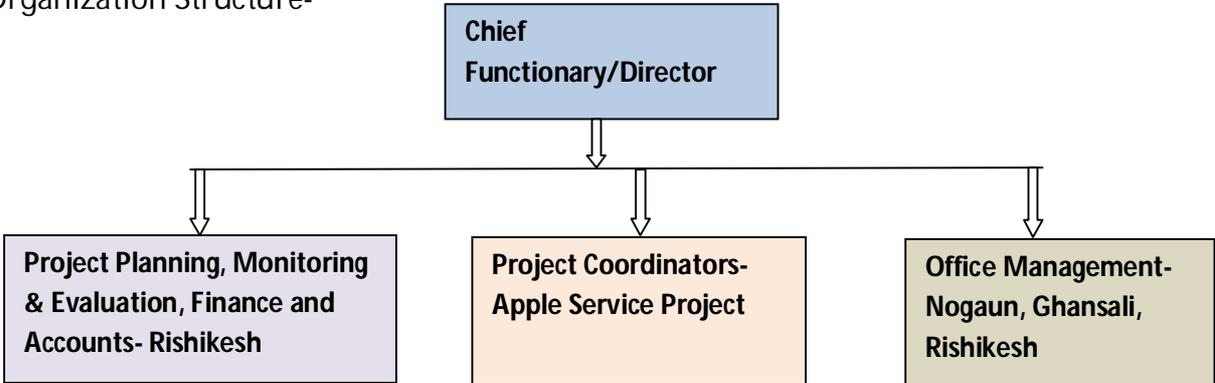
Phone: 0135-2436963, Fax- 0135-2433166 ,E-mail: shrijas19@gmail.com, lpsemwal@yahoo.com

Organization Overview

Shri Jagdamba Samiti was established in 1991 in the Himalayan valley of Bhilangana, district of Tehri Garhwal. It started with a voluntary group of economists, Management experts, Social scientist, villagers, and participatory development specialists to work for the locally available resource management and their optimum utilization for sustainable development of local people. Operational areas of the organization, at present, are in five districts, Tehri Garhwal, Uttarkashi, Dehradun, Haridwar and Rudraprayag of Garhwal Uttranchal. The optimum utilization of locally available resources through indigenous & eco-friendly technologies is the basic philosophy of the organization. Thus the mission of the organization is *“ to bring prosperity to all, through sustainable development process, by involving the community in planning, implementation and management of the locally available resources as per needs and opportunities.*

On its mission of *“ Integrated approach for Creating rural farm sector a profitable **enterprise** through resources planning, technology promotion, financial management and marketing support to groups of farmers and capacity building of people for organization and institutional development”* Shri Jagdamba samiti has strategically expanded its areas as well as ideas of operation and achieved its objectives of providing better services to the rural communities.

Organization Structure-



The Year in Brief

The year has been vibrant in terms of strengthened partner community base, linkages with the technical and financial institutions, placement of the mechanism and promotion of the concepts and establishing the core intervention methodology as “ End to End approach based farm enterprises development and capacity building of Rural organization/Institutions” . This was an important year for us to achieve new goals of development and set some targets for future with our partners. Our work was concentrated around four mission mode core activities of resources planning, organization building and institution development, technologies intervention and economic development through better management. **Our team achieved great success against the targets set for the year** through the projects supported by the Donors and Govt. agencies.

Last year saw expansion of Apple Service project India initiated by a consortium of partner organizations named Fresh food technology (FFT)¹, Agriculture & organic farming group (AOFG) and Shri Jagdamba Samiti (SJS) in 2007 with an aim of “Empowerment of small and marginal apple growing farmers of Uttarakhand and Himachal Pradesh through sustainable business operation” under the financial assistance of SHGW (A Private Dutch Foundation) to provide an opportunity to the farmers to organize themselves in legal business entities for moving up in the value chain to improve their livelihood and pay back the investment out of generated profit from the business operations.

¹ FFT is consortium leader for the project, AOFG is overseeing the organization of farmer groups and coordinating the implementation in the field, whereas and SJS support the farmer groups’ directly on location. A detailed division of tasks and responsibilities is included in the contractual arrangements between SHGW and these project partners.

The project was started on a pilot basis in April 2007 in Syuri-Nogoan and Dhari-Kafnol village of Uttarkashi district in Uttarakhand. The aim was to demonstrate that the income level of these farmer groups can be substantially increased within a relatively short term, while at the same time they repay part of the investment that the project makes in terms of equipment, infrastructure and technical backstopping. Two new collection points were set up in 2008 at Purola, Uttarkashi and Chausal, Dehradun.

We received highly positive result from this project in terms of enhanced farmer income and morale. Farmers especially the small and marginal ones, who were earlier getting further marginalized in a market oriented apple business mainly due to the dominance of mandis, a chain of well-organized intermediaries, greatly benefitted from the project. This was made possible because of the project model which freed them from the intermediaries who controlled the entire process from credit supply for farm inputs, transportation and marketing of the produce. The apple project hence strives to create a model of business-driven, decentralized independent and small-scale production with coordinated arrangements for processing and marketing by providing technical, managerial and investment support to enable farmers collectively to move up the value chain.

Though this was the first year of implementation for the project, we can proudly state that SJS took major leaps towards fulfillment of the project objective of empowering small apple growing farmers in India to a substantially increase in their income level. The 'collective' feature of the business model is promoted to save individual time, distribute risk, maintain price assurance, pursue damage control and save on handling costs such as storage and transportation.

Though the major emphasis this year was on the Apple project, we also continued providing hand-holding support to our ongoing projects namely bio-fuel/*Jatropha* cultivation and SHG program in various blocks of Dehradun and Tehri-Garhwal region.

The Apple Service Project

Description of Social Enterprise

Strategic Business Unit Level One - Aggregation - Through Farmer Associations (10-50 groups) / Groups of (10-20 people each) Farmers who are willing to join, pay membership fees and with the approval of the quorum (2/3) have right of voting during election. These groups engage in Primary collection/aggregation through farm collectives in the form of SHGs or Farmer Associations who do collection of the produce and sell it either to the SBU level two or in the market. Ownership is divided amongst the farmers (30%) as well as the second level SBU (60%) based on supply of working capital for purchase and sale of the produce. The facilitating organization also has a (10%) stake till the farmer need backstopping support. First Payment is made at the time of purchase from the collectors. Premium is paid after trading and deduction of capitalization and service fees.

Strategic Business Unit Level Two - Primary Value addition (Like grading/pre-cooling or quality improvement or packaging) Through Farmer's LTD company that is made up of (Federated) Clusters of groups as a community based organization. The SBU level two has a company structure with management and business decision making in the hands of professionals. Initially divided amongst the investment firm (90%) and the facilitating organization also have a (10%) stake. The ownership is transferable to the farmers either on the basis of the patronage, i.e. they can buy shares of this limited firm and become shareholders. Investments are made in Transportation, Storage, Grading Equipment, Packaging and Labor through this company. Premium is paid after primary processing.

Strategic Business Unit Level Three - Secondary Value addition by Limited companies. They can do additional value addition of the produce from the producer companies (like long term storage of apples for off-season sales). Ownership is initially divided amongst the investment firm i.e. FFI Limited (90%) and the facilitating organization also have a (10%) stake. This ownership is transferable on repayment of investments (from government subsidies and profits) to the supplying farmer limited. Investments are made in Heavy Machinery, Processing Machinery etc. The Board of Directors consisting of company (Farmer limited's representatives, NGO, FFI investors (SHGW). A Premium is paid for Capitalization and services (including Depreciating, Running Cost, Organizational Expenses, technical backstopping).

Expert-Partner SGHW (Stitching Het Groene Woudt) " The Green Wood Foundation"

SGHW works to contribute to economic development in rural areas in developing countries with the aim of reducing the rate of migration from rural to urban areas.

SGHW's programs are based on the belief that development initiatives must have both economic and social goals if they are ultimately to prove sustainable.

According to SGHW, marginalized people have little opportunity to development because they lack access to economic markets. SGHW therefore strives for the opening up of markets to these groups.

Collection Centers:

Four collection centers (for grading, pre-cooling and packing centers) (two each in Himachal and Uttarakhand) have been established in 2007 and two more centers in **Uttarakhand** were established during 2008 in the proximity of apple growing areas. While preliminary processing activities like grading and packaging were done in the first business cycle, the second business cycle of secondary value addition is expected to be done this year. During harvesting season of 2008 all the centers collected/purchased apples from the participating farmers groups, individuals and committees, added value by engaging in processing activities of quality sorting, grading and packing and sold the produce in the market at comparatively higher prices.

Highlights or Achievements – We see that as per table one given below while the total target was 60,000 boxes, due to reasons as mentioned below in the document, the actual achievement was 13,000 boxes in the first business cycle. A total of 926.2 MT was purchased at the four collection centers in Uttarakhand at an average rate of Rs 18.343. While Rs 16969400 was invested as purchase costs, (constituting almost 66 % of the total expenses), other expenditures like logistical expenses accrued to Rs. 85,66620 or roughly 33 % of the total expenses.

A total operating profit margin of Rs 3,75,420 was generated as a result of the sales of the apples. Operating profit margin can be calculated as operating profit/actual costs#²

#²25536020 – 729000 = 24807020

which comes to 1.5 % (Which can be discount that is given this year which was the first year of operation and hence the initiative managed to break even in the first year itself). The same was distributed amongst the members as premium, contribution to micro-credit schemes and as capitalization fee.

PROGRESS SO FAR

Apple Service project India was initiated by a consortium of partner organizations named Fresh food technology (FFT), Agriculture & organic farming group (AOFG) and Shri Jagdamba Samiti (SJS) in 2007 with an aim of "Empowerment of small and marginal apple growing farmers of Uttarakhand and Himachal through sustainable business operation" under the financial assistance of SHGW (A Private Dutch Foundation) to provide an opportunity to the farmers to organize themselves in legal business entities for moving up in the value chain to improve their livelihood and pay back the investment out of generated profit from the business operations.

The project was started on a pilot basis in April 2007 in Syuri-Nogoan and Dhari-Kafnol village of Uttarkashi district in Uttarakhand. Aim of the pilot was to demonstrate that the income level of these farmer groups can be substantially increased within a relatively short term, while at the same time they repay part of the investment that the project makes in terms of equipment, infrastructure and technical backstopping. Four new collection and grading points were set up at Purola, Uttarkashi and Chausal, Dehradun in 2008 and at Mandol and Sari-Jubbal both in Shimla district of Himachal Pradesh in 2009.

All the six centers are fully operational. Four out of the six farmer associations have been organized and registered as Farmer Welfare and Marketing Trusts. During the harvesting season of 2008 and 2009, all the centers collected/purchased apples from the participating farmers groups, added value by engaging in processing activities of quality sorting, grading and packing and sold the produce in the market at comparatively higher prices. A long term facility center, Cold Storage is under construction at Naogaon which is expected to become functional for secondary processing activity from next harvesting season.

Initial Business Cycle: Four collection centers (for grading, pre-cooling and packing centers) (two each in Himachal and Uttarakhand) have been established in 2007 and two more centers in Uttarakhand were established during 2008 in the proximity of apple growing areas. While preliminary processing activities like grading and packaging were done in the first two business cycles, the second business cycle of secondary value addition is expected to be done next year.

During harvesting season of 2008 and 2009 all the centers collected/purchased apples from the participating farmers groups, individuals and committees, added value by engaging in processing activities of quality sorting, grading and packing and sold the produce in the market at comparatively higher prices.

PROGRESS DURING THE YEAR 2008

While the total target was 60,000 boxes, the actual achievement was 13,000 boxes in the first business cycle. A total of 926.2 MT was purchased at the four collection centers in Uttarakhand at an average rate of Rs 18.343. While Rs 16969400 was invested as purchase costs, (constituting almost 66 % of the total expenses), other expenditures like logistical expenses accrued to Rs. 85,66,620 or roughly 33 % of the total expenses.

A total operating profit margin of Rs 3,75,420 was generated as a result of the sales of the apples and the initiative managed to break even in the first year itself. The same was distributed amongst the members as premium, contribution to micro-credit schemes and as capitalization fee.

PROGRESS DURING THE YEAR 2009

This year, the total crop as well as the collection of apples was way below the target. Against the total target of 3425MT, the total apple collection was only 558.52MT. Because of poor monsoons, the entire crop of apples suffered badly. Farmers' did not have irrigation facilities, which led to poor fruit set and quality. In spite of this, a total operating profit margin of Rs 1,03,020 was generated as a result of the sales of the apples.

SI No	Particulars	Dhari/Kafnaual	Purola	Pisaun		Kathyan/Chausal
1	Deployment of Staff Members	8 Operators 3 Executives	8 Operators 2 Executives	6 Operators 3 Executives	7 Operators 3 Executives	Total Achievements
2	Investment in Infrastructure	5800000	6000000	5800000	6000000	23600000
3	Production estimate	39000		70000 boxes	45000	
4	Initial Target	26000		40000 boxes	17000	
5	Revised Target	15000	10000	25000	10000	60000
6	Actual achievement	2650	5000	1800	3550	13000
7	Achievement	272.1 MT	159.0 MT	291.4 MT	203.7 MT	926.2 MT
8	Rates	18.115	18.41	18.78	18.073	Avg Rate - 18.343
9	Purchase Costs	4929200	2884500	5474200	3681500	16969400
10	Overheads	2089780	1328560	2280300	1606840	8566620
11	Total Costs	7018980	4213060	7754500	5288340	25536020
12	Sales	6917000	4098000	7657000	5249300	23921300
13	Closing Stock of Boxes	226800	194400	210600	97200	729000

14	Total Sales and Stock	7143800	4292400	7867600	5346500	24650300
15	Operating Profit (24-21)	124820	79340	113100	58160	375420
Break Up						
16	Interest on working capital	24683	16460	36660	16466	94269
17	Premium to farmers	30000	2000	25000	16000	73000
18	Contribution in micro credit scheme	55137	32880	41440	15194	167269
19	Capitalization of assets	15000	10000	10000	10500	45500
20	Distribution of premium					380038

Capacity Building

Technical and Training Assistance –

- All the participating farmers have obtained technical support in terms of managing their orchards, improving (the quality of) their yield, harvesting and post-harvesting management.
- Field extension officers of SJS have conducted a detailed survey of 2156 apple grower farmers covering their land, socio economic status and estimated production.
- Farmers group were also trained in the quality aspects, grading, packing and timely picking of fruits during this year.
- The farmers and their representative in associations obtained technical support in terms of managing their orchards from the local Agriculture University. An

exposure visit to G.B. Pant University of Agriculture and Technology (Hill campus), Ranichauri was also organized during the month of July 2008.

- Return on Social Investments and long term planning/ value chain analyses from Context International.
- Operation and management of equipment from FFT.
- Financial management training from SJS to manage and maintain the equipment and operations of the Apple Collection Points.
- Group trainings on joint role and responsibilities, investment return and possible sources of other finance and subsidies have been imparted.
- Possible linkages with banks and Govt. schemes has been explored and identified through a series of trainings and meetings.
- A series of meetings and discussions were organized by SJS to discuss the model of project for promotion of farmer company owned value addition and marketing facilities and finally at the end of year 2008 farmers agreed to buy the shares of company out of their increased profit.

Outcome-

As a result of these trainings farmers of all the four project centers have selected various schemes and projects for getting support from other agencies(both government and non-government) and are looking forward to a better business planning during 2009. By gaining technical know-how by attending the training on marketing and quality grading and packing apple collection, estimates have been prepared and harvesting of apple scheduled as per the demand of market/buyers. The committees have now started planning for the next season in advance to cover the essential managerial costs for full year and also to capitalize the center as quickly as possible. Farmers groups are now convinced to invest for infrastructure out of their increased returns from the facilities created by the project.

Social Return on Investment (SROI) pilot for the apple project, in cooperation with SIS and ADFG, Uttarakhand, India

May 3 - 11, 2008

The group was heterogeneous. There were Farmer leaders, staff from ADFG as well as staff and board members from SIS, the local partner organization. The main objectives of the workshop were to pilot on the appropriateness of SROI for development organizations and the target communities and to capacitate the field teams of SIS, ADFG and the farmer leaders to work with it. The approach used in running the trial comprised of the following steps:

- One day briefing workshop with SIS staff team, ADFG and about ten representatives of three farmers groups. This workshop was conducted at premises of the G. B. Pant Agricultural University in Rampur, Uttarakhand.
- One day workshop with SIS staff team, ADFG and ten representatives of three farmers groups at the same premises. The concepts on SROI were shared and a mock exercise on SROI was carried out.
- Half a day workshop with the staff of SIS and one ADFG member at the same premises. In the afternoon and evening all travelled to the project location in Nagaon cluster.
- A day field visit to one of the collection centers, discussion with villagers and return to Rampur.
- One day rounding up workshop and reflection with SIS staff and one ADFG member. During the same session three board members of SIS participated.
- One day for (preliminary) report writing.
- One day for debriefing to the director of ADFG in New Delhi.

Apart from very enthusiastic participants, the results were satisfactory. Both farmers and staff felt strongly capacitated and enthused. They indicated they finally found an instrument they could use for their social intervention plans. The staff came up with four major impacts in a 5-10 years schedule: **1. A strong farmers' organization**, **2. Improved living conditions**, **3. Business development**, **4. Increased and strong self-esteem**. The staff then worked on identifying the key areas of intervention and developed SMART indicators for the four interventions on social change and developed the plan for returns on all aspects etc.

Differences in perceptions could be observed at the beginning of the process, but ultimately both the Farmers and the staff had understood the concept of SROI in a holistic manner. The group had never thought in terms of social returns, let alone monetising them, as the focus of the program was primarily on apple collection and marketing. This process appeared to have enthused all participants and has unleashed a lot of energy as they now see that there is a need to consciously work towards and monitor the social returns to move towards more satisfying returns on their work.

The Way Forward

The prospective plan for 2009-12 aims to operate all the centers at 20% operating net profit, secure operating capital from banks and Govt. subsidies, essential equity/ investment support from SHGW/FFT and to enable farmer organizations and the apple service centers to operate at optimum capacity.

Apple service Project India (Plan for 2009) - Cost estimation:- As per the plan 2009 total investment requirement of the project is INR 27 million and 860 thousand apart from the investment of INR 42 million (Approx.) already invested.

Financing: - Total budget requested for 2009 proposed to be financed by the bank is INR 15 million and 375 thousand, Subsidies from Govt. of Utrakhand (Department of industries) INR 3 million, support from other agencies and farmer associations INR 1 million and 750 thousand, project backstopping grant by SHGW/FFT INR 4 million and 350 thousand, and investment loan by SHGW INR 3 million and 385 thousand.

Long Term Goals – “To repay the loan within or before 10 operational years along with the capitalization of centers to operate the business on their own under the ownership of individual farmers, farmer’s groups and associations.”

Future plans include establishment of cooling facilities/CA storage located centrally as soon as possible before the next collection season so that shelf life of apples can be increased. Also we need to broaden and strengthen our work on trainings, institution building and better communication setup so that more and more farmers could benefit from the project and that too in a better and more organized manner.

Encouraged by the positive outcomes of the apple service project we plan to explore possibilities and initiate similar projects for other crops as well in the coming years. That would require extensive research about deriving benefits from different government schemes and understanding dynamic price fixing based on market fluctuations.

FEW AREAS OF CONCERN FOR THE FUTURE:

1. Distribution issues – How to distribute the **proceeds** of the business amongst the farmers.
2. Financial planning - Also provisions **of advance for crops** are also being thought upon so that the initiative can compete with the middlemen and *adatiyas*. The working capital for the initiative was provided by the funders. The profit earned from the same shall be used as seed bank for leveraging more money from the banks. Although the interest free **loans have** been promised just for this year.
3. Form of the Organization - What should be the form of the organization.
4. Capacity Utilization/Building – How to capture 100 % **capacity** of the machines brought for the purpose. Also much more focused attention will have to be brought on the capacity building of the collection **centers** and their logistical planning.
5. Market – There is a pressing need for exploring more paying markets that are willing to give higher prices for the produce. This would be possible when investments are made in branding and propaganda.
6. Production planning – Farmers want to be assisted in better production capabilities.

Our Partners/Donors:

- ❖ Action for Food Production field unit-V Gwalior
- ❖ Agriculture and Organic Farming Group India, New Delhi
- ❖ Canadian High Commission, New Delhi
- ❖ District Horticulture office Tehri Garhwal.
- ❖ Fresh food Technology, The Netherland
- ❖ G. B. Pant University of Agriculture and Technology (Hill campus) Ranichauri Tehri Garhwal
- ❖ NABARD Tehri Garhwal & state office Dehradun.
- ❖ National Afforestation and Eco-development Board, Ministry of Environment and Forests, Govt. of India.
- ❖ National center for jute diversification, Ministry of textile Govt. of India Kolkata
- ❖ National center for organic farming department of agriculture and cooperation Govt. of India New Delhi.
- ❖ Project Management unit (forest development) Govt. of Uttranchal Nainital.
- ❖ Science & Society division, Department of science & technology Govt. of India New Delhi.
- ❖ State Bank of India Ghansali & Regional office of PNB Dehradun.
- ❖ State office of Commissioner of Khadi & village industries Dehradun.
- ❖ Territorial Vivos Spain.
- ❖ The Energy and Resources Institute, New Delhi
- ❖ Uttarakhand State Organic Certification Agency, Dehradun
- ❖ Uttarakhand State council of Science & Technology, Dehradun
- ❖ Uttranchal women & child development society, department of women empowerment & child development Govt. of Uttranchal.

(L. P. Semwal)

