

SHRI JAGDAMBA SAMITI



ANNUAL REPORT

2009-10

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STRUCTURE OF ANNUAL REPORT

- 1. DIRECTOR'S FORWARD**
- 2. ORGANIZATION OVERVIEW**
 - a. VISION**
 - b. MISSION STATEMENT**
 - c. EIGHT PHASES OF THE PROJECT (ROLES AND RESPONSIBILITY OVERVIEW)**
- 3. OPERATIONALIZATION OF THE APPLE PROJECT**
- 4. ORGANIZING THE FARMERS/WORK ON STRUCTURAL GROWTH**
- 5. OPERATIONALIZATION OF JOINT VENTURE AGREEMENT?**
- 6. THE APPLE SERVICE PROJECT – PROGRESS IN BUSINESS CYCLES IN 2008 AND 2009**
- 7. BUSINESS CYCLE THIS YEAR - PROGRESS DURING THE YEAR 2009**
- 8. INVESTMENT/INFRASTRUCTURE**
- 9. PROJECT OUTPUTS**
- 10. CAPACITY BUILDING INITIATIVES**
- 11. ACHIEVEMENTS**
- 12. EVENTS THIS YEAR**
- 13. VISITS TO THE ORGANIZATION**
- 14. FINANCIAL SUMMARY**
- 15. ISSUES FACED**
- 16. WAY FORWARD - PLANS FOR YEAR 2010**

1. DIRECTOR'S FORWARD

2. ORGANIZATION OVERVIEW

DEVELOPMENT ORGANIZATION –

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 the local people. Operational areas of the organization, at present, are in five districts, Tehri Garhwal, Uttarkashi, Dehradun, Haridwar and Rudraprayag of Garhwal Uttarakhand and Jubbal District of Himachal Pradesh. 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, implementing and managing of the locally available resources as per needs and opportunities.*

On its mission of *“Integrated approach for creating rural farm sector profitable enterprises 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.

This year the focus of the organization has been more on the value addition project of Apples. SJS launched this project in Uttarakhand with the realization that small farmers in a market-oriented agribusiness get further marginalized mainly due to the dominance of mandis, a chain of well-organized intermediaries who control the entire process from credit supply for farm inputs, transportation and marketing of 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.

Main objective of the project is to empower small apple growing farmers in India to substantially increase their income level by organizing them in legal entities, provide technical assistance to improve (the quality of) their yield and provide them with market access, as well as the technical and infrastructural means to increase the value of their produce. The 'collective' feature of the business model is promoted to save an individual's time, distribute risk, maintain price assurance, pursue damage control and save on handling costs such as storage and transportation.

Over a period of last few years the organization has been able to focus upon the apple service project that is focusing on the value addition on apple as a produce through commissioning of apple service centers.

The project was started on pilot basis in April 2007 in Syuri-Nogaon and Dhari-Kafnol village of Uttarkashi district in Uttarakhand. Aim of this project in the start 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.

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 (Federation/ 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. FFT 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, FFT investors, (SHGW). A Premium is paid for Capitalization and services (Including Depreciating, Running Cost, Organizational Expenses, Technical backstopping.

This has been in the form of an 8 phase project. The eight phases of the project are as follows. The various phases of the project are getting operational through the various components of the organization structure.

Fostering Farmer Organizations

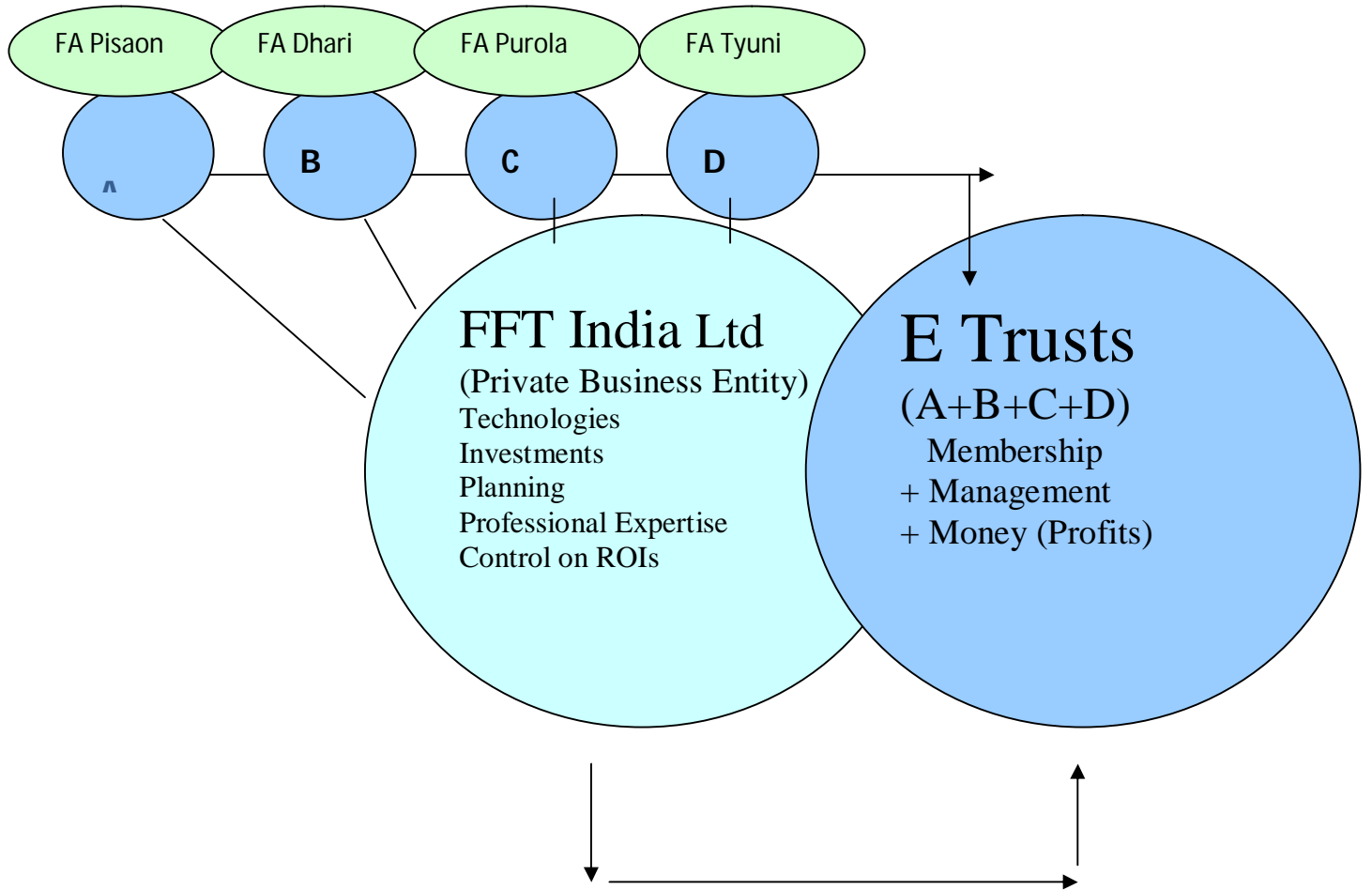
3. Roles and Responsibility Overview

Vision	Phases of the Project <i>As per the 8 phases of organizational development (also visit the website of FFT India)</i>	Roles and Responsibilities - Socio-economic empowerment of small and marginal farmers through livelihood improvement.	Key Player in the particular phase
Mission	To organize farmers for establishing fair and feasible business entities through techno-managerial and institutional capacity enhancement.		
Organizing farmers into institutions with business rigour.	SELECTION, ORGANIZATION, IDENTIFICATION, FORMATION AND REGISTRATION of farmer associations done. Registration of farmer association's companies being finalized. Feasibility – Feasibility study of apple service centers completed.	The civil society organization is involved in <u>identification</u> of the region of production as well as the concentration of communities that are capable of collective action and value addition. The <u>organization</u> of communities has to be done by the development organization based on the feasible scale as per the <u>feasibility</u> study.	Development Organization
Leveraging investment to set up farmer owned feasible business.	FUNDING, ENGINEERING, CONSTRUCTION Investments on Apple Service Centers started. Cold Storage under construction.	They are responsible for identification of suitable technology for application to the selected cluster and group of communities. The funding organization is also responsible for <u>providing the seed and working capital</u> till the local government does not give the subsidies. The <u>implementation</u> of the project (construction of plant and machinery on a turnkey basis) can be done by the implementing agency (it can be a development organization or a private agency).	Investing Organization & FFT India

		Local wing of the funding agency i.e FFT india overtakes ownership of the assets till they are eventually handed over to the farmer organizations after repayment.	
Value addition to the produce through technical solutions (FFT India)	1- Operation – Two business cycles conducted in the year 2007 and 2008.	<p>Value addition in the supply chain is done through farmer organizations that are facilitated by the Development Organization. Primary Level value addition facilities are owned by the farmer associations that <u>organize farmers as trusts</u> on a cluster basis.</p> <p>Secondary level value addition facilities are owned by farmer trusts (E Ltd) that include representation of the member organizations at the cluster level (A Ltd etc.).</p> <p>Business decisions like pricing are done in the Joint Venture Organizations that own the assets built up and <u>carry out the business activity</u>.</p>	<p>A,B,C,D Associations</p> <p>For procurement</p> <p>A,B,C,D Trusts</p> <p>And E Trusts</p> <p>For value addition</p> <p>AB,C,D Ltd and E Ltd for Business planning and operations</p> <p>FFT Ltd for marketing and profit realization</p>
Capacity Building of Institutions by professional management to own the value	5 - Transfer – Profit/premium distributed for the first two years. Subsequent business cycles will lead to transfer of ownership from FFT to the farmers. Joint Ventures between FFT India and the farmer	<p>Profits for these centers are used to pay back loans that they receive from funding organization.</p> <p><u>Transfer of ownership</u> is done through the repayment of loans from the FFT India to the</p>	Development Organization

<p>chain. (Farmer Trust)</p>	<p>associations have been finalized.</p>	<p>farmer organizations. This process is facilitated through the development organization that carries out capacity building and systematization of the farmer organizations.</p> <p>It is also instrumental in timely registration, reorganization and <u>formalization</u> of the cluster level organizations on the principles of patronage and member ownership.</p> <p>Its role is also critical in its responsibility to transfer ownerships to the farmer organization and in ensuring democratic and equitable functioning of these trusts so that they are not usurped by selfish interests.</p>	<p>AB,C,D Ltd and E Ltd</p> <p>FFT Ltd</p>
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4. ORGANIZING THE FARMERS/WORK ON STRUCTURAL GROWTH



5. ORGANIZING THE FARMERS/WORK ON STRUCTURAL GROWTH

The model in order to get operational will have to divide itself into the following different categories of the organizational forms:-

LEVEL ONE – FARMER ASSOCIATIONS

POLICY FOR FARMER ASSOCIATIONS (AOP)

1. **List of Participating Farmers who contribute the produce** - A list of the farmers who pool the produce shall be prepared and this list shall be the basis of the list of participating farmers in the AOP. This body would be comprising of all the small and marginal farmers who pool the produce.
 2. **List of Beneficiaries, Id Codes of Beneficiaries** – All small and marginal growers would be assigned unique Ids on the basis of which they would be kept track of. The total produce given by them to the Joint Venture would form for the basis of their share holding as well as dividend and premium distribution in future.
 3. **Norms of Association, Area and Address** – Each year the area wise compiled list would be prepared for the members who shall have voting rights based on the produce that is sold to the JV that year.
 4. **Aims and Objectives of Association** – To Organize farmers to get eventual ownership owning a Joint Venture value-addition enterprise through the legally registered farmer trust created by this association and the facilitating development organization. This trust shall distribute the benefits and shareholding of the enterprise on the basis of patronage.
 5. **Norms of Functioning, Meetings** – Each year one annual general meeting (AGM) of the association shall be held where the performance for the year shall be shared with the members as well the total performance of the enterprise shall be shown to them.
 6. **Selections of Governing Body and Nominee for Trust** – Each year the association would select 11 members out of themselves who shall be called as the members of the governing body and which shall be able to nominate one person in the legally registered trust and one director in the Joint Venture Company.
 7. **Membership Rights in the Governing Body based on Amount of produce/patronage** - The farmers shall be given membership rights on the basis of the produce that they have given in that particular year. Thus the 11 candidates who have supplied maximum contribution for that year will become the governing body members.
 8. Even Small contributor can become part of the governing body provided that the combination of small contributors decide to nominate him as their representative on basis of their cumulative contribution.
 9. **Ownership Rights based on Amount of produce/patronage** - The ultimate profit and assets of the legally registered farmer trust shall be owned by the farmers in proportion to their cumulative patronage.
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10. **Distribution of Premium based on Amount of produce/patronage** – Premium shall be distributed on the basis of annual patronage.
 11. Dividend distribution shall be based on amount of shareholding in the enterprise. This shareholding is decided by cumulative patronage (supply of the produce).
 12. Transfer of Ownership Shares – On repayment of the bank loan, the farmer trusts shall be eventual owners of the business. For the same they would be owners of the assets of the trust on the basis of their cumulative produce given in the trust.
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LEVEL TWO – FARMER TRUSTS (Trusts of Farmer Associations – A Structured and legally registered CBO)

POLICY FOR THE TRUST

For the purpose of handling of produce and value addition by a farmer organization, the structure of a trust is being considered appropriate and is being adopted. The A, B, C and D Trusts have two members each in the form of Facilitating organization and the farmer organization through their respective nominees. The E trusts shall have 4 representatives of each of these trusts as well as Facilitating organization.

Objects of Trust

1. The objects of the Trust shall be:
 - (i) To implement the Project “Fostering Farmer’s Organizations with Business Rigour” initiated by FFT and SJS as per annexed model (**Annexure A**) in Purola-Naitwar area of District Uttarkashi, Uttrakhand to empower the participating farmers receive maximum realization/profits from their produce and eventually own the business and assets of Joint Venture Company (as defined in Project model), upon attaining requisite maturity in managing the business.
 - (ii) To provide support to technical, managerial and investment support to needy farmers/producer of fruits & other agricultural produce in problems related to production, storage, pricing and marketing of these commodities and improve their financial position.
 - (iii) To organize farmers in groups for setting up joint venture companies for value addition and marketing.
 - (iv) To facilitate the fair price build up among participating farmers for purchase and sales of participating member farmers produces.
 - (v) To facilitate the yield promotion activities through mobilization of financial and technical assistance from all possible sources.
 - (vi) To promote the soil and water management activities.
 - (vii) To facilitate the socio-economic development activities for livelihood promotion of small and marginal farmers.
 - (viii) To organize workshop, seminars, campaigns and orientation program for promotion of environment conservation, indigenous know how etc.
 - (ix)** To perform the above mentioned activities to achieve the objectives that are aforesaid

(x) Management of Trust through a Board of Trustees:

1. The Trust shall be managed by a Board of Trustees (hereinafter referred to as the 'Board') consisting of 2 Trustees, of which one shall be the Managing Trustee (representative of development organization). The first Board of the Trustees shall be as under:
 - Nominee of Shri Jagdamba samiti
 - Nominee of Purola-Naitwar Apple Growers Association elected as president of association by participating with the farmers.

LEVEL THREE – E TRUST (HIMALAYAN FARMER DEVELOPMENT TRUST)

That the objects of the E Trust shall be:

- (iii) To effectively coordinate the activities of the Local Trusts and to act as an effective communication channel between the Local Trusts on the one hand and the Joint Venture Company (as defined in Project model) on the other hand so that the Project "Fostering Farmer's Organizations with Business Rigor" initiated by FFT as per annexed model (**Annexure A**) be effectively implemented at all locations.
- (iv) To ensure that the objects of the Local Trusts are being carried out effectively.
- (v) To set up a Joint Venture Company (as defined in Project model) for value addition and marketing.
- (vi) To perform the above mentioned activities to achieve the objectives that are aforesaid

The first Board of the Trustees shall be as under:

1. Nominee of Shri Jagdamba samiti
2. Nominee of Syuri-Nagaoan seb uttpadak Krishak sngrahan evm vipnan kalia Trust
3. Nominee of Dhari-Kafnol seb uttpadak Krishak sngrahan evm vipnan kalia Trust
4. Nominee of Bawar-Silgaon seb uttpadak Krishak sngrahan evm vipnan kalia Trust
5. Nominee of Purola-Naitwar seb uttpadak Krishak sngrahan evm vipnan kalia Trust

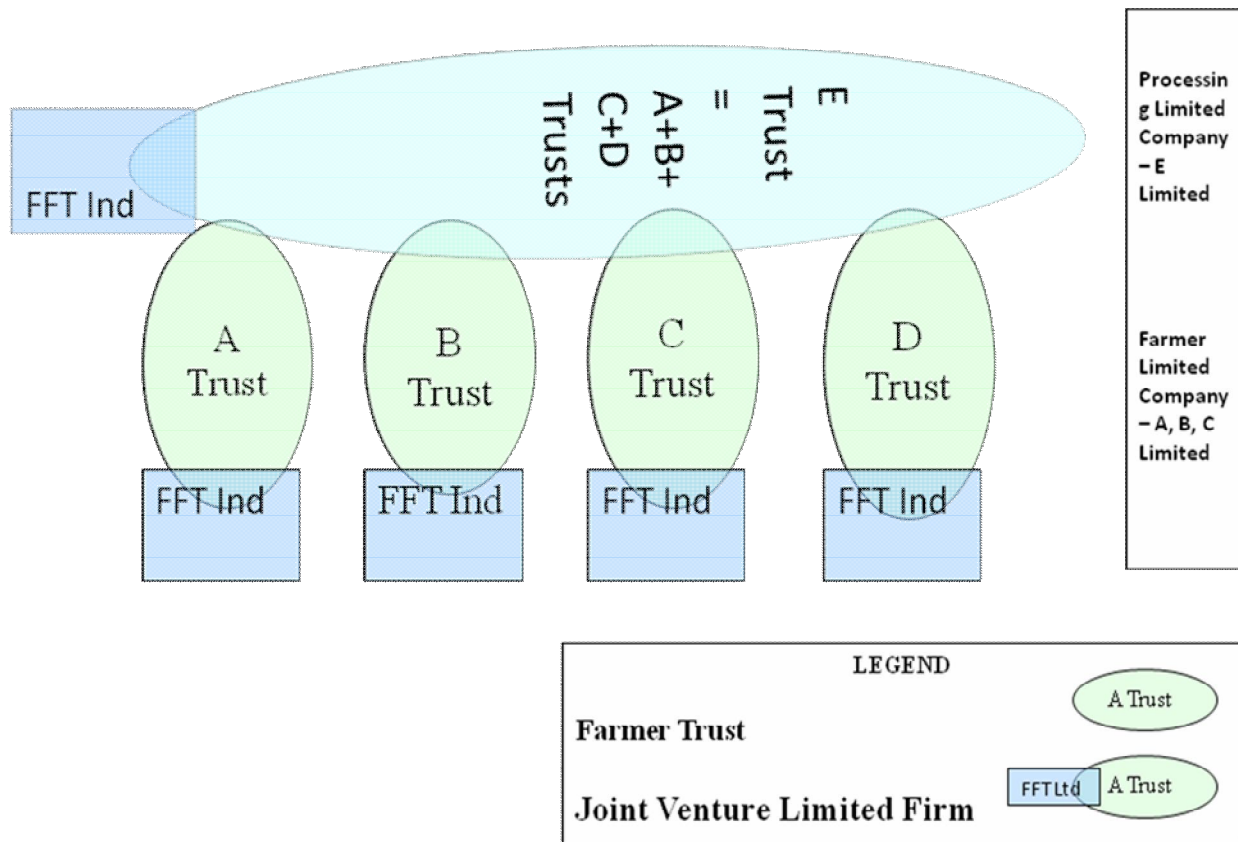
In case any additional trust is created at a new location, the Trustee may increase the total strength of the Board to such number as the Trustee may deem fit, provided that the total number of Trustees at any time shall be in an odd number count.

Election /Nomination of Trustees:

- The term of each Trustee shall not exceed one year and the election of the Trustees shall take place on annual basis. No Trustee (except Managing Trustee) can remain a trustee for a consecutive term of more than 2 years. The Managing Trustee shall always be appointed by SJS. The other Trustees shall be the nominees/representatives of the Local Trust i.e. one Trustee from each Local Trust and shall be appointed by the Board of Trustees after consultation with participating farmers.
- The Trust shall have a Managing Trustee, Secretary, Joint Secretary, Treasurer and Joint Treasure.
- If any time the number of Trustees falls below five, the remaining Trustee(s) for the time being shall be entitled to fill such vacancies as they may consider appropriate, so as to have Five Trustees at any time.

Managing Trustee:

- The Managing Trustee shall manage the funds, properties and investments and shall attend to correspondence and keeping of minutes of meetings, preparation of agenda, circulation of notices of meetings, memoranda, reports and resolutions, maintenance of accounts, execution of documents on behalf of the Trustees and such other acts of administrative and organizational character. Managing Trustee shall be the Chairman of the Board.



Each of these organizational forms also has sub types as described below.

JOINT VENTURES COMPANIES-

A **joint venture (JV** here after) is a legal entity formed between two or more parties to undertake an economic activity together and sharing the *risk* information. The parties agree to create, for a finite time, a new entity and new assets by contributing equity. They then share in the revenues, expenses, and assets and the control of the enterprise. The venture can be for one specific project only - when the JV is referred, more correctly as a consortium or a continuing business relationship.

6. OPERATIONALIZATION OF JOINT VENTURE AGREEMENT

Fresh Food Technology (FFT) India Private Limited and Shri Jagdamba Samiti set up the following joint ventures (Legal Corporate Entities) with farmer (producer) organizations in

Uttarakhand for collection, grading, pre-cooling, processing and storage of apple, other fruits, vegetables and coarse grains:

- Name of the Producer Organization: FFT Himalayan Fresh Produce Private Limited
- Location: Nogoan, Uttarkashi, Uttarakhand, India
- Products: Off-season Apples, Peas, Potatoes, Processed fruit products
- Contact Number/s: 91-9458108264
- Email Addresses: apple.sjs@gmail.com

- Name of the Producer Organization: Dhari Kafnol Farmers Agro Processing and Marketing Private Limited
- Location: Village Dhari Kalogi, P. O. Kalogi, District Uttarkashi, Uttarakhand, India
- Products: Fresh Apples, Tomatoes, Potatoes, Amaranth, Finger Millets and Rajma
- Contact Number/s: 91-9410904207
- Email Addresses shrijasin@indiatimes.com

- Name of the Producer Organization: Bavar Silgoan Farmers Agro Processing and Marketing Private Limited
- Location: Village Chausal/Kathiyan P. O. Brinad, Tuini, District Dehradun, Uttarakhand, India
- Products: Fresh Apples, Amaranth, Red Rice and Fruit Juices
- Contact Number/s: 91-9410728035
- Email Addresses shrijas19@gmail.com

- Name of the Producer Organization: Syuri Nogoan Fruits Collection Private Limited
- Location: Village Pisao, P. O. Nogoan, Uttarkashi, Uttarakhand, India
- Products: Fresh Fruits and Vegetables
- Contact Number/s: 91-9410904208

- Name of the Producer Organization: Purola Naitwar Farm Collectives Private Limited
- Location: Gaind, Hudoli, Purola Uttarkashi, Uttarakhand, India
- Products: Fresh Fruits and Vegetables/ Red Rice
- Contact Number/s: 91-9410932792

7. THE APPLE SERVICE PROJECT – PROGRESS IN BUSINESS CYCLES IN 2008 AND 2009

This year was 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.

The previous two years 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 2008 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.

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 was done in 2008. During the 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.

8. PROGRESS DURING THE YEAR 2009

But at the same time it was disappointing in terms of the business cycle as the crops completely failed this year and a lot of capacities remained underutilized and the targets that could not be achieved.

This year, the total crop as well as the collection of apples was way below the target. Against the total target of 34250MT, 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. Detail of the purchase and sale of apples collected at all the six centers is as mentioned in the table below.

I No	Particulars	Purola	Pissaon	Tyuni	Sari	Dhari	Mandol	Total
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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.

1	Target	4000	5000	7000	3750	4500	10000	34250
2	Apple collection in MT	89.05	136.66	185.76	62.9	84.15	0	558.52
3	Graded in Kg	85200	131540	180220	60200	81820	0	538980
4	Graded in boxes (Average 20kg box)	4260	6577	9011	3010	4091	459	27408
5	Average Purchase Price	495	491	474	502	452	1075	581.5(Avg)
6	Cost of Purchase Rs.	2111100	3229720	4272360	1512800	1852150	479655	13457785
7	Handling losses in kg	3850	5120	5540	2700	2330	0	19540
8	Direct Operating Exp.(Grading, Fuel)Rs	234300	361735	495605	165550	225005	0	1482195
9	Packing Material	298200	460390	630770	210700	286370	0	1886430
10	Transportation Cost Rs.	127800	197310	270330	90300	122730	13770	822240
11	Total Cost at Market Rs	2771400	4249155	5669065	1979350	2486255	493425	17648650
12	Net sold boxes in mkt	4260	6577	9011	3010	4091	459	27408
13	Average sales price Rs.	4925	5030	5005	5225	4950	1005	4357(Avg)
14	Total sales proceeds Rs.	2811850	4415300	5850875	2040025	2564100	461295	18143445
15	Taxes, insurance & commission Rs.	40986	138462	51672	74347.5	58629	27677.7	391774.2
16	Net sales return Rs.	2770864	4276838	5799203	1965678	2505471	433617.3	17751670.8
17	Excess/ deficit Rs.	-536	27683	130138	13672.5	19216	-59807.7	103020.8

Progress during the year 2009

9. REASONS FOR LOW TURNOVER OF THE APPLE SERVICE CENTRE

1. **Crop Issues-** Crop estimates proved to be inaccurate in certain cases as it pertains a lot on the weather conditions during the flowering season. Also farmers could not be sensitized about the quality of the produce which resulted in weight losses in some cases. In the first collection cycle, due to lack of institutional sensitization, farmers also had little knowledge about the apple collection centre.
2. **Procurement Issues** - Most of the farmers have existing linkages with the middle men in terms of loans etc. which make it compulsive for them to sell to the same people time and again. Most of such compulsive agreements culminate in sale of the entire produce from an orchard. Some of the purchasers increased their procurement prices at crucial time. Some of the farmers wanted higher prices as they could not be educated about the concept of bonuses.

3. **Market Issues-** The linkage with the market was not very strong due to initial years of operation. A pressing need was felt to have own manpower for the market so that the procurement team can arrange for auction of the procured produce to the highest bidder leading to better prices for the farmer.
4. **Institutional Issues** – Institution building and sensitization about the benefits of collective action is a long-term process and therefore the first two business cycles did not enjoy the kind of response as expected.
5. **Logistical Issues** – Some villages like the Vingsi needed pick-up van, which could not be provided. In few instances the transporters could not be arranged. In Dhari, pickup point installation got delayed. Such planning shall be taken on priority basis in the future. Space constraints were felt in most of the collection centers. Some of the centers faced problems of aggregation of the produce from the neighboring hills. There was also some delay in obtaining Boxes and Crates that were required for packing of graded and sorted apples.
6. **Operational Issues-** Pre-cooling unit and other machinery could not become operational on time.
7. **Financial Issues-** As envisaged earlier the subsidies and bank finances could not be obtained on time. The working capital and advances were also delayed due to management issues between SJS and AOFG. Procurement pricing needed to take into account existing market rates and fluctuations.

10. INVESTMENT/INFRASTRUCTURE

PHYSICAL INFRASTRUCTURE DEVELOPMENT

- **CENTRAL FACILITY** - The organization tried to complete the COLD STORAGE this year with the active support of the investors (SHGW). The land purchase and leveling were finished this year at Naogaon and the construction work is in progress.
- **Long Term Facility-Cold Storage-** It was mutually decided by the six farmer trusts and management to construct the cold storage in village Nogaon because of its central location and comparatively easy access. Site for cold storage was selected with the help of ad hoc committee comprising of all the trusts' representatives. Land holders of the proposed site were taken into confidence and were made fully aware of the long term facility and its benefits. The land transfer was facilitated by the ad hoc committee smoothly. Committee distributed site development in two phases; one was leveling and second was a protection wall. Each trust spent ten days for this work. Indian Institute of Technology, Roorkee is providing consultancy and soil testing facility. As soon as the joint venture is in place, subsidy issue for electricity connection, tax exemption and capital investment will be taken up with the Industry department. It is expected that the Long term facility will be ready for its test run by December 2010.
- **Apple Service Centers - (Fully equipped Apple Collection Points)** – Project provided a fully equipped Apple Collection Point to each centre, which consists of 400 Sq. Mt. land, a 30'x60' concrete slab, 30'x60' shed with toilet, a 20 KVA generator, two weighing machines, Crates and two mobile container units (20ft each). One container is equipped

with sorting equipment, whereas the other container is a powerful pre-cooling unit. Cost of these facilities Rs. 58.00 lacs, was provided by SHGW/FFT as long term loan.

11. CAPACITY BUILDING

Technical and Training Assistance –

- Field extension officers of SJS have conducted a detailed survey of 2156 apple grower farmers covering their land, socio economic status and estimated production.
- This survey has converted into a database of apple growers who are being enrolled as members in the various apple service clusters. Most of the members shall be kept track of in terms of the produce that they have been giving to the initiative so that the membership and voting rights can be decided on the basis of the produce.
- All the participating farmers have obtained support in terms of managing their orchards on various technical aspects to improve (the quality of) their yield like soil sampling and testing, integrated nutrient management, soil-water management, integrated pest management, propagation techniques, , harvesting and post-harvesting management.
- Farmers group were also trained in the quality aspects, grading, packing and timely picking of fruits during this year.
- Return on Social Investments and long term planning/ value chain analyses from Context International.
- Training on 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 have been explored and identified through a series of trainings and meetings.
- 19 farmers from all the six centers were selected and trained to work further as farmer-trainers. The training was organized in the month of December 2009, which covered various aspects of general orchard management and post harvest management. These farmers have already started working in the field on aspects like collecting soil samples for testing.
- Women's Self-help groups are being trained and organized for value addition and processing activities.
- 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 Feb 2009.
- A series of meetings and discussion were organized by SJS to discuss the model of project for promotion of farmer company owned value addition and marketing facilities.
- In the year end farmer groups underwent elections and chose representatives to represent them in the joint ventures.

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 2010. 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.

12. PROJECT OUTPUTS

More specifically, the project works on realizing the following outputs to be able to achieve the above-mentioned main objective of the project:

1. **Market Access** - The farmer committees have been supported to become independent from middle man, by sourcing buyers directly for the collected apples. Farmers committees and center management presented the progress of apple collected graded and sold in the presentations made before the project management and review team during the review and sharing meetings organized in the month of November in both 2008 and 2009.
2. **Institution Building** - So far the farmers have been organized in groups and associations and registered. The consortium partners are presently involved in setting up of farmers Ltd. And setting up of second tier structures as a legal business entity is under process. All the six associations have prepared business plan for next year with facilitation from SJS after considering the facts of repayment.

SI No	Farmer Trust/Association	No of member-farmers
1	Syuri-Nogaon Farmer Welfare and Marketing Trust	535
2	Dhari-Kafnol Farmer Welfare and Marketing Trust	439
3	Purola-Netwar Farmer Welfare and Marketing Trust	419
4	Babar-Silgaon Farmer Welfare and Marketing Trust	780
5	Mandhol Farmer Association	15
6	Saari Farmer Association	45
	Total	2233

Farmers associated with Trusts

3. **Organizational Development** - The organization has been able to develop a reporting line and management system for the apple project planning and operations which includes Project Director, Centre Managers and field/procurement officers.
4. **Farmer-group formation** - The apple-growing farmers in the six villages are organized and a separate legal entities initially as farmer welfare trust and farmers associations later has been registered, allowing them to collectively own and manage the Apple Collection Points.

13. ACHIEVEMENTS

- Site for proposed pickup centers at Dhari, Karda Danghta,Phanar, Bagi Kuna and Kumola villages has been identified and construction started in December 2009.
- Farmers recognized the importance of technical support provided by the technical institute concerned to both in Himachal Pradesh and Utrakhand.
- All the farmer trusts fully understood the entire procedure and are confident and capable of making their individual price build up for the center.
- Premium distribution among the farmers in the month of March 2009 was an encouraging factor for more committed participation in future. Premium distribution for the year 2009 .
- Apple sold at and through the service centers fetched higher prices than the traditional channels.
- Farmers themselves tried to find alternate and better markets for quality apples sorted and packed at center.
- Despite low production in the year 2009, all the centers were able to engage the farmers, howsoever small and marginal, in the collective sale and processing of their produce. This is evident from the volume of 16 Kg. which was brought by one farmer to the centre in Babar-Silgaon.
- Farmer groups participated in various technical trainings and meetings organized by SJS for planning, price build up and quality handling. Regular interaction of farmers with SJS/FFT representatives on project model boosted their confidence further.



Women Sammelan organized at Chausal

- Tools like ALCS, CDC and SROI provided a good platform to the women and increased their involvement in centre activities, which they never had in the past. In Chausal region, women from 36 villages have been mobilized to form women groups to engage in fruit processing activities such as preparing jams, jellies etc. On December 6, 2009 two representatives each from these 36 women groups came together to explore scope of value addition through processing and marketing.

14. MAJOR EVENTS THIS YEAR

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| <ul style="list-style-type: none"> • Shri Semwal and Shri Lalit participated in the conference on the workshop on Civic Driven Change in Netherlands organized by Context International and SHGW. • Shri L P Semwal participated in the workshop in Uganda on ----- |
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A major workshop was held on the 4th of Feb on “**APPROACH TO RURAL DEVELOPMENT IN INDIA BY FOSTERING FARMER’S ORGANIZATIONS WITH BUSINESS RIGOUR**”.

The workshop was attended by quite a number of dignitaries. The Chief Guest was Shri Trivendra Singh Rawat, Hon’ble Minister Uttarakhand Govt. for Agriculture.

The forum was opened with the first address to the gathering delivered by L.P. Semwal delivering a Presentation on the model. Stressing upon the main features of the New Approach, Mr.Semwal said that this new model of farmer ownership through a partnership of (social) investor and farmers is now being tested. The business rigor of a private firm FFT India is combined with the ownership of value chain and rural economic development objectives. The model aims towards setting-up healthy agro-businesses in which farmers will get full economic benefit of the business and shareholding in the ownership proportionate to the investment repaid. The main difference of the new approach is that the farmers, along with a social-conscious corporate partners, become equal business partners of the investor while the daily management is to remain with professionals,

Thereafter a key note address was given by hon’ble minister uttrakhand govt., Shri Trivendra Singh Rawat. Shri Trivendra Singhji Rawat lauded the attempts of SJS towards the establishment of apple enterprises especially in a scenario where our country is lagging behind in fruit processing. Citing an example he said that while in western countries almost 35 % of the produce is processed, only 2 % of the produce is processed in our country. Most of the farmers are still producers and not processors. We need to change this soon.

“I am happy to know about these experiments being carried out but these need to be done on a continuous basis. Most of the present day innovations are not conducive for hill contexts. The seeds are in short supply and most of the times the farmers end up using even the edible grains from Ration allocation. I had also met the union agriculture minister Shri Sharad Pawar where I had put forward my concerns regarding the same.

Emphasizing the need of the hour to inculcate a professional/business outlook where in farmers become owners of the benefits. The government of Uttarakhand has come up with various kinds of benefits like training for the nursery owners, consolidation of land holdings for the farmers etc. Most of the farmers have been suffering from the problem of scattered landholdings which we are attempting to improve by giving recognition to the *Gol khata* lands. We have also sanctioned farm ponds scheme to address the major problem of irrigation. I wish this initiative all the success in its endeavors.

Following this there was a summing up session by Padma Bhushan Dr. Anil P. Joshi. Shri Anil Joshi thanked the minister for his speech and also to Shri Semwal for conceptualizing this model. He also said that it would be interesting to discuss the various pros and cons of the model in the forthcoming sessions. He also called upon the banks and financial institutions to increase their participation in encouraging such initiatives.

Following this there were presentation on the various aspects of the model by Vivek Vyas on “Creating Civil society **Organizations with Business Rigor**” Pros & Cons of Organization Development for Inclusive growth”.

Talking about the Model, he described its main features being equal participation of the farmer in decision making and owner ship of the business when the loan is repaid fully by making

value addition to the produce. Role of joint venture companies, its structure and its functioning was also elaborated as an amalgamation of corporate functioning and farmer interests. Profits are distributed to the farmer but only after the return on investments.

Following this there was a presentation by Mr D S K Rao (convenor of the solution exchange and Founder & director, gyantech information systems(p)limited.). On Agribusiness value chaining through planning & networking for inclusive growth

The third technical session was on Corporate Social Responsibility (Possibilities & Needs of **Socially Responsible Business** for agriculture value addition and quality food supply in India) in which there were three presentations by Mr. Ahmad of THDC., Mr Gautam Jha, Mr Lalit.

Mr Gautam Jha of Fresh Food Technology, India Pvt Ltd Explained in detail about the ULO (Ultra low oxygen technology) which is also called Controlled Atmosphere Technology and which is used for enabling long term storage of fresh agricultural produce. The technology is based on the principle of reducing the rate of oxidation by controlling the oxygen availability in water tight chambers.

He also explained about the various projects of FFT India

- Indonesia: rehabilitation of tea plantations and processing factory
- India: Coffee collection, pulping, drying and processing in Kerela
- India: Apple collection, sorting, grading, pre-cooling and long-term storage in the Himalaya
- Tanzania & Kenia: fuel wood & charcoal production

Also various Partnerships include :

- b-Cat Natural Food Fumigation
- Van Amerongen CA Technology
- Greefa (sorting & grading)
- Bitzer (freon cooling system)

Shri Prem Chand Aggarwal (Chair), MLA From Rishikesh also spoke about the problems being faced by the producers.

“Uttarakhand’s farmers have been great producers . We now need to look at marketing systems for the same. Government has been trying to do so on its own through schemes like the Udyami Mitra Yojana, Pradhan Mantra Rozgar Srijan Yojana. Etc. Lot of producers are still waiting for their right marketing like the indigenous cereals like Amaranthus etc.”

Other presentations in this section were by Dr Vinod Bhatt (Navdanya Foundation) On Promotion Of Forgotten Crops And Linking Poor Farmers With Market For Sustainable Livelihoods and by Mayank sagar on “feasible business planning in value addition and agri-business sector” & sustainable investment in social enterprises.

In the last session, **Shri G C Pande, Mr S C Nautiyal** (additional director of industries, govt of uttarakhand). Appraised the gathering of the various schemes envisaged by the government of Uttarakhand for upliftment of industrial progress in the state. Elaborating about the other

facilities including Interest Concessions, subsidies on electricity expenses, VAT Exemptions and Grants and Subsidies for local domiciles of Uttarakhand.

At the end there was open house & Problem Solving Session of the Farmer Trusts. Various issues like Single Window Clearance of the issues being faced with the Industries department, Banks and the Government in General were discussed.

15. Visitors to SJS this year

16. THE FUTURE WAY FORWARD – PLAN FOR 2010

The prospective plan 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 the apple service centers to operate at optimum capacity. Long term goal is to repay the FFT loan within or before 10 operational years along with the capitalization of centers to operate the business on their own under the ownership of farmers' trusts.

Future plans of the project include to work on-

- Establishment of cold storage facility as soon as possible.
- Focus on capacity building for strengthening of farmer institutions.
- Exploring and initiating possibilities for more crops.
- Deriving benefits from different government schemes.
- Dynamic price fixing based on market fluctuations.

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 finance of INR 15 million and 375 thousand, Subsidies from Govt. of Uttarakhand (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.

17. MAJOR ISSUES FOR FUTURE

- Distribution issues – How to distribute the proceeds of the business amongst the farmers.
- Financial planning - Also provisions for crop advance 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 loan has been promised just for this year.
- Form of the Organization - What should be the form of the organization. The organization is still grappling with the organization structure and it would take a bit of time before the structure is finally given legal shape in terms of the existing legal frameworks for commercial organizations, not-for-profit organizations and trusts.
- Capacity Utilization/Building – How to capture 100 % capacities 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.
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.
Production-planning–Farmers want to be assisted in better production capabilities.