

Approach to Establishing Efficient Tribal/ Particularly Vulnerable Tribal Group owned Marketing Institutions

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Background

Over 70% of the population of Tumudibandh block in Odisha's Kandhamal district belong to the Scheduled Tribe (ST) community of *Kondh* and *Kutia Kondhs* (an aboriginal tribal race classified as Particularly Vulnerable Tribal Group). Notwithstanding its rich vegetation and good rainfall, this region is home to one of the highest concentration of rural poverty in the world. For millennia, tribal communities here have lived in forests, and survived on hunting and gathering.

Physiographically, the entire district lies in a high-altitude area with inaccessible hilly terrain and narrow valley tracts. This inhospitable environment has influenced the socio-economic conditions of its inhabitants and the development of the district. With a Human Development Index score of 0.389, the district ranks a dismal 29th out of the state's 30 districts, making it one of the most backward districts in the state of Odisha.

Their backwardness is largely attributed to the all-pervasive illiteracy and resultant ignorance. Tumudibandh tribals carry out many activities like collection of various forest products, seasonal farming, non-farm activities, and animal husbandry. All these activities usually contribute to the gross income of a tribal household. In the past, due to poor accessibility, the producers travelled with their minimal produce to the nearest haats (traditional markets) which were often the only market for their produce. Ignorance and lack of opportunities forced them to sell their products at meagre prices. Clearly, there was need to address these issues collectively in order to break the vicious cycle that was dragging these farmers into abject poverty.

Adivasi Bazaar Committee (ABC), A Community organization was thus formed by members of *Kondh* and *Kutia Kondh* tribes under Odisha Tribal Empowerment and Livelihood Programme (OTELP) in 2005. ABC was registered under Societies Act as a non profit community institution to empower and enable primary producers and collectors to access the more remunerative organized markets. Many initiatives were undertaken to market surplus Non-Timber Forest Produce (NTFP)/ agricultural products but inadequate participation of the community, poor quality,

low surplus produce, underutilized infrastructure and low institutional cohesiveness threatened viability of the institution.

Supported by Rabobank Foundation in 2010, MART, a leading rural consultancy agency, started a comprehensive program to strengthen ABC. Earlier, MART had supported Odisha Tribal Empowerment and Livelihoods Programme (OTELP) as a technical agency in 2007 to pilot and establish collective marketing of NTFP/Agri produce across the operational area of OTELP. Although the first steps in collective marketing had proved to be highly remunerative, there was much more to be done. The challenge was getting the prerequisites in place for *making the markets work for the poor tribals* in a sustainable manner. Achieving economies of scale at the local level was imperative for success in gaining access to mainstream markets. Among other requirements, it was felt that building infrastructure, both physical and social was extremely critical. The role of social infrastructure is particularly essential for ensuring successful sustainable collectivization.

ABC thus needed a change in its approach towards developing a pro-poor system of marketing. Following is a brief account of the transformation of ABC from a tribal community institution into a profit making community business enterprise.

Issues and Challenges

ABC started its functioning in 48 villages. With representatives residing in each village, it was quite cumbersome for ABC to organize collectivization and take business decisions. Absence of Panchayat system, weak social structures and small individual surplus in addition to inaccessible and remote villages made coordination all the more difficult .

Some of the major issues were:

- There were no specific products that ABC focused upon, and poor expertise in marketing led to many issues. The change in cropping pattern of the community in the past six-seven years also made it necessary to review the product line so as to identify the products that would remain viable over a long period of time and could be produced in a large scale.
- Low amount of surpluses within the operational 48 villages highlighted the need to increase the number of villages covered to achieve economies of scale.
- Poor market information prevented formulation of market-appropriate marketing strategies.
- The products sold lacked consistency in quality and were not as per market requirements. Since a major bottleneck was inaccessibility of villages, the need for localized village level aggregation and quality

checking was felt strongly. Localized physical infrastructure to do this was thus required to be put in place.

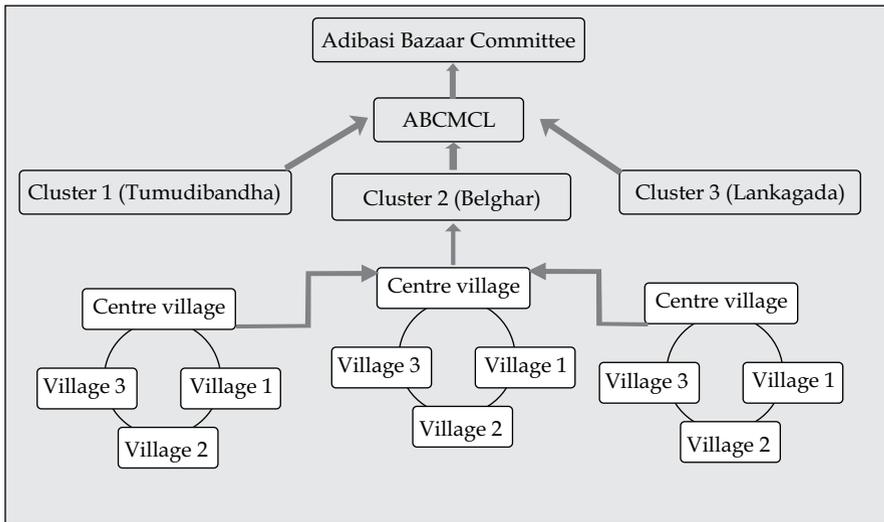
- ABC was unable to negotiate with higher order markets and so was losing considerably to smarter market players.
- To undertake large scale business activities, ABC needed flexibility in its legal framework. Since ABC was institutionalized as a non-profit agency under Cooperative Act, 1860, the institution was not legally permitted to retain profits and conduct regular business activities.

Steps to promote a sustainable marketing institution

In order to address the above challenges, MART in association with Rabobank Foundation came up with specific strategies:

1. First, an intensive study was carried out to gather information about the available produce in the operational villages. During the exercise, information on the village profiles, available products and information on active Self Help Groups (SHG) was collected through small group discussions at the community level both from the original base of 48 villages and the new operational villages across Tumudibandha and Kotagada Blocks. Special formats were designed to record quantitative information and required data was collected by MART. Qualitative information on critical factors affecting the product, community based organisations (CBOs) and markets was collected as well. Based on this, a provisional product profile of all the operational villages was prepared. This profile contained, among other things, detailed information about the seasonality, tentative quantity available and issues relating to the marketing of the products. The database thus provided an overview on the availability of products and institutions in the entire operational area. Validation of the database was done during concept sharing meetings held in each of the operational villages. The study also led to developing value chain analyses of nine potential products. Institutional loan assessment exercises facilitated the process of production planning of various products at village and SHG level, with detailed business plans being developed for them. Community mobilization plans for idea sharing and increasing participation of primary stakeholders were developed. The existing catchment area of ABC has surplus of few products viz. niger, castor, cow pea seed etc. Products based clusters were also identified based on product profiles developed.
2. Operational structure: The villages are mostly situated within a radius of 40 km from Tumudibandha Block office. For operational convenience and geographical proximity, all operational villages have been divided into three operational clusters i.e. Tumudibandha cluster, Belghar Cluster and Lankagada Cluster, and each cluster was

divided into centers for micro operations. A center consisted of 2 to 6 villages (based on the size of population in the villages) situated in close proximity, and out of them, one village was identified as the center village. The center villages were identified based on road connectivity, availability/possibility of creating new storage structure, presence of vibrant SHGs etc. In most cases, the center village was chosen so that produce could be easily transported with approach roads connecting to the main road of the area. The center villages were provided with all necessary market infrastructure i.e. weighing scale, storage structure, drying yard etc. and also other equipment to support the business activities of the clubbed villages. Operational diagram of ABC is given below:



Representation of ABCMCL

- ABC was re-legislated to be a formal business entity. Suitable by-laws were finalized and agreed upon in consultation with leaders and stakeholders of ABC. A subsidiary organization called Adivasi Bazaar Committee Multi Purpose Society Limited (ABCMCL) was registered under Odisha Self Help Co-operative Act, 2001. With this, ABCMCL could now create reserve profits and conduct business activities. This enabled the organization to reach out to larger markets.
- Creating leadership to manage various business functions at all levels of ABC was considered necessary to sustain its activities in the long run. In addition to the existing leaders who have been associated with ABC since its inception, new leaders from the community in

the expanded operational areas of Adibasi Bazaar Committee were identified. Leaders were carefully selected in consultation with the partner NGO and CBOs as the process of democratic election was not serving the purpose. The leaders were chosen to represent the various villages/centers, and they worked closely with the CBOs. Currently the leaders are involved in social mobilization activity and over time, it is expected that the leaders will facilitate business functions in their respective villages/centers. Sensitizing the community towards the need for efficient and good leaders as understood by MART and developing them is a complex and context-specific process. Hence a deliberate plan to facilitate the process of creating the leaders and supporting them was developed. MART desired to empower various stakeholders by training them so as to create ownership and ensure sustainability of the initiatives. After assessing the training needs, MART designed and administered training at different stakeholders level. It also developed a pictorial flip book to sensitize ABC members about different management aspects.

5. Management of clusters: One volunteer is selected to manage mobilization, coordination and other business functions of each cluster. Three such members have been deployed in three different clusters. These selected volunteers have been associated with the Adibasi Bazaar Committee since its inception and have high levels of acceptance within the community. They are primarily responsible for social mobilization at the cluster level and are paid a monthly remuneration of Rs. 3000 per month by MART. The cluster-level volunteers work in close coordination with the partner NGO. Other than the cluster level volunteers, some center level leaders were also identified and groomed to support the CBOs for the overall coordination and other business functions.
6. Training for skills: A detailed training plan was developed for ABC members, leaders and governing committee with specific community based modules designed for skill enhancement in business/ institutional management and enterprise management. Frequent discussion with ABC members had led to the identification of training in areas of Micro Enterprise Development, Collective Marketing, Preparation of Business Plan, Documentation etc. Discussions were also held with other stakeholders to understand how best to equip the ABC members with the necessary knowledge and skill to be effective in playing their roles for the overall development of ABC. Training modules were prepared on the relevant topics for the ABC members and leaders of the community.

7. Exposure visits to successful units: The leaders of ABCMCL were taken for many exposure visits to markets and successful cooperatives. Direct interaction with traders and market players increased their confidence and market knowledge .
8. Sensitization meetings were organized at ABC premises with the participation of WDT members, Community Mobilizers, Marketing cadres of OTELP (Tumudibandha). As the 48 OTELP operational villages of Tumudibandha Block were coming under the operation of ABC the role of existing facilitators of OTELP was vital to ensure the active participation of the CBOs for the overall development of the ABC, These meetings discussed ongoing developmental initiatives for strengthening ABC
9. Adding value to selected produce: Siali leaf and Hill grass emerged as common products across the three clusters. It was decided by all stakeholders that value adding process for siali leaf had the potential to provide substantial additional income to the community. The communities collected loose Siali leaves from the nearby forest and after sun drying for a day or two, sold it to the local trader at a price of Rs. 4 per kg. By pinning the leaf, they could get Rs. 40-50 per 100 pieces of pinned leaf plate (khali) which required approximately 1.5 kgs of loose leaves. This seemed to be a viable business opportunity. The children and the elderly of the community now undertake this activity as one of their main sources of livelihood. Others could take this up during their leisure hours and on off days. It was also observed that though many had the traditional skill of pinning leaves, the quality and economic aspects of leaf plate (khali) making were not known to them. It was thus decided to impart training to women in all operational villages through high skilled trainers of the nearby blocks, and also provide marketing support to the community through ABC. Accordingly, training was conducted in the villages. Likewise, binding hill brooms from hill grass has excellent market potential in the urban markets of Odisha and nearby states. It was therefore decided that ABC would procure loose hill grass from its member SHGs and undertake hill brooms binding activity. This was institutionalized through the MART support.
10. Procurement and collection systems at the ABC level was strengthened. Marketing infrastructure at ABC/center level was developed. For operational convenience, it was decided to provide all necessary infrastructure support i.e. weighing scale, drying yard, storage structure etc at the Centre level only. Out of 35, 14 centers were equipped with this infrastructure.

List of Market infrastructures created under ABC

- a. 6 storage cum drying yards
 - b. 18 manual weighing scales (1 qtl capacity each)
 - c. 1 rice huller
 - d. 1 Flour Mill
 - e. 1 oil expeller
 - f. 1 electric motor (10 hp)
 - g. 2 packing machines
 - h. 2 electronic weighing scales
 - i. Boundary wall of ABC campus
 - j. 3 Siali leaf plate making (heat pressed) machines
 - k. 4 Market information boards at procurement centers
11. Marketing tie-ups with various organized buyers: Key market players like large traders and trading agencies (both government and private) at several district level and terminal markets i.e. Phulbani, Rayagada, Berhampur, Bargarh and Kantabanji etc. were identified and visited. Discussions are also held with some institutional buyers i.e. TDCC and ORMAS for marketing available products. Traders of neighbouring states of Andhra Pradesh and Chhatisgarh were also contacted over telephone to explore possibilities of tie-ups to distribute available products in large volumes. Community - Trader interactions were regularly undertaken to boost community confidence and build general marketing knowledge.
12. During the value chain analyses of the products, several markets were visited by MART professionals, and important terminal and wholesale markets were mapped . Information collected on traders was consolidated market wise and an overall trader database was prepared. This database continues to support ABC functionaries in providing market information.
13. Introducing better market access : Trader malpractices like improper weighing, advance procurement at low prices, unjust deductions etc. were addressed by ABC. Intensive capacity building on marketing and management of agri/NTFP including trainings, sensitization meetings, exposure visits, trader interface etc. was conducted. ABC did not have capacity to store produce for long periods which would help in generating maximum returns. Prior experience showed that SHGs were not able to take the risk of storing their produce for long periods, but ABC could handle moderate risks on behalf of the SHGs and store for a certain period to have profitable linkage in the off season. Also lack of working capital at the ABC level meant that the produce procured by the CBOs had to be necessarily sold to generate cash flow. Further financial support was arranged in

the form of institutional credit from banks. MART also approached District Supply and Marketing Society (DSMS), Kandhamal District and OTELP for short-term loans as Working Capital for procurement of available produce (agricultural products, NTFP, horticultural produce) at the SHG level and for related activities by ABC. After discussion with various stakeholders, an amount of Rs. 7,00,000 was estimated to be required for a period of one and half year. The working capital limit could be operated like a cash credit (need-based and flexible). ABC needs to repay the principal amount released within one and half year from the date of disbursement after the moratorium period. Simple interest rates as applicable on the principal amount are to be paid annually. In the meanwhile DSMS of Kandhamal District has agreed to provide the said amount to ABC as a Soft loan with an annual interest of 8%. Further discussion is on with other agencies to obtain the loan at lower interest rates.

14. Convergence with other stakeholders: Keeping the vulnerability of the community in mind, it was decided to introduce micro insurance (life) in the operational villages of ABC. Given the unique needs of the community, a special insurance package was needed - low premium rates with high value of coverage. In this connection several round of discussions were held with various private and government insurance companies, and TATA-AIG was finally chosen. The introduction of micro insurance in the area not only provides life insurance coverage to the community but also creates a business opportunity for ABC as insurance channel partner of TATA-AIG. It was agreed by all stakeholders that micro insurance as a service product needed to be offered through ABC to its member villages and all commission earned out of the insurance business would be retained as revenue. Accordingly, an application from ABC was put forward to the concerned authority of TATA-AIG to become its Rural Insurance partner. The marketing cadres (promoted by OTELP in its operational villages of Tumudibandha Block) were trained to act as insurance agents to promote micro insurance among the community. Discussion were also held with TATA-AIG for conducting the insurance agents' certificate course recommended by IRDA (Government of India) to all Marketing Cadres free of cost.
15. Since technical Intervention often results in new income generation opportunities for the community, several rounds of discussions were held with various rural technology providers i.e. SEED, Hyderabad, Panigrahi Enterprise, Balasore (Odisha), Villgro, Chennai. Also low cost manual technology for processes like oil expellers, Silai leaf cutting, solar drying is essential to improve productivity. Exploration of all available alternative technologies and initiatives to introduce suitable community-friendly technology is ongoing.

16. Odisha Rural Development and Marketing Society (ORMAS) is an autonomous agency formed by Ministry of Panchayati Raj, Govt. of Odisha. The marketing of produce at district level is taken care of by DSMS in Kandhamal District. Discussions exploring possible avenues of association with them was initiated by MART. Several rounds of discussions were also held with the Branch Manager, Tribal Development Cooperative Corporation of Odisha Ltd (TDCC) at Baliguda (Kandhamal District) with respect to possible tie-up in the area of institutional linkage of products and cluster development. Tribal Cooperative Marketing Development Federation of India Limited (TRIFED), New Delhi sponsored “Honey Hunting Programme” in Kandhamal District which was implemented by TDCC, Baliguda Branch. Now TDCC is interested in conducting Honey Hunting training programme in operational villages of ABC. Through this programme, the primary wild honey collectors will learn the scientific method of honey collection and receive for free the tools used for honey collection. TDCC is also offering buy-back arrangement of honey in the area. The list of participants for the first batch of the training programme has been given to TDCC.
17. License for trading for ABC: As Adibasi Bazaar Committee deals with the trading of NTFPs, as per as the NTFP Policy 2000 of Odisha state, it needs a valid NTFP trading license that is issued by the local gram panchayat. According to this policy, Gram Panchayats have been authorized to regulate the purchase, procurement and trade of NTFPs including 68 items of MFPs so that the primary gatherers get a fair price. ABC has obtained a trading license for six such products.
18. Extension of membership and support to other parts of the district: Sincere efforts have been undertaken by different stakeholders to improve the functioning and impact of ABC in Tumudibandha and Kotagada Block. The institution has gradually extended its operational base to other blocks of Kandhamal District. MART professionals are regularly in touch with leading NGOs of the District like JAGRUTI, CPSW, PRDAN and discussions are on for extending the reach of ABC to their operational areas. OTELP is looking at ABC as a model organization and is planning to replicate it in other OTELP operational blocks of Kandhamal District. In the month of November 2012, MART in collaboration with OTELP, is going to organize a multi-stakeholder workshop on “Strengthening Adibasi Bazaar Committee”. It is expected that discussions will be held regarding the extension of ABC operational area in the workshop, and on finalizing the roles that will be played by different stakeholders in driving ABC on the road to sustainability.

19. Backward market linkages and input sourcing: As consumables reach villagers through various market players, it becomes more expensive for village-based consumers. It is an accepted practice here for people to trade their surplus produce for a consumable item i.e. salt, dry fish, onion, potato etc. The exchange rate is generally trader determined and unfavorable to the consumer. ABC intervened in this issue. ABC's procurement centres collectively procured the entire requirement of salt for households in its operational villages from the wholesale market i.e. Berhampur and started selling salt in the villages. The products bartered earlier for salt were collected for selling. The villagers purchased salt from the SHGs at cheaper prices than the local market. The process of backward market linkage not only eradicated the exploitative barter system in the locality, but also provided a profit-making business for ABC. Furthermore, the system succeeded in providing a regular supply of iodized salt to the community. Similar systems have been set up for the procurement of common agriculture inputs.

Impact

ABCMCL today offers specialized marketing services on six different products (Niger, Castor, Siali, Arhar, Hill broom, Mahua) spanning 220 SHGs in 135 villages and covering 3500 tribal and PVTG households. ABC has expanded its operational domain by adding around 87 new villages across seven Gram Panchayats of Tumudibandha Block and three Gram Panchayats of Kotagada Block. Increase in catchment area and effective management through centres has led to higher productivity and more surplus. It has also led to dissemination of information through increased membership.

ABCMCL has trained women members across roles, from SHG leader, and centre-in-charge to board member of ABCMCL. Training programmes, exposure visits and trader interaction, has increased the confidence of members and sharpened their business acumen. Regular interaction with different stakeholders has developed their leadership qualities. Timely information on the prices of various commodities along with capacity building and handholding support by MART has enhanced their negotiation skills.

7 Bulk buyers have been identified and empanelled in different markets at Rayagada, Kalahandi, Bolangir, Phulbani and Berhampur. Market linkages have been initiated with these bulk buyers worth Rs 121,98,695/- within years. ABC has generated a profit of Rs. 14,610,30/- within years where Rs. 14,21,640 has been the share of SHGs. ABC has retained Rs. 39,390 as service charges and other income through retailing, processing and value addition to various produce.

The following table highlights the role of ABC as a comprehensive service provider across the agriculture value chain:

Stage	Services provided by ABC	Convergence/ collaboration	Benefit to Members
Pre-production	<ul style="list-style-type: none"> • Retail counter provided agri-inputs like seeds, fertilizers and pesticides directly to the members at a comparatively lower 	<ul style="list-style-type: none"> • Distributors of seeds and fertilizers at Phulbani 	<ul style="list-style-type: none"> • 5% to 10% discount on seed and fertilizers • Rate of interest reduced from 5% to 2% per month

Stage	Services provided by ABC	Convergence/ collaboration	Benefit to Members
	<ul style="list-style-type: none"> Facilitating credit from formal sources for members Training and sensitization meetings of farmers to introduce modern agricultural practices e.g. line sowing, pest management, water management etc. Authentic and timely information on weather, cultivation practices etc. through IFFCO-Airtel 	<ul style="list-style-type: none"> SBI, Utkal Gramya Bank and revolving funds from Govt. project (OTELP, OFSDP), ATMA and KVK Collaboration with IFFCO-Airtel 	<ul style="list-style-type: none"> At least 5% increment in productivity and another 10% reduction in seed costs after changing from broadcasting method to line sowing. Reduction in risks and improvement in ability to take informed decisions enabled by IFFCO -Airtel mobile agriculture information system.
Production	<ul style="list-style-type: none"> Interaction with ATMA and Krishi Vigyan Kendra (KVK) scientists to provide on-field support regularly during production 	<ul style="list-style-type: none"> Support from ATMA and KVK scientists 	<ul style="list-style-type: none"> Effective water and pest management enhanced productivity by 10%. Enhanced quality of produce
Post production	<ul style="list-style-type: none"> Build awareness on simple value adding processes like i.e. weighing, grading, sorting, storage and drying. Access to market information and facilitation in negotiations. Trader interface and exposure visits organized for rapport building. 	<ul style="list-style-type: none"> Collaboration with terminal and district level traders 	<ul style="list-style-type: none"> 5% to 10% increase in sale price of products after simple value addition. 2% to 5% increment of sale price after market negotiations. Collective Marketing ensured 10% to 15% increment in sale price.

Although more resources need to be mobilized for expanding the reach of the institution, this journey has shown the way for establishing a successful, inclusive marketing model for poverty-stricken members of tribal/ PVTG communities.