Gumla ki Imli Dilli Mein

A case study on experience of AROUSE in Tamarind Marketing

प्रभात खबर 29 अप्रैल '07

गुड न्यूज गुमला का इमली प्रोडक्ट वनफल जल्द ही दिल्ली के बाजारों में

तैयार पैकेट को देखते फादर वनफल व फादर डुंगडुंग, तैयार पैकेट व इमली कूटती महिलाएं.

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Executive Summary

Establishing market linkages for minor forest produce or agriculture crops has always remained a challenge for practitioners. One of the major short comings of the existing supply chains is that the producer is always at the receiving end and it is they who bear the entire risk (production, price and market). The traders and other middle men usually manage to absorb this through pricing mechanism.

This case illustrates one such initiative by Arouse which is an NGO based in Gumla, Jharkhand.

The areas in and around Simdega and Gumla in Jharkhand have been traditionally known for Tamarind. The region has well established supply chains and therefore it did not come as a surprise when Trifed requested Arouse to supply 20 quintals of Tamarind in standard packed bricks. What followed next was certainly a challenge; the order had to be supplied in 8 days flat. For the professionals at Arouse, who were just back from the visited it was a do or die situation. For the next 8 days the entire team of professionals at Arouse and members of the SHGs worked on war footing in executing the order.

There were several challenges faced by the Arouse team the most significant being procurement of raw tamarind at a scale which is demanded in the market. 40 quintals per se looks relatively smaller quantity but when it has to be collected from over 200 persons across several locations in quantities as small as 2-3 kilos the challenge becomes immense.

Arouse was able to deliver the required quantity of tamarind on due date. In financial terms it did not made profits and much of costs were absorbed by Arouse. There are important learnings for us as practioners in livelihood sector. This case is not just about tamarind but about the key issues involved and things that have to be considered in market led livelihood promotion. This includes aspects such as branding and packaging, understanding supply chain, cooperating rather than competition with existing players is expected to help. It also helps reader understand that it is not always that an alternate supply chain will benefit the producer. In the present case less than 20 per cent of the price paid by a consumer actually reached the producer.

This case study is based on the data collected from SHG members, traders and others during the field visit. All inferences are therefore drawn based on actual data obtained for the intervention area and thus could differ from similar experiments elsewhere. This case is not about studying the existing Tamarind supply chain or sector. It is about understanding experience of one NGO in taking up challenge of participating in market. For understanding Tamarind Sub Sector a more detailed study is recommended

Tamarind case study - Chapter outline

1. **Introduction**

"Good *News – Gumla ka Imli product Vanfal jald hi Dilli ke Bazaro mein*[1]" screamed news paper headlines on 27 April 2007. The news reports and elsewhere in the town there was a lot of excitement over Tamarind. Every one from members of SHGs, teachers, students, visitors, government officials and traders were curious of what's happening.

For the tribal community living in and around Gumla and Simdega Blocks, Tamarind per se was not new, but still there was excitement in the air. "people were complaining that they were not given any work. Most people who joined in did not really insist on being given any particular work. They simply wanted to be part of this historical moment" says Vivek Roy, Programme Coordinator at AROUSE, the agency founded to work among the tribal community in Jharkhand.

Vikas Bazar. Net, a network of organizations who are engaged in promoting market led livelihood promotion for marginal and small producers of Jharkhand.

2. **Tamarind**[2]

Tamarind or *Tamarindus indica* is a multi purpose tropical fruit which is used and cultivated in the sub-tropics and arid tropical regions. It is consumed fresh or in the processed form and is also used in seasoning or as a spice.

Tamarind is known by a variety of names of which the most commonly used is Imli in Hindi. It is a long-lived, evergreen tree with an average height ranging from 20-30 meters with a thick trunk of 1.5-2 metres and a circumference of almost 8 metres. The branches of the tree are widely spread, drooping at the ends but forming a rounded crown. The fruits are pods 5-10 cm long x 2 cm broad, oblong, curved or straight with rounded ends, somewhat compressed although brittle. Seed size is very variable and there maybe 320-700-1000 per kilo. In India it is mostly grown in the drier and warmer areas of the South and the Central part in home gardens, farmlands, bordering the roadside and on common lands.

In India, seed kernels are used in times of food scarcity in the districts of Chennai, Andhra and Madhya Pradesh and elsewhere, either alone or mixed with cereal flours. It is also used as a substitute or adulterant to coffee.

Essentially a tree of tropical climates, tamarind thrives under a maximum annual temperature ranging from 33-37 C to a minimum of 9.5-20 C. The trees are very sensitive to fire and frost and require protection when small.

[1] very soon Gumla's own Tamarind product Vanfal will be sold in Delhi

[2] Information in this section is based on El-Siddig, Gunasena, Prasad, Pushpakumara, Ramana, Vijayanand, Williams (2006) Tamarind, Tamarindus indica. Southampton Centre for Underutilised Crops, Southampton, UK.

Tamarind is a light demanding tree and grows very slowly. The tamarind tree is very resistant to strong winds, and can tolerate violent typhoons and cyclones. The tamarind tree can grow in a wide range of soils. In India, it tolerates sodic and saline soils where it grows in ravines and on degraded land. Tamarind can be established in the field by directly sowing seed or nursery.

India is the major sour tamarind producer in Asia. Its annual production is about 300,000 tonnes. Tamarind production in India is mainly concentrated in the drier southern states, and the produce is collected by villagers and sold in the open market. Tamarind is not grown on a plantation scale but trees in patches are common in the villages in many states. In some parts of India, it naturally regenerates on wastelands and forestlands.

The crop from Karnataka and Andhra Pradesh arrives in the market in January that from Maharashtra arrives in February and from Madhya Pradesh and Uttar Pradesh at the end of February.

India is the foremost exporter of tamarind and its products. Exports of fresh tamarind during 2001-2002 reached 1434.15 MT valued at about Rs 24 million. India has traditionally exported processed tamarind pulp to Western countries, mainly the European and Arab countries and more recently to the United States of America. The annual export to the US exceeds 10,000 tons earning about Indian Rs 100 million (US$2,165,000).

3. **Tamarind Market at Gumla and Simdega in Jharkhand** –

Simdega is one of the important markets in Jharkhand for Tamarind[3]. According to the APMC wise data available, the average arrival during the tamarind season Feb-may is to the tune of 15 MT per day. The annual trade in tamarind has increased from 720 MT in 2004-05 to 900 MT in 2006-07.

Tamarind is considered to be a Minor Forest Product (MFP) classified in India by the National Commission on Agriculture (quoted in Sekar et al., 1996). At a national level, over 50% of forest revenue and 70% of forest exports comes from MFPs, they provide 50% of income for 20-30% of rural people in India.

[3] Source: http://agmarknet.nic.in

Tamarind is marketed mainly by rural communities and forms a significant part of their income. The annual quantity and earnings from non wood forest products, including tamarind, per family in tribal villages of South Bihar and South West Bengal is reported to be substantial 220 kg of tamarind earning Rs 514 (Rao and Singh, 1996).There are two ways in which traders and middlemen source Tamarind. In some parts of the district, middle men visit the villages in Jan-Feb and purchase the tree for a fixed sum (see Box1). At other places, we find that the tribals prefer to sell it to the trader within or outside village. Throughout, our discussion we find that major fruit bearing trees are in the village or its vicinity. In most cases the trees form part of homestead.

Box 1. Discussion with Athenes Kerketta, at Gahara Nala Pul, 22 Kms from Simdega –

Athnes and his wife were collecting Mahua flowers along with his wife in the forest. They have two Tamarind trees back home. The couple lives in a village which is closer to Palkot. Middlemen come and buy tamarind trees in their village @ Rs. 600-3000 depending upon the likely yield and rates that year. *The lessee can not take any tamarind from the tree, however, he is free to collect all the tamarind that falls on the ground after a storm or any other cause which is natural. This is a loss for the trader.*

The ownership of the trees is with a family. Trees on common lands can not be used for personal profits. In most cases the community uses the sales proceed from sale of fruit on such lands for the benefit of the village.

The tribals often sell their produce in smaller lots to the traders. The usual quantum is 5-10 kgs. The selling takes place whenever; funds are needed at the household. During the season, one finds scores of people who become traders. Their modus operandi is simple; they line up the entire stretch of road from the village to the main market place (Gumla or Simdega) and try to buy the tamarind at source itself.

Shri. Premkumarji is one such shopkeeper/trader who belongs to Sahu community and set up his shop five years ago. At that time there were no shops on this road that connects Kudrum to Simdega. His is a small shop that has few items of daily needs. Bulk of his business comes from money lending or from trading in NTFPs. He has few contacts in Simdega and is well versed with the end user market for NTFPs. According to him,

a. The peak buying season for the traders is from early march to Ramnavmi (mid April). On any market day there are scores of people who set up temporary shops for collection of mahua and tamarind. The large traders at Simdega assure that there is no dearth of orders and market. At the end of the season the rates decline as the tamarind becomes black. The local tamarind fetches best price till ram navmi (around mid april), when the prices too are relatively higher. They start declining after that.

b. There is an entire new generation of jobbers and traders who have penetrated deep into the growing areas. There are more shops now in the rural areas than they were some years ago. They have replaced the traditional middlemen (who would come and book in advance) in this part of the district. These shopkeepers now trade in commodities in addition to traditional merchandizing in food grains etc. During the season almost every one becomes a trader and tries his hand at trading in NTFPs.

Box 1. Continued……..

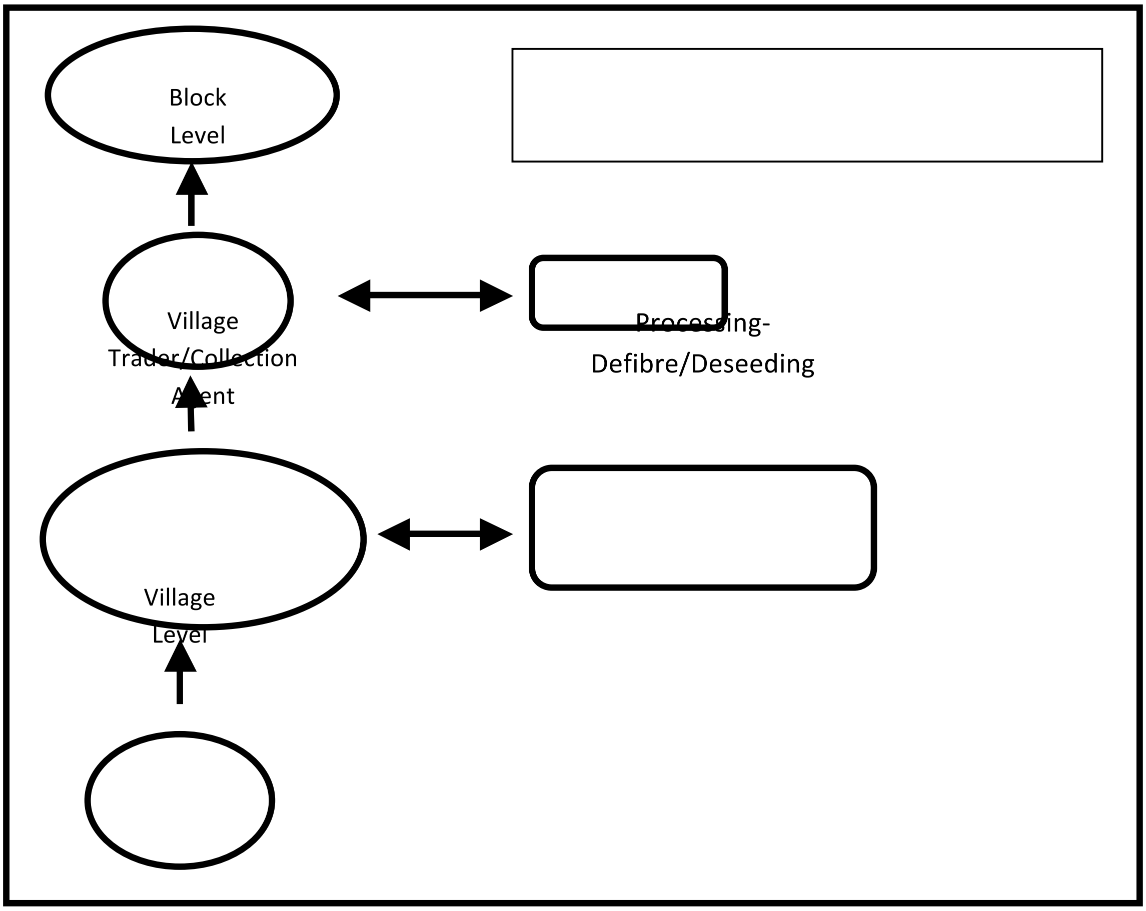
Traders employ "coolies" for de seeding before selling. These "coolies" are paid Rs. 3-4 per kg. The prevailing system is that the trader gives the entire quantity and takes back the whole quantity (fibre, seeds and tamarind). All these are weighed once again and if there is any shortfall the same is deducted from the payment.

c. The smaller traders then have two options. They may try to hire labour and go for value addition (see box 1) or they may sell it directly to the bigger traders. The smaller traders have limited financial and storage capacity and usually store upto 50 bags in their homes which doubles up as godown in these days. Decision on whether to sell or go for processing depends on price movements.

According to Shri. Kuldeep an NTFO trader who operates from outskirts of Gumla, the market for Tamarind in Gumla is about 100 trucks in the season. The tamarind season lasts from April – June. Much of the procurement happens in March (25%) and April (60%), balance being in May-June (15%). There are four grades of Tamarind that he procures, Grade 1 is De-seeded, Grade 2 is mixed variety, Grade 3 is one where the skin is removed and Grade 4 is one with skin, fibre and seed (as directly plucked from the tree). The rates for the mixed variety are Rs. 800 per quintal.

Ranchi, Gaya, Kolkatta, Raipur

Figure 1: Tamarind Supply Chain at Gumla/Simdega



Gumla traders follow Ranchi rates. There are also speculators who operate in the arbitrage markets in Ranchi and Delhi. To ensure that their firm makes profit he some times stores in godown and releases material when the prices are right. The stocks can be held upto two years in cold storage.

The larger traders like Shri. Nirmal Kumarji at Gumla have been in the business for over fifty years now. There are close to 50 NTFP dealing firms in Gumla alone. According to Nirmal ji the peculiar features of this trade are,

a. The operator should have holding power. He should have adequate working capital
b. Good sourcing contacts (meaning deep sourcing)
c. Should be dealing in volumes to neutralize the impact of lower margins
d. If the farmer/trader brings in fresh tamarind then the current rates are Rs. 8 per Kg (with seeds, skin and fibre). The dried and deseeded variety sells for Rs. 16-18 per kg. This means the approximate weight of seeds in a kilo of tamarind is 50%.
e. The rates are as decided by the south market (M/s Ganeshan at Theni in Tamilnadu is one of the largest players in the market). If there is good crop in the south the rates are depressed, where as a low harvest year has seen prices going upto Rs. 3000-4,000 per quintal. Delhi market closely follows the south market. Delhi market is mainly for the purposes of exports in Pakistan etc. If there are good rates within India much of tamarind is diverted to south or vice versa.
f. He should have adequate godown space so that the player can stay afloat for atleast two years.
g. It is important that the trader deal in multi commodity to ensure that his risks are spread. Trading in single commodity is risky

4. **AROUSE (Animation Rural Outreach Service)**

AROUSE is registered under the Societies Registration Act in 1993 and there was greater focus on outreach approach for comprehensive development. The programme level interventions have been designed strategically to address the backbone issues of tribal identity / tribal culture, education, economic development, legal aid, formation of organization of men, women and youths and they have been adequately focused upon. AROUSE got the opportunity to become a forum member of **Vikas Bazar.Net** with 13 other leading NGOs in Jharkhand.

Vision, mission, objective - Arouse's mission is to Prepare & promote socially united, culturally integrated, politically enlightened & Just tribal & other under-privileged communities through Animation, Organization, Mobilization, Capacity building, Networking & Advocacy, Assistance & Support for Sustainable Income Generation

Major areas of work – arouse mainly works with the Oraon, Kharia, Munda and Sadans are the major inhabitants of this region. Mostly the villagers belonging to these tribes come under the beneficiary group. AROUSE started as an extension for the outreach programs of St. Ignatius High School Gumla in 1978, functioning through 30 centers under the adult alphabetization program covering 52 villages in Gumla, Jharakhand.

Its major areas of work have been as under,

- Economic Development (Sericulture, Micro Projects, Food processing)
    - Irrigation
- Community Health
- Women's Empowerment
- Self Governance
- Local Resource Management
- Watershed
- Education
- Children's creches and Kindergartens

Reflecting over the initial days Fr. Aloysious at AROUSE- Simdega says "we started working on the issue of women's empowerment realizing that alcoholism was slowly killing the local economy. It had made tribal men indebted and most households had no asset what so ever." "There was an urgent need to intervene and we started the same with promoting womens collectives in the form of Self Help Groups (SHGs). These solidarity groups provided a much needed support to the women in the villages where we worked. Slowly, the groups started saving small amount and build a corpus over the years. As of now the most of the groups are linked with banks for credit. Many of the groups had received Rs. 25,000 or more as loans and had really no idea what could be done with this money" he says.

There were also questions about the need to focus on tribal development in Gumla and Simdega districts of Jharakhand and to link up various aspects programmatically in the context of Socio- economic empowerment, health, Education and tribal cultural identity etc.

5. **The Opportunity - Partnership with Trifed**

For over two years, AROUSE had been engaged in exploring options for promoting income generation activities for members of the over 300 SHGs promoted in Gumla and Simdega districts. Its initial efforts included sattu preparation, tea stall entrepreneurs, rice processing etc. Through its work in promotion of mulberry silk the organization had also built up links with TRIFED, a government promoted organization dedicated to marketing of tribal products.

AROUSE had a working relationship with TRIFED and many of its products were promoted by TRIFED. Table 1 provides the details of product wise, year wise sales statement for the last two years.

Table 1: Product wise, Year wise sales statement

				Amount in Rs.
	2007-08		2006-07	
	Clients/To TRIFED Ranchi	From AROUSE showroom	Clients/To TRIFED Ranchi	From AROUSE showroom
Silk Sarees	545,000	350,000	460,000	5,19,000
Pickles (Putkal, Ol, Bamboo)	72,200	155,000	95,100	125,000
Tamarind	42,608	4,335		

Jam/Jelly/Squash	21,200	49,100	63,100	27,100
Total Sales	**681,008**	**558,435**	**618,200**	**671,100**

The sales were mostly of Silk Sarees from the weavers centre set up by Arouse. “However, there was bigger opportunity and we were not quite sure as to how to tap it” says Vivek Roy. “The region had abundant supply of minor forest produce. Every one was aware that the local markets were imperfect and the collectors who were mostly from the tribal community often sold these at throw away prices” he adds. Arouse, did some intervention in trying to add value to the products but in most cases there were problems related to marketing. There were no forward linkages. Trifed was one such organization which could offer some potential.

Appointment of Shri. Ekka, IAS, as Managing Director of Trifed. Shri. Ekka hails from Jharkhand and realized that there existed potential for providing alternate market linkages to MFP from the tribal regions.

It was in mid February 2007 that Arouse team made a presentation before Trifed including the opportunities and constraints of marketing MFP. The team pointed out that while most of the raw material was available in plenty in the region; it was often sold at throwaway prices to middlemen to meet immediate needs. During this visit Mr. Vivek Roy also visited some of the TRIFED outlets in New Delhi to get an idea of the products sold, pricing and accepted packaging. He also bought some samples of processed rice, pickle and processed tamarind back to Gumla with him.

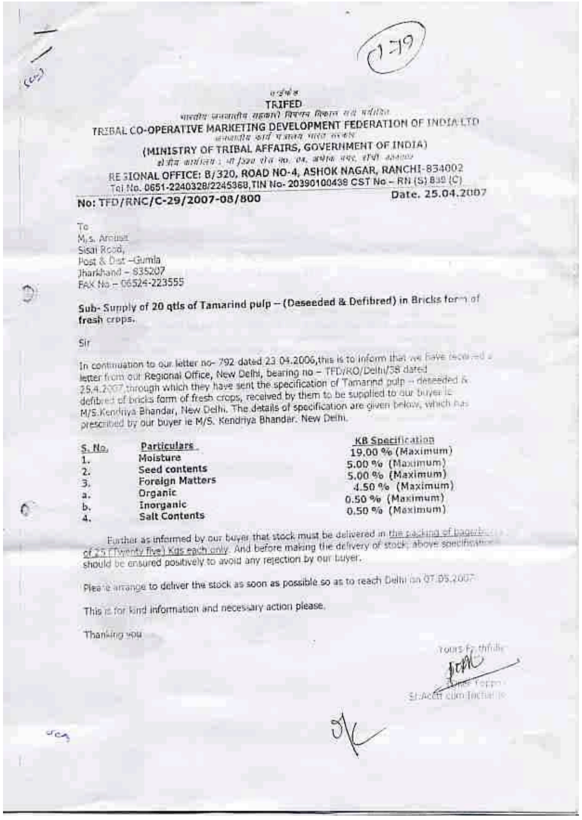
During the course of discussion the team came up with many suggestions for livelihood promotion using available natural and human resources such as mahua, tamarind, hand pounded urad dal, bel sherbat, green mango juice, hand pounded kulthi , hand pounded rice, black berry syrup, sal seed collection etcBack in the organization there was a discussion.

Choice was between two products, tamarind and mahua, both available in plenty.

After much brainstorming the members decided to go in for tamarind processing as mahua was mostly consumed in tribal homes in the form of home brewed beer, hence procurement of the same for supply would be difficult.

Tamarind was available in plenty in the season and availability was not a problem. As the local consumption was less, the entire quantity procured was sold in the market. The only challenge was that can Arouse better the existing and well established supply chain.

In the case of tamarind, the middlemen came to the villages in the month of February and bought all the trees at a village auction. This meant that they would buy all the produce of the tree at the decided price. A second mechanism was that women collected tamarind in small quantities themselves and sold it to the middlemen in the local haat. The middlemen were favoured as they provided a doorstep collection and payment service, though a low price. In the absence of other marketing outlets, this provided a reasonable way to earn some cash during the lean season.



TRIFED
TRIBAL CO-OPERATIVE MARKETING DEVELOPMENT FEDERATION OF INDIA LTD
(MINISTRY OF TRIBAL AFFAIRS, GOVERNMENT OF INDIA)
REGIONAL OFFICE: B/320, ROAD NO-4, ASHOK NAGAR, RANCHI-834002
Tel No. 0651-2240328/2245368,TIN No- 20390100438 CST No – RN (S) 838 (C)

No: TFD/RNC/C-29/2007-08/800 Date. 25.04.2007

To
M/s. Arouse
Sisai Road,
Post & Dist –Gumla
Jharkhand – 835207
FAX No – 06524-223555

Sub- Supply of 20 qtls of Tamarind pulp – (Deseeded & Defibred) in Bricks form of fresh crops.

Sir

In continuation to our letter no- 792 dated 23.04.2006,this is to inform that we have received a letter from our Regional Office, New Delhi, bearing no – TFD/RO/Delhi/38 dated 25.4.2007,through which they have sent the specification of Tamarind pulp – deseeded & defibred of bricks form of fresh crops, received by them to be supplied to our buyer ie M/S.Kendriya Bhandar, New Delhi. The details of specification are given below, which has prescribed by our buyer ie M/S. Kendriya Bhandar. New Delhi.

S. No.	Particulars	KB Specification
1.	Moisture	19.00 % (Maximum)
2.	Seed contents	5.00 % (Maximum)
3.	Foreign Matters	5.00 % (Maximum)
a.	Organic	4.50 % (Maximum)
b.	Inorganic	0.50 % (Maximum)
4.	Salt Contents	0.50 % (Maximum)

Further as informed by our buyer that stock must be delivered in the packing of bags/boxes of 25 (Twenty five) Kgs each only. And before making the delivery of stock, above specification should be ensured positively to avoid any rejection by our buyer.

Please arrange to deliver the stock as soon as possible so as to reach Delhi on 07.05.2007

This is for kind information and necessary action please.

Thanking you

Yours Faithfully
St.Acctt cum Incharge

The issue was discussed with some of the SHG members too and they all liked the idea. Arouse made some quick visits to the villages and found that it could still procure the required quantity for supply. Most women in the village welcomed the idea and assured their support in collecting Tamarind.

Based on the discussions TRIFED agreed to place an initial order of 20 quintals of raw tamarind and asked for a sample. AROUSE team quoted a price of Rs. 25 per kg(on what basis they calculated this price) and sent the samples of the deseeded and defibred tamarind brick with the upper layer turned inside out to TRIFED Delhi for approval. It was approved within 2-3 days. However, there was a change. TRIFED now wanted 20 quintals of tamarind bricks i.e.. 40 quintals of raw tamarind. The bricks would have to be packed in 500 grams pack and to be delivered at TRIFED-Ranchi by 30th April ,2007. TRIFED also asked for a reduction in price and agreed for Rs. 23 per kg.

There was not agreement as such signed but an order letter by Trifed that Arouse need to supply 20 quintals of deseeded- defibred Tamarind in half a kilo pack size. echnical specifications related to percentage of moisture, fibres was also indicated. (see picture)

The goods were to be delivered to Ranchi office of Trifed for onward supply to Kendriya Bhandar in Delhi.

Arouse also felt that they should brand their product. It was decided that the existing brand “Banfal” would be extended to tamarind as well. “An often neglected part in supply chain is the brand building and we felt that branding tamarind will also help in higher customer recall and ensure that our other products could also be sold, once the customer starts liking tamarind” says Vivek.

It was 18th April then.

6. The Process

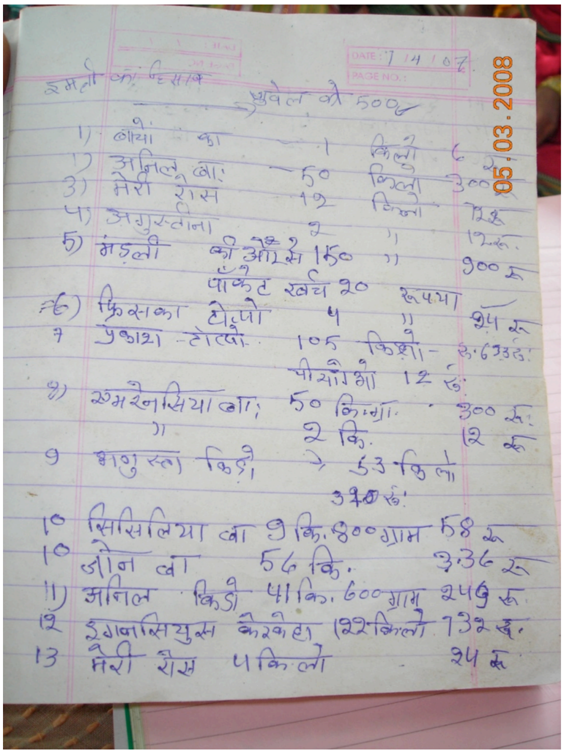
Tamarind processing involves removing seeds and removing fibre of tamarind. This tamarind is then mixed with mustard oil and salt and then dried in the sun for a day. The dried tamarind is then put into wooden frames and then made into bricks. The top layer of the tamarind is turned inside out for better preservation so that it looks like a flower before final packaging takes place. The bricks are labelled and packed in polythene and sealed. These are packed in large cartons for transport to the end destination.

6.1. Tamarind Collection and Procurement

rouse engaged in collection of tamarind from various groups located in far off villages. These villages were selected based on the feedback from the social workers and activities of the mahila mandals. Accodingly, Kolbahar, Bolwa, Keshalpur and Gulbahar villages were selected. In these villages the SHGs purchased the tamarind from their own villages and from neighbouring villages.

Given the urgency of the situation Arouse decided to focus on procurement.

The groups immediately got into the act. It was decided that much of Tamarind would be procured from Simdega and therefore Simdega unit was entrusted with the target of procuring 40 quintals of raw tamarind. The Simdega team immediately got in touch with the pre-selected groups.

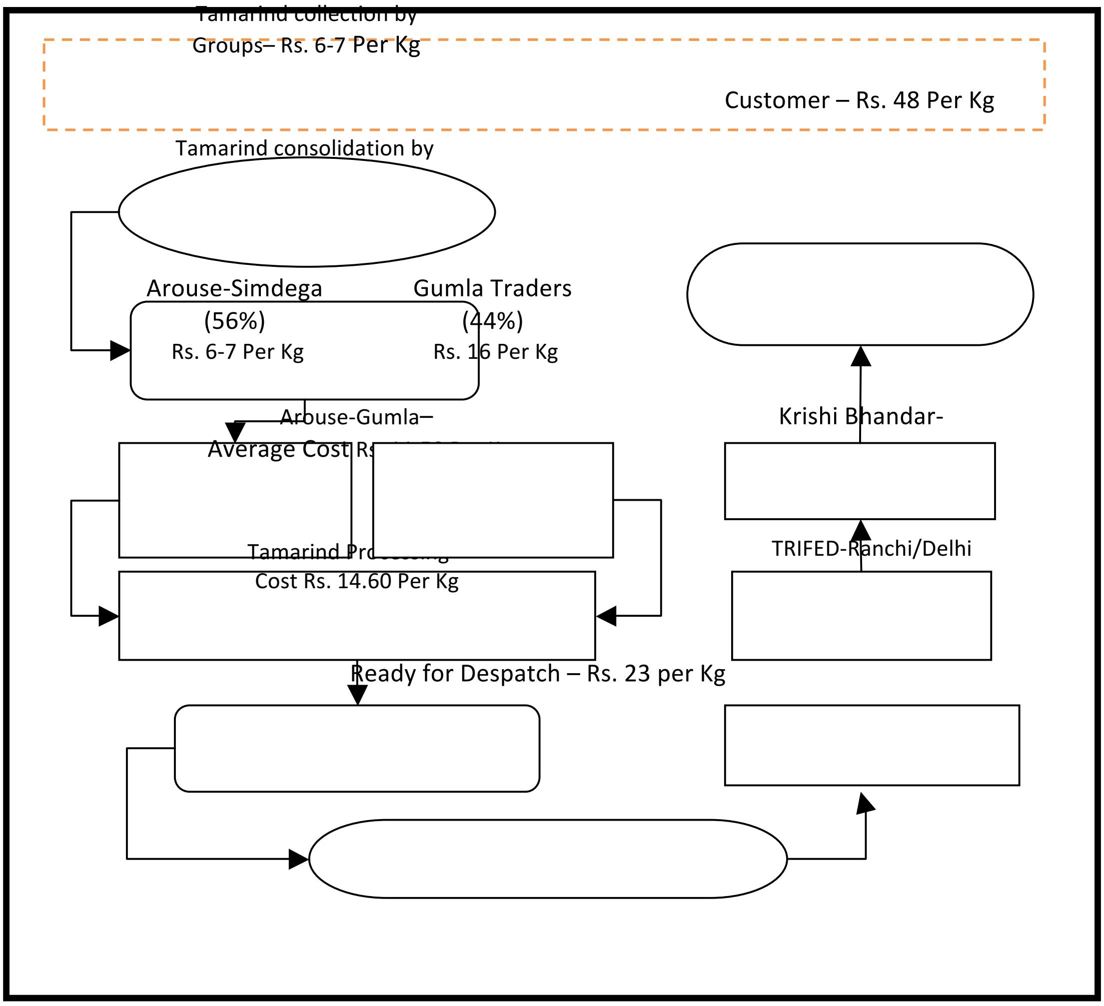


Such was the enthusiasm and personal involvement that every one in the village went out in search of Tamarind, what ever was left, traders were warned that they should stay away from these villages and a general dictum was issued by the groups that all tamarind must be collected and delivered to the group only. Says the group almost in cohesion at village Kolbahar, Panchayat- Kairbeda in Simdega. Every one contributed including men, and children. The group meticulously maintained record of each kilogram that was procured (see picture)

"It was like we wanted to prove that we too can deliver, if given an opportunity" says Clara Kido, one of the members of SHG.

Figure 2 provides details of the procurement process at Arouse. The tamarind is collected by individuals in the villages. In all Kgs of Tamarind was collected by groups. Annexure 2 note 2 provides the details of tamarind collection.

Figure 2 – Tamarind Procurement and Processing at Arouse



This was then consolidated at the group level. The process of consolidation involved groups actually buying the Tamarind in competition with the private traders. The purchase price was fixed at Rs. 7/- which was prescribed by Arouse after market study.

6.2. Deseeding and Removing Fibre from Tamarind :

This is a time consuming but essential process. At the operational level 23 women were engaged in the activity of removing the skin, fibre and seeds. This activity required 110 person days worth of effort. Arouse paid wages @ Rs. 60 per day to these women. This group was able to process 19.92 quintals of tamarind. In all, 23 women were engaged and they were paid wages @ Rs. 60 per day totalling Rs. 6,630.

At that time the prevailing rate for this activity in the outside was Rs. 2.50 per kg.

Box 1 – Tamarind Processing – Experience of Arouse

AROUSE had planned that it would get the raw material from the SHGs and process it in house using a trained manpower. Central processing would ensure maintenance of minimum quality and uniform packing. "However, we had misjudged the time and effort that would be required for the same" says Nandini.

"On day one, 3 women who were enagaged at Rs. 60 per day worked and the total tamarind deseeded and defibred was only 3kg" says Vivek, a professional at AROUSE.

Changing strategy

Time was short, therefore it was decided to send at least half of the produce back to the SHGs for first level processing ie SHG women would deseed and defibre the tamarind before sending it to AROUSE. This would be faster as a large number of women would be involved and part of the price would also accrue to the SHG groups. Rates were negotiated and 10 quintals were given to 6 SHGs at 3Rs /kg.

After three days on 23 April AROUSE staff went for a Haat survey in Gumla market to procure 20 quintals of more tamarind that would be necessary to produce 20 quintals of tamarind bricks. They found that women were selling tamarind that they had collected individually to the traders there. The tamarind was of variable quality and in small quantities. Hence it made more market sense to procure quality tamarind from the second level aggregators ie the middlemen. The bargained with the middlemen to part with the best quality of their product at Rs 16/- kg .They bought 11 quintals at this price. One quintal extra was procured to allow for spoilage or other problems.

6.3. Tamarind Packaging: Tamarind processing involves removing seeds and removing fibre of tamarind. This tamarind is then mixed with mustard oil and salt and then dried in the sun for a day. The dried tamarind is then put into wooden frames and then made into bricks. The top layer of the tamarind is turned inside out for better preservation so that it looks like a flower before final packaging takes place.

In the packaging activity two women were engaged in applying oil and salt, weighing it in half kilo lots. These lots were then given the shape of a brick using a wooden frame. In all 18 frames were in use. These are made of wood and were procured locally based on the design developed inhouse. Use of a frame enables a person engaged in packing to ensure uniformity in pack size, appearance and quantity. In all, 20 women were engaged and they were paid wages @ Rs. 60 per day totalling Rs. 5,700.

Plastic Pouches for packaging acquired from Upper Bazar Ranchi @ Rs. 4 per hundred. Hoewever, the minimum quantity that one has to buy was 5,000 pieces which were purchased for Rs. 200. paise per piece. The labels printing and lamination cost was Rs. 1.75/- per piece.

These individual packets were repacked in larger cartons. Each carton could hold 50 packets. The carton was sealed with plastic grain clothing. Given the nature of this activity local youths were engaged in this activity. In all, 13 youths were engaged and they were paid wages @ Rs. 70 per day totalling Rs. 3,565.

6.4. Transport: The packed cartons were then transported in a truck to Ranchi as per the order. Transport charges ex- Gumla were borne by Trifed.

6.5. Pricing and other terms and conditions – In March 2008, Arouse quoted a price of Rs. 25 per kg for tamarind as per the specifications of Trifed. Trifed asked for a further reduction in rates and the contract was agreed at Rs. 23 per Kg. The entire quantity was to have been supplied at Trifed's outlet at Ranchi.

6.6. Sale of Tamarind – On **2nd of May 2007**, Arouse shipped 1850 Kgs of Tamarind packed in 74 cartons of 25 Kgs each.

7. **Outcomes** – the case hints at some important outcomes for Arouse.

One of the more substantial non financial gains for the community and Arouse has been that they have “gone through” the cycle. It had its own share of ups and downs but at the end what was important that it was able to deliver the product as committed. This has helped it build credibility with trifed. For the community, they derived great sense of satisfaction and begin part of a unique experiment. It is one thing to see a packaged product and another to be a part of the creative process. Through the process of branding and packaging a sense of ownership was evident.

When one talks to these women in their villages, one can feel the excitement. For most of the women it was not price of tamarind or market that was important. What was crucial was the fact that “they” were part of the process. Many of the women whom I met said they had learnt “business”. The change is more pronounced in the case of members of Self Help group and others involved in the process however look at this differently beyond numbers. Members of Beli and Soshan group are already planning and asking when the procurement would begin this year. For women they were excited that they have finally done “Business”. The use of the term was quite significant.

When commodity is productized there is a sudden sense of pride among the people who are engaged in production. We find that for many women in the SHG, the biggest driver was the facts that there was a Name to their product; that they were engaged in giving name to something which was hitherto unknown.

As for financial outcomes, Arouse did not earn surplus on the initiative. Annexure 1 provides the necessary details. As is evident from the worksheet, there was a net loss of Rs. 12.96 Per Kg in the deal. As against the cost of production of Rs. 35.96 Per Kilogram, the selling price was Rs. 23 Per Kilo.

There are several reasons for this and in this section we look at the costs and economics of the initiative.

Why did Arouse incur loss? we start our discussion by understanding costs. Annexure 2 and 3 provides analysis of costs incurred.

Procurement costs – there were two sources of supply of tamarind. From the members Arouse purchased raw and processed tamarind at an average rate of Rs. 7.08 per kg. The same quality of tamarind was purchased from the traders at Rs. 16 a kilo. This was because of the

Box 2 – Did the groups made profit

We posed this question to the SHG members after all there was no difference in their cost of purchase and rate at which the groups supplied to Arouse.

Members of Beli group showed their books and said they had made profit in the deal. The source of difference is weight differences! The members said that it is often the excess half a kilo that is never counted by any one results in profit.

urgency involved and few choices existed for Arouse.

This makes an average procurement rate of tamarind at Rs. 11.04 per kg. Data tells us that the per centage of wastage (fibre and seeds) was much higher in the case of material procured from the SHGs (60%). (In practice people already remove about 30 per cent of such fibre before they sell it to the traders). This also contributed to higher cost of procurement.

The pricing calculations were based on an average procurement price of Rs. 7 per kg.

Processing costs - The cost of procurement and processing Tamarind inhouse (within Arouse) is much higher at Rs. 26 a kilo versus Rs. 16 at which it procured from outside. This is primarily because of method of payment of processing charges. Market pays on unit basis whereas arouse had to pay on daily basis ignoring the productivity factor. If it would have paid wages at market rates the cost would have decreased to Rs. 20 a kilo (case 3) and if we take into account the fact that seeds also have a market (case 4) and therefore one needs to reduce this cost as well the cost comes to Rs. 16 a kilo which is what is the prevailing rates.

As for expenditure on packaging materials, Arouse had to incur an expense of Rs. 1.75 per packet as packaging expense. Given the economics of ordering the minimum order was for 5,000 labels while the actual number of packs was 1,850. In the absence of any further order, the remaining labels are scrap. This resulted in higher incidence of packaging expense.

8. **Learning's** – The case provides several insights in the form of experience of participating in market. In this section we look at some of the reasons as to why the operation incurred losses and hence not commercially viable at prevailing terms and conditions.

8.1. **Product Pricing Strategy** – Arouse's strategy was based on Cost principles. It had calculated the price quoted to TRIFED based on the input costs. However, it missed out the fact that the final product that was being sold was in the consumer market in a productized form. Many NGOs often make the mistake of following cost based pricing in a situation where customer perceptions are also important.

8.2. **Payment of Wages** – this is one contentious area where different payment methods (piece or fixed) makes products sold by NGOs uncompetitive. Most NGOs pay fixed wages whereas market pays on the basis of productivity. What can perhaps be a way out is payment of base wages which are fixed and there has to be a variable portion that is based on output. This could perhaps ensure that members interest is protected as well as they are rewarded for higher productivity.

8.3. **Moving from Commodity Markets to Product Market** – Productization happens when commodities are branded. This allows a producer to charge differential pricing by creating a niche in the market place. NGOs participating in providing market linkages in the rural areas need understanding and capacity to intervene in both the markets. In practice manufacturers of agro based products do not enter into input supply chain but concentrate more on product market.

8.4. **Understanding commodity markets –**

Reactions from existing players in the market – the local tamarind market reacted in a very typical way. One of the often quoted cases of discrimination against tribals is that they are forced to sell their produce at whatever rates in their village as they do not have access to markets.

There is a need to revisit some of the old paradigms that one has about role of middleman and trader. Over the last few years supply chain relationships have undergone a change. There is increased competition at all levels including sourcing. In the case of NTFP there exists a supply side constraint and therefore, more competition has resulted in a situation where prices are more or less market determined.

A second response of traders has been cartelization that has resulted in near uniform prices at the village level as also block level and thus there is no incentive to carry the material to the block for selling.

Can we beat the market? Often this is a question that one often asks in an intervention such as this. As Annexure 3 tells us, in reality there is no difference. Then how do private traders make profit? This question was asked repeatedly to many traders whom the case writer interviewed. Almost everyone agreed that things have changed because of competition. One can no longer play on price alone as information reaches within hours. It takes precisely half an hour for the days price information to travel all the way from Theni, Tamilnadu to Gumla, Jharkhand. This means there are limited arbitrage opportunities.

Traders now prefer to compete on the basis of how much stock one is able to corner. Given the fact the supply of tamarind is finite in a particular region (seasonal product). A trader who has more stock (deeper pockets) can afford to trade in the market.

This is only an illustration but for a livelihood promoting institution it is important to understand these forward and backward calculations.

Which market do we participate in? An intervening organization needs to define for itself the market in which it seeks to operate. Figure 2 gives the relative position of Arouse.

On the commodity market side is the entire supply chain from village level aggregators to traders in Gumla, Ranchi, Delhi and elsewhere. On the other hand when it is sold as "Banfal", a branded commodity, it enters the product market. It is now a part of consumer market. This market is characterized by high levels of competition and fragmented supply chain partners (retailers). Trifed as an organization is more of an indenting agent which merely helped Arouse access alternate retail chain partners (Kendriya Bhandar-Delhi) which in turn sold the same product to retail outlets in Delhi for onward sale to customer.

How do market players make money? The term making money is being used deliberately and conveys that any economic activity should generate adequate cash surplus so that it is sustainable. We find through our discussions with the petty traders and wholesalers alike that they all deal in multiple products. This allows them to hold on to stocks when prices are low and sell when prices are high.

Another method that we learn after meeting the traders is that there is not so much profit in buying raw tamarind but it is in deeseding and defibre activity that there are opportunities for the smaller trader to earn profits. This is possible through a method where additional labour is employed for cleaning operations on terms which could be in favour of the trader (see section 2). There are then opportunities to increase profits through differences in weighment at each stage.

8.5. The tribals traditionally follow sustainable collection practices including preservation of seeds locally. Thus, harvesting is done in smaller quantity. This in a way is an excellent risk mitigation mechanism. A fruit on the tree gains weight whereas if it is removed deteriorates in quality fast. It helps them take advantage of price fluctuations by averaging out prices. We find that the average selling quantity per- person per-transaction to about 5 -10 Kgs.

For an NGO which does not have the supply chain set up such frequent visits add up to costs. Further, if a centralized collection centre is established it may remain under utilized as there is no significant gain to the person who has to incur additional expense in transporting the produce.

This has the effect of increasing procurement costs for an organized entity.

8.6. **Role of Trifed** – in the liberalized era it is important to understand that just because a government agency exists for promotion of trade and market linkages does not mean that commercial interests would be compromised. After Arouse quoted the price the order size had doubled to 40 quintals for the simple reason that the price quoted by Arouse was almost fifty percent of the prevailing maximum retail price. One needs to be cautious about this aspect also.

If we look at the role of Trifed in the entire process (see figure 2) one finds that it has tried to provide an alternative to the NTFP sellers and to that extent the efforts are commendable. However, the challenge is whether the new supply chain is competitive and efficient. It is only then the end consumer and producer will gain.

8.7. **Promoting Livelihoods – challenges** - It is important to understand this for an organization engaged in promoting livelihoods. The best yielding elite trees in Bangalore have pod yields ranging from 250-350 kg/tree and pulp yields of 100-175 kg/tree (Kulkarni et al.,1993). The average production in India is in the region of 175 Kgs. At current rates this means an income of Rs. 1,225/- per tree per annum. Both the individual household and trader are engaged in trading of multiple products that are sourced from the forests. To impact livelihoods, the challenge before the intervening agency is that it should have capability of dealing in multiple commodities and not just Tamarind or Mahua.

8.8. **And yet there are opportunities,** *inspite of the above there are several opportunities whicih exist. Agro-processing or NTFP processing is by nature labour intensive. The collection itself is a challenge because "production" centres are fragmented. And therefore there is no substitute for human interface. The Arouse case has demonstrated that there has been a net transfer of money to the women in the village in the form of wages and cost of tamarind. It becomes all the more attractive when one considers that the cost of production is almost zero. This is true in a whole range of NTFPs on which tribals depend. . What is needed is development of collection efficiency, sustainable harvesting to ensure that the resources continue to provide benefits.*

Experience of Beli Group suggests that there exist several groups that have better understanding of production and marketing cycle. And therefore development organizations will have to invest in their own capacity so that they do not deal in one exclusive commodity or trade such as mahua or Tamarind, but look at it in a holistic manner to include all the possible NTFPs that contribute to a households earning basket.

9. Acknowledgement

The case writer would like to place on record the support received from women from the self help groups, traders and commodity dealers, professionals at Arouse for providing information that made it possible to complete this case. It has been an enriching experience and I do believe the learning's will help Vikas Bazar.net partners in further strengthening their livelihood initiative.

List of Annexures

1. Travel Plan and List of persons met

Day	Date	Details
1, Gumla	4 March 2008	Arrival at Ranchi, Meeting with Ms. Gitanjali Das Meeting with Mr. Vivek Roy at Arouse-Gumla Meeting with the Group of Women (33) engaged in Processing of Tamarind Visit to Market and meeting traders (3) M/s Sanjay Kumar, Nirmal Kumarji Agrawal, Shri. Kuldeep Gupta
2, Simdega	5 March 2008	Meeting with Shri. Athnes Kirketta and Wife at Palkot in a forest engaged in tamarind/mahua collection Fr. Aloysious Meeting SHG Women (2 groups, 35 women) at Village Kolbahar Panchayat- Kairbeda, Simdega Visit to Kudrum Village, meeting with Ms. Jasintha Dungdung, Secretary of Mahila Mandal Meeting with Shri. Prem Kumarji and Ramdas, Petty Traders at Kudum Village
3, Simdega	6 March 2008	Visit to Simdega Market, Interaction with tamarind dealers (3), Shri. Amit,
4, Ranchi	7 March 2008	Meeting with Ms. Gitanjali Das and Mr. Vivek Roy Exchange of data and preliminary findings

2. Statement of Cost of Production and Profit for Tamarind Order

Cost Sheet					
			Amount in Rs.	Quantity-Kgs	
1	**Cost of Raw Tamarind Procured (Note 1)**		14,094	1,992	56%
2	**Cost of Processed Tamarind Procured (Note 2)**		25,496	1,594	44%
	Raw Materials Cost		39,590	3,585	
	Less: wastages and losses				
	Fibre and skin @ 20% of Raw Tamarind			398	
	Seeds @ 40% of Raw Tamarind			797	
	Samples and Wastages			540	
	Net	**60%**	**39,590**	**1,850**	21
3	**Cost of Processing (Note 3)**	15%	9,705		
4	**Wage Cost (Note 4)**	24%	15,888		
5	**Frame**	2%	1,350		
	Total Cost of Production		**66,533**	1,850	
	Cost Per Kilogram		35.96		
	Selling Price		23.00		
	Profit/(Loss)		(12.96)		
	Notes				
	1. Details of Raw Tamarind Purchased				
	Village name/Group	Type	Tamarind – Kgs	Rate	Total
	Kolbahar/Simdega - Beli	Raw	700.00	7.00	4,900.00
	Kolbahar/Simdega - Sosan	Raw	1,007.50	7.00	7,052.50
	Salaya Toli	Raw	21.50	6.00	129.00
	Salaya Toli	Raw	50.00	6.25	312.50
	Sub Total - A		1,779.00	6.56	12,394.00
	Kolbahar/Simdega - Beli	Deskinned Tamarind	143.50	8.00	1,148.00
	Kolbahar/Simdega - Sosan	Deskinned Tamarind	69.00	8.00	552.00
	Sub Total - B		212.50	8.00	1,700.00
	TOTAL		1,991.50	7.08	14,094.00
	2. Details of Deseeded, Defibred Tamarind Purchased				
	Source	Tamarind – Kgs	Rate	Total	
	M/s Sanjay Kumar, Gumla	1,028.50	16.00	16,456.00	
	M/s Sanjay Kumar, Gumla	487.00	16.00	7,792.00	
		1,515.50		24,248.00	
	St. Mary's Simdega	78.00	16.00	1,248.00	
		1,593.50	16.00	25,496.00	

	3. Cost of Processing				
	Mustard Oil	300			
	Salt	90			
	Packaging Materials				
	Labels and Plastic cover (5000 Nos @ Rs. 1.75)	8,750			
	Jute Bags	165			
	Carton	400			
		9,705			
	4. Wage Cost				
	Activity				
		Persons engaged	Average Wages Rate	Person Days Wages Generated	Wages Paid
	Collection of Tamarind				
	Removing Skin, Fibre and Seeds-W	23	60	84	5,063
	Brick Making - W	20	60	121	7,260
	Packing into Cartons, Loading and Unloading - M	13	69	52	3,565
		56	189	257	15,888

3. Annexure 2: Details of Tamarind Collected by Groups

	Case 1		Case 2		Case 3		Case 4	
Cost Sheet	Inhouse Processing Cost of Tamarind		Comparative cost of direct purchase		When market wages are paid		If seeds were sold as by products and market wages paid	
	Amount in Rs.	Quantity-Kgs	Amount in Rs.	Quantity-Kgs	Amount in Rs.	Quantity-Kgs	Amount in Rs.	Quantity-Kgs
Cost of Raw Tamarind Procured	14,094	1,992	25,496	1,594	14,094	1,992	14,094	1,992
Wage Cost (excluding packaging)	6,630				1,992		1,992	
Sub Total – A	20,724	1,992	25,496	1,594	16,086	1,992	16,086	1,992
Less: wastages and losses								
Fibre and skin - 20%		398				398		398
Seeds - 40%		797				797	3,186	797
Sub Total - B	-	1,195	-	-	-	1,195	3,186	1,195
Total A+B	20,724	797	25,496	1,594	16,086	797	12,899	797
Cost Per Kg.	26		16		20		16	