



Organic Market Development



Natural Resource Enterprise, Fair Trade, Alternative Certification, Green Shops, NTFP Markets

‘World Challenge! 2008 - Cliff Hanger’

(The BBC World Challenge 2008 team made a docu film on the OMD work calling it Cliff Hanger)

The euphoria has settled and normalcy prevails. The year has put its share of challenges to Organic Market Development (OMD) team, a year of consolidation and stabilization. The financials do not look really rosy, nevertheless it shows the change in trend of growth. Looking at the previous year where the turnover rise did not result in a net profit, the steps to improve the profitability were taken this year. The aim to achieve 35% growth which was consistent over the past three years is under pressure because of the prevailing economic recession. Key decisions on supplies and price stabilization with the production centers were taken this year and sources of anomalies identified and remedial measures were taken. There are more that need to be addressed, for example FPO license.

Organic Market Development (OMD) took shape after Mike Jenkins' (Ernst & Young's Assignee in 2007) Business Plan was adopted and the strategic bifurcation of Production Center Development (PCD) and OMD lent focus to Hive operations. Initially, there were some teething problems which were sorted out by regular meetings between the teams. Value addition centers come under the purview of PCD and all supplies are dealt by PCD team. Hive started placing orders as a monthly forecast. Volumes have improved from the centers and supplies have been steady from Thumbitha Kadu and Kurumbadi. This year IFFAD (International Foundation for Fair Trade and Development) Chennai, did not place any orders for candles which hit operations in Semmanarai Center. Both PCD and OMD agreed to stabilize supply prices for one year for all products which helped in assessing demand and consumer preference.

This year the focus on increasing sales through retail through our Green Shops came into effect. Green Shops contribute 60% of the turnover and Hive contributing 40% through wholesale. Overall, turnover has gone up by 5% from April to December, year over year. Hive operations were streamlined in terms of finance and personnel. Sundry debtors were brought to one bill outstanding and 30 day credit period terms and efforts made to bring the one bill outstanding and 30 day credit period for suppliers came out fairly successfully except for Kumbaya and Kullu Karishma who extend us a longer credit period. Capping operating costs which stands at 30% currently and achieving a net surplus of 10% is the target set for the financial year ending March 2009. This is being done by increasing sales in the Green Shops with set targets and bringing in efficiencies in the activities at Hive as well as Green Shops. Better space utilization and adding new counters at Green Shops have been discussed and being operationalized currently. The Hive team which worked on a wage basis have joined the Keystone Team as of December 2008 are assigned with specific responsibilities and outputs to measure their performance.

1. Trade Mark Registration: During 2003, the need to register the brand name of Keystone "Last Forest" had become urgent because of the duplication of the brand by some local traders. The process, initiated during the year has taken its own time to come to fruition. After a series of hearings and one objection from Heinz & Company which objected to the "Keystone" brand being registered under food. The objection was withdrawn with the assurance from us that the brand will not be used on condiments. Both "Last Forest" and "Keystone" logos were registered as Trade Marks under Section 30 (staple foods) especially for honey and certificates were received.



LAST FOREST



In December, the application for getting Toda embroidery under Geographic Indication (GI) was undertaken with the help of Winlexis from Bangalore. A Consultative Group Meeting (CGM) to present the uniqueness and distinctiveness of Toda Embroidery was organized at Bee Museum, Ooty to the panel of appraisers who endorsed the uniqueness and have informally agreed to place Toda embroidery under GI, subject to further

information being supplied. The actual registration will happen during the first quarter of 2009. While the meeting was organized, the advantages of registering Green Shop and *Coffea*, the brand for coffee from Nilgiris were discussed and the process is initiated.



2. Organic Bazaar: We continued the Bazaar in spite of the challenges during the year to find volumes and varieties. This activity did not generate surplus this year and ended up in a loss to the tune of one lakh rupees. This program was initially funded by Institute for Integrated Rural Development (IIRD) for two years. Since the way it took shape here and taking into account the different model this bazaar is developing in the hilly area and indigenous communities context (which made the reporting cumbersome), we decided to run the program from our own resources. The interest it has generated is considerable and we hope to turn around the program profitably in the coming year.

3. Software: Pioneer Technologies, a local retail software group has installed its Billing Software in the Green Shops and as usual the effort to build a customized software for Hive Operations ran into trouble. The software is online and working now. More features and functions are to be added to make it robust. At present, the software is working in the Green Shops and also at Hive without major problems. It is still a puzzle, why it is so difficult to develop a software to suit our enterprise operations?

4. Fair Trade: Our network partner International Foundation For Fair Trade and Development (IFFAD), Chennai is now part of International Federation for Alternative Trade (IFAT) which entitles partner organizations to use the Fair Trade Organization (FTO) logo on products. On World Fair Trade Day which was celebrated on the 9th of May 2008, IFFAD held its AGM at Keystone Center and its Board Meeting at Bee Museum, Ooty. The use of FTO label is bringing recognition from discerning customers.

5. Participatory Guarantee Systems (PGS): Participatory Guarantee Systems has reached its prime aim of becoming a certification system. The process is complete and the final logo is being used currently on our coffee. The PGS India Council is responsible for maintaining the database of member groups and the regional groups (currently NGOs) and the farmer groups have been formed. Formalized procedure and the simplification of the system have attracted attention from all quarters. The potential for PGS certification to attract and hold customer loyalty will be visible in the coming years. Few other products like millets, groundnut oil and groundnut have been introduced in the market and more are expected to hit the market in the near future.





6. Honey Purchase: Contrasting the previous year's high, the honey procurement fell to an all time low of around 1000 kgs at Hive. This was shocking and was mainly due to the untimely rains during February which affected the flowering. We have managed the downturn by outsourcing honey from Kumabaya and Thumbithakadu. We also decided to give a bonus to the honey hunters and the bonus distribution coincided with the BBC filming for the World Challenge 08. A system will be evolved in the coming year for distribution of share of profits to the honey hunters.

7. Coffee Launch: Over the years, coffee has assumed importance as a product from the indigenous communities' homestead. The advantage of having the entire process under control for ensuring and improving quality of the coffee led to the set up of a full-fledged Coffee Unit (a long felt need and a dream fulfilled) The name *Coffea'* (100% Arabica!) and the packaging appealed to the customers and the formal launch of the coffee at Green Shop Ooty turned out to be an instant hit.



8. Maya Organic, Himmat: The products from Maya Organic, a worker owned enterprise situated in Bangalore, were added to the product range of Green Shops. Himmat, another organization working with the widows of Godhra carnage, which produces garments and bags, supplied their products to Green Shops. The responses from the customers were fairly good.

9. Acres Wild Cheese: Cheese produced in the Nilgiris and organically is special. This new product is in the shelves of Green Shop, Ooty and Green Shop, Coonoor increasing the range of offer to our customers. It has also attracted many cheese lovers and hoteliers in Ooty.

10. Coimbatore & Mysore shop plans: The opportunity to set up Green Shops in

Mysore and Coimbatore surfaced this year through our partner organizations. Preliminary discussions and suitability of the places were assessed. Further steps will be taken in the coming year to put the plans into action. A new franchisee model is being developed currently.



World Challenge 2008 Finalist

BBC World conducts a competition for grass root level enterprises called World Challenge every year. The competition is at two levels. Preliminary selection is done by a panel and the winner is decided by popular vote through email. The competition awards one winner and two runner ups with \$20000 & \$10000 respectively. In 2008, Keystone was chosen as one of the twelve finalists who fought for the honour. We have spread the word through email, posters and a small bookmark. We were very eager and confident of winning the prize. Ultimately, the price went to a beekeeping venture by women in Pakistan. Though disappointing, the recognition this event has brought is enormous and the event has reinforced our confidence and conviction on the Enterprise program area of the organization.



Sales Analysis - 2008

(all values in 000s)

2008	GS Cnr	GS Ktg	GS Qty	Hive	Total
January	105	70	75	138	388
February	119	44	81	517	762
March	157	100	57	264	577
April	173	53	83	151	461
May	164	82	142	213	601
June	121	79	61	154	417
July	99	65	86	199	449
August	114	78	111	230	533
September	103	78	60	130	371
October	105	52	98	203	458
November	74	51	89	164	377
December	163	71	138	241	614
Total	1497	823	1083	2606	6008
Contribution	24.91%	13.70%	18.03%	43.37%	100.00

Total Sales - INR 6008 (all values in 000s)
 Total Purchase - INR 5365



Sundry Creditors: INR 1138

Sundry Debtors: INR 313

(all values in 000s)

Top Ten Dealers	INR
Antony Tan Tea Dealer, Salem	307
Todar Then Malar SHG, Ooty	129
Auro Annam, Auroville	120
IFFAD Chennai	95
Trifed, Bangalore	65
Matha Amirthananda Mayi Mutt, Kollam	64
Bon Appetit, Pondicherry	54
P T Purchasing Services, Pondicherry	51
Modern Stores, Ooty	51
Tan Tea Emporium, Ooty	46



(all values in 000s)

Top Ten Suppliers	INR
Thumbidhakadu Hasanur	492
Samaj Pragati Sahayog- Kumbaya Garments	435
Samaj Paragati Sahayog-Honey	423
Devbhumi Natural Producers Co Ltd	345
Banglapadi Women's Progressive Group	296
Amuthasurabhi Makkal Kulu	180
Kombhei Indigenous People's Progressive Group	131
The United Nilgiri Tea Estates Co Ltd	111
Kotagiri Womens' Co-op Society (Toda Embroidery)	103
Katna's Kanthas	46

Future Plans: In the perspective plan that was drawn up in December 2008 the group has stated that it seeks consistent increase in turnover resulting in net profits worth of 10-15% for the next three years. Scaling up the organic bazaar and operationalise the PGS marketing strategy. Finally to see that a sustainable organic marketing business model is developed.

The OMD group is ready to take on the challenges of the coming years and has put forward their objectives some of which are mentioned below:

- Establishing quality parameters
- Develop a product portfolio
- Gross operating margin optimized and profitability achieved
- Develop a franchisee model.
- Green shops in Coimbatore and Mysore
- Establish a value and supply chain.

The OMD group is supported by the –

- a. Value Addition of NTFPs for Improved Livelihood & Ecological Security amongst Adivasi Communities in the NBR, Western Ghats, India supported by DOEN Foundation, Netherlands.
- b. Eco-Interventions with Forest Gatherers: Local Produce Diversification, Value Chain, Sustainable Use & Certification of Harvested Wild Produce with Indigenous Communities in the NBR supported by SDTT, India.



Networks, Partnerships, Exchanges and Facilitation

NTFP Exchange Programme- South and South East Asia network progressed well by adding crucial staff in different countries and undertaking several events concerning indigenous people and NTFPs. More details about the regional network activities can be seen at www.ntfp.org.

The work in India (co-ordinated by Keystone) has also grown this year, adding more partners and projects in the Western Ghats, Eastern Ghats and Central Indian regions. The two meetings which made a significant impact were those on Forest Rights Act held in July in Bastar, Chattisgarh and on Protected Areas Issues, specifically discussing the case of Simlipal, held in Mayurbhanj, Orissa. Different issues concerning the rights of indigenous communities, implications and implementation of the new law were discussed at a larger scale. Besides, special efforts were taken to work with conservation issues and a growing number of partners in the programme took up nursery raising and planting work, continued work with ecological monitoring and forest fire prevention. Capacity building of community members and staff of the different groups took place through several exchanges between partners. Enterprise development and marketing increased this year with many NTFPs – honey, bees wax, *sal* leaf and seed, *mahua* flower and seed, tamarind being the main ones. Village production groups or self help groups were involved in value addition and marketing of these produce.



EBR-Keystone Restoration Project

Land purchase for ecological restoration was done by EBR, a trust based in the upper areas of the Nilgiris. In 2008, restoration of that area was undertaken by planting it with *shola* species. Establishment of nurseries, identification of pioneering *shola* species and grass species was done. The Toda community was also involved in this work, enabling the use of traditional knowledge for raising plants and seed collection. The land needs regular maintenance and planting for 3-4 years and protection from grazing for it to be fully restored.

Eastern Ghats Conservation Programme

The Polavaram Dam project area in the Khammam – Bhadrachalam zone, along the River Godavari in Andhra Pradesh was taken up for policy and advocacy issues in the region. The villages to be submerged were also surveyed to assess the number of families, land areas and natural resources. The project is ongoing and is undertaken with local NGOs, lawyers and academics.

Snehlata Nath

