

Organizing Local Markets in Vajrapukotturu Mandal

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Introduction

The Srikakulam coast is one of the most vulnerable coastal regions of the country as it is regularly ravaged by natural disasters like cyclones. On December 26th, 2004 the world was a witness to one of the worst natural disasters when an earthquake, with an epicenter off the west coast of Sumatra, Indonesia resulted in the creation of tsunamis that wrecked havoc in Indonesia, Srilanka, Thailand, India and Myanmar. In India, the southern states of TamilNadu and Andhra Pradesh were the most affected. Coastal areas in Srikakulam district of Andhra Pradesh were once again at the receiving end of the tsunami. There was widespread destruction of assets like boats and nets, a large number of fishermen from Srikakulam lost their lives in the Andaman and Nicobar Islands.

Srikakulam district (“Srikakulam collectorate portal”, n.d.) is the extreme Northeastern district of Andhra Pradesh situated within the geographic co-ordinates of 18-20’ and 19-10’ of Northern latitude and 83-50’ and 84-50’ of Eastern longitude. Srikakulam district was carved out in the year 1950 by bifurcating it from Visakhapatnam district. In the 1969, sixty villages from Saluru taluk and forty- four villages from Bobbili taluk were transferred to the newly constituted Gajapathinagaram taluk of Visakhapatnam district. Later in 1979, the district underwent one more round of reorganisation on account of the formation of new district with head quarters at Vizianagaram which involved transfer of Salur, Bobbili, Parvathipuram and Cheepurupalli taluks to the new district of Vizianagaram.

This case documents the efforts of the Bapuji Rural Enlightenment & Development Society (BREDS) in Vajrapukotturu mandal of Srikakulam district, Andhra Pradesh. BREDS is an NGO founded in 1983 and currently works in fourteen mandals/blocks of Srikakulam district.

Community focal centers or Sankalpam centers have been created by BREDS in thirteen gram Panchayats of Vajrapukotturu mandal; these centers serve as a single point for managing village level Mutually Aided Co-operative Societies (MACS). The MACS have started rice-credit lines and fair price shops for families below the poverty line. Commodities like rice, dal, oil, tamarind and chilly powder are being sold through these centers. BREDS wants to increase both the product range as well as the geographical coverage of these centers. The organisation is working with the communities to make them understand the long- term benefits of aggregating their produce and co-operating with one another. The MACS have also given credit to members to start micro-enterprises like kirana stores; this provides yet another opportunity for aggregating purchases and reducing costs and increasing margins.

About Bapuji Rural Enlightenment & Development Society (BREDS)

BREDS was established in the year 1983 and is registered under the Society’s Registration Act of 1860. The institution has the following focus areas:

1. Community empowerment and self- governance
2. Food security and sustainable livelihoods
3. Community health and education
4. Rural marketing and enterprise development

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The organisation is involved in a wide range of enterprise promotion activities like organising seed funding for self- help groups(SHGs), value addition of rural produce, training for imparting enterprise promotion and management skills and creation of rural enterprise networks. Given below is a snap-shot of the alliances and partnerships forged by BREDS.

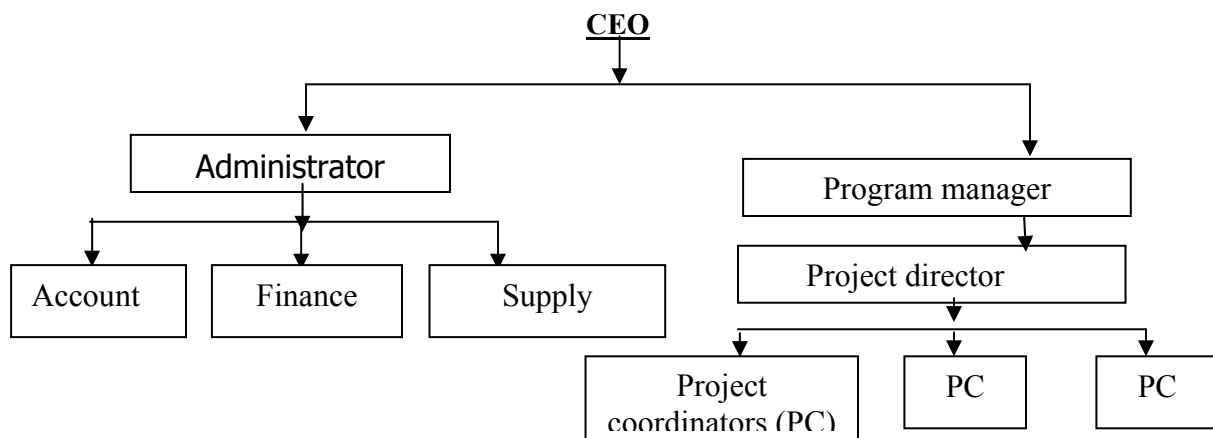
Given below is a snap-shot of Srikakulam district:

Sr. No	Name of the Mandal/ Block	No. of Gram Panchayats in the Block/ Mandal
1	Srikakulam	28
2	G. Sigadam	31
3	Laveru	26
4	Ranastalam	30
5	Etcherla	28
6	Ponduru	29
7	Sarubujjili	21
8	Amadalavalasa	28
9	Gara	24
10	Polaki	31
11	L N Peta	19
12	Narasannapeta	34
13	Burja	27
14	Palakonda	33
15	Seethampeta	24
16	Pathapatnam	34
17	Meliaputti	31
18	Veeragattam	26
19	Santhakaviti	35
20	Vangara	28
21	Regidi	39
22	Rajam	24
23	Bhamini	22
24	Kotturu	33
25	Hiramandalam	23
26	Saravakota	34
27	Tekkali	27
28	Kotabommali	38
29	Jalumuru	40
30	Nandigam	37
31	Vajrapukotturu	37
32	Palassa	19
33	Mandasa	38
34	Sompeta	23
35	Kanchili	30
36	Kaviti	21
37	Ichapuram	21
38	Santhabommali	34

(Source: <http://srikakulamonline.org/gp.htm>)

NGO Networks	Government Agencies	Donors and Financial Agencies
1. Sri Seva Samakya (District NGO Network)	1. NABARD, Hyderabad	1. The Bread for the World, Germany
2. “SANGHAM” Tribal Network	2. Forest Department (Community Forest Management Project), Srikakulam, A.P.	2. DiakonieWerk, Germany (Diakonie Emergency Aid)
3. Andhra Pradesh Child Rights Forum	3. Indira Kranthi Patham (IKP), Srikakulam	3. BroederlijkDelen, Belgium
4. East Coast Development Forum	4. District Water Management Agency (DWMA), Srikakulam	4. OXFAM Australia through ECDF
5. Mahila Vijayam (Women CBOs Network)	5. Integrated Tribal Development Agency (ITDA)	5. Care-India (STEP), Visakhapatnam
	6. District Rural Development Agency (DRDA)	6. Care-India (INHP), Hyderabad
	7. Scheduled Caste Development Corporation	7. State Bank of India
	8. District Medical and Health Department	8. Sri. Visakha Gramena Bank
	9. Integrated Child Development Society, Srikakulam	
	10. District Water Management Agency, Srikakulam	

BREDS – Organizational Structure



BREDS appoints project co-ordinators who manage day-to-day operations. The project co-ordinators are assisted by the community organisers, facilitators and promoters. The project co-ordinators are assisted by the various staff functions like accounts, finance and supplies for various project related activities.

The organization has also greatly benefited by the steady flow of interns from all over the world, the interns have played an important role in spreading the news of BREDS and in ensuring proper and up to date documentation of the various activities being pursued by the organisation.

BREDS Awards and Recognitions

BREDS was given the best NGO award by the district collector for the year 2007, the organisation was a recipient of the same award in the year 2004 as well.

Vajrapukotturu Mandal – The Area of Intervention

The state of Andhra Pradesh has witnessed the creation of Mutually Aided Co-operative Societies (MACS). The MACS were created to ensure that the co-operatives were truly member driven. For the first time, since the first Co-operative Societies Act was enacted in 1904; a co-operative law respecting the right of members to fully own and control their own co-operative enterprise was created. The provisions of the act are very conducive for co-operatives focused on thrift and

credit. The key aspect of this act was that these co-operatives were prohibited from raising share capital from the Government.

BREDS works with thirteen MACS in Vajrapukotturu mandal. These village level organisations were formed under the aegis of the Velugu Project, a state wide poverty eradication programme of the Government of Andhra Pradesh in 2005. Later the mentoring of the MACS was handed over to BREDS. In March 2005 the Velugu Project and the Swarnajayanthi Gram Swarozgar Yojana (SGSY) were merged to create the Indira Kranthi Patham (IKP). The activities and projects under the aegis of IKP are the following:

- AP District Poverty Initiatives Project
- AP Rural Poverty Reduction Project
- Swarnajayanthi Gram Swarozgar Yojana including Special Projects
- State Revolving Fund programme for microfinance related activities
- SHG-Bank Linkage programmes

IKP and BREDS became partners for providing management support and mentoring to the village level MACS. The initial funding that BREDS brought in was provided by Bread for the World (BFW) a German funding agency. Later on funding agencies like DiakonieWerk, Germany and Oxfam Australia have funded the activities of BREDS in Vajrapukotturu Mandal under the **“Livelihood Restoration Through Sustainable Resource Management Project”**. Given below is the list of gram panchayats in the mandal which are the areas of intervention:

Name of district – Srikakulam			Division – Tekkali		
Mandal- Vajrapukotturu		Mandal- Vajrapukotturu		Mandal- Vajrapukotturu	
Gram Panchayats		Gram Panchayats		Gram Panchayats	
<ul style="list-style-type: none"> • Akkupalli • Amalapadu • Anathagiri • Baipalli • Bathupuram • Bendi • Cheepurupalli • Chinnavanka • Devunalthada • Dokulapadu 	<ul style="list-style-type: none"> • Garudabhadra • Govindapuram • Gunupalli • K.R.Peta • K.Sarada Puram • Komaralthada • Kondavooru • Kottapeta • M.N.Peta • Metturu • Nagarampalli • Nuvvala Revu 	<ul style="list-style-type: none"> • P.J.Puram • P.M.Puram • Pallisaradhi • Pallivooru • Pathatekkali • Peddaboddapadu • Peddbadam • Rajam • Reyyipadu • S.J.Puram • Sainuru • U.G.Puram • U.R.K.Puram • Undrukudia • Vajrapukotturu 			

(Source: <http://srikakulamonline.org/gp.htm>)

BREDS Strategy for the Mandal

BREDS, IKP and DiakonieWerk have jointly established focal centers or Sankalpam centers; these centers serve as a single point for co-ordinating the various activities of the MACS at the gram panchayat level. These centers today are the venue for meetings, training programmes and aggregating and storing goods like ice – boxes part funded by government agencies like the District Rural Development Agency (DRDA). Given below is the picture of one such center at Vajrapukotturu mandal in H. Peta.



BREDS is working to leverage several advantages of the mandal. An indicative list of the advantages is given below:

1. The mandal has received a sum of more than five crores as part of the SHG bank linkage programme from Andhra Bank, Allahabad Bank and Sri Visakha Grameena Bank.
2. Abundance of natural resources like coconut, drum-sticks and cashew nuts in the gram-panchayats
3. Access to big regional markets in Palassa and Khasibuga
4. Access to good transportation facilities like the Andhra Pradesh State Road Transport Depot(APSRTC) and the railway station at Palassa
5. Densely populated villages which provide an opportunity to tap the demand existing in these habitations.

The community also faces a lot of challenges and problems:

The yield of fish per catch has fallen and is attributed to the Tsunami which struck the coast in 2004.

1. There was no interference from the local politicians initially; however, the increased financial resources of the MACS has attracted their attention and prompted efforts to interfere with their day-to-day functioning. Local politicians are not supporting the members of the MACS in gaining access to various government schemes as they are not allowed to interfere in their functioning.
2. Price realization for local produce like drum-sticks and coconuts has seen a fall. It is crucial for the development of these sub-sectors that these community assets yield optimum returns.
3. Building the capacity of the community to start enterprises and management of micro-enterprises is a constant challenge
4. The MACS office bearers need training in organisational management and development skills. As the scale of operations increase office bearers have to manage greater complexities. The village organizations are in a very nascent stage due to their recent formation and need mentoring and hand-holding to make them viable and relevant to serve the marginalized communities in the long run.

It was in this context that BREDS entered into a partnership with IKP with funding from BFW, DiakonieWerk and Oxfam – Australia to work in this area. BREDS decided to focus on the following issues:

1. Building the institutional capacity of the village level MACS, facilitating access to knowledge and techniques to ensure proper management and control.
2. Creating and strengthening a vibrant village level thrift and credit mechanism for decreasing the bargaining power of money lenders and traders.
3. Enhancing the coping mechanism of the traditional fishing community to meet the challenges of market forces.
4. Building the capacity of the community to start and manage enterprises so that they can leverage the availability of local resources like drum –sticks and coconuts.
5. Building information and knowledge networks so that the community is aware of government schemes, sources of funds and avenues for capacity development.

The pillars of BREDS' strategy were the following:

1. Reinforce the strength of the existing community based organisations after a comprehensive assessment of their strengths and weaknesses.
2. Eliminating the duplication of institutional, financial and human resources
3. Actively searching for opportunities to create synergy in the functioning of MACS
4. Creation of support systems to enable BREDS and donors to withdraw from the area of intervention by March, 2009.

To achieve its project objectives BREDS has embarked on a two pronged capacity building with programmes aimed at office bearers of the MACS, BREDS staff and the community at large. The capacity building process focuses on organisational development and leadership as one important component for strengthening community based institutions. The second facet of the capacity building process focuses on enterprise promotion and management, livelihood options analysis, rural market planning, accounting and book-keeping and business plan development. This two pronged strategy addresses both institutional and enterprise needs.

MACS working with BREDS

BREDS is working with thirteen MACS in the mandal; these organisations have tied up with a MAC in Palassa to form the Mother Teresa Gramiya Sakhyam Federation. Given below is the structure of a MAC in the mandal:

- Every village level MAC has a President, Vice- President and Treasurer which are honorary positions
- There is an executive committee which consists of 18-21 members
- All members of the self help groups in the coverage area are members of the respective MACS
- The MACS have community facilitators who manage daily transactions; these facilitators were appointed by IKP and are now mentored by BREDS.

BREDS interfaces with the MACS through regional and project co-ordinators. The organisation also has an audit team which regularly scrutinises accounts and ensures proper management of finances.

The MACS are constituted by SHGs of the respective gram panchayats. BREDS has also taken a very proactive view by transferring donor funds directly to the village level organisations; this has boosted the confidence of the community. Today loans have been given for setting up more than

three hundred micro- enterprises especially in fish marketing. The community dependence on fish vending is very high and the credit infusion has greatly benefited the area.

Marine fishing is the traditional occupation, practiced over centuries by the fishermen of this coastal belt. The fishing community in the district mostly uses traditional boats locally called Teppas which are usually fifteen to eighteen feet long. Local sales constitute nearly 40% of the catch while the balance is sold outside the district. Women have traditionally taken leadership of the fish marketing efforts locally and in adjoining areas; access to reliable transportation facilities has stood them in good stead. Credit availability is one of the main constrains for this activity. The community borrows money from traders to purchase boats and nets; this in turn forces them to sell the catch to the same trader where they generally get prices lesser than the prevailing market rate. The fishing community also requires credit for investments like repair of boats and nets in the peak season and in the lean season for consumption purposes. This results in a bulk of the catch being carried away by the traders based on the advance funds to the fishing community for nets and boats. The money lenders charge 60% interest reducing the income of the community which then forces more dependence on the local trader's network. BREDS has realized the importance of intervening in the fishing sector; micro- credit is now readily available as BREDS has transferred funds directly to MACS which are giving loans at the rate of 12% per annum.

The MACS have also organised rice –credit lines, this ensures a minimum of 30 kg of rice per month for families in the village. This rice credit line has emerged as a win –win for the community and the MACS. Given below are the financial benefits of this line of activity:

	Cost/ Price(in Rupees per Kg)*
Price at which a Village level MACS buys rice for its members	Rs. 8.5 / kg
Price at which the Village level MACS sells to the community	Rs. 10 / kg
Average margin for the MACS	Rs. 1.5 /kg
Average open market rate for rice in Palassa, Tekkali and local markets	Rs. 13-14/kg
Cost saving for the community	Rs. 3-4 /kg

* Average of ten months ended November, 2007

(Source: Field study)

The thirteen MACS are individually buying rice from mills in Tekkali for ensuring supply under the rice-credit line programme. BREDS is encouraging all the MACS to come together now to buy rice for the whole mandal which will lead to further cost savings. Success with the rice credit lines has encouraged the MACS to start joint purchases of commodities like tamarind, dal and edible oils which has also reduced prices for the community and augmented the financial resources of the MACS. Given below are the details of the same:

Name of the Commodity	Purchase Price from the wholesale market(Rs/ kg)**	Selling Price to the Community (Rs/ kg)**	Open Market Retail Price (Rs/kg)**
Tamarind	Rs. 10 /kg	Rs. 13/kg	Rs. 18-20 Kg
Edible Oil	Rs. 58/kg	Rs. 61/kg	Rs. 64/kg
Dal	Rs. 30 /kg	Rs. 40 /kg	Rs. 46/kg

** Average of ten months ended November, 2007

(Source: Field study)

The success of these activities has now encouraged the MACS to utilise the Sankalpam centers as a rural market hub for jointly distributing and procuring a whole range of products and services. For example, the DRDA has come up with a 50% subsidy for buying ice-boxes to be used in fish vending. The MACS jointly purchased these boxes, part financed their members and became stocking centers for these boxes. This has resulted in the following benefits to the community:

- 1) Availability of a cost effective financing option
- 2) Cost reduction as the purchasing was done jointly
- 3) Easier purchasing as it was done under the aegis of a registered entity
- 4) Sharing of costs for transportation of the ice-boxes

Profile of the Village levels MACS and Rural Marketing Initiatives



Given below is a snapshot of 13 village level MACS that BREDS works with for the creation of sustainable rural businesses and support structures.

1) Devunalthada Gramiya Sakhyam: This MAC covers three villages having a total population of 3016. The village organisation has 18 self help groups having 624 members; the organisation also has 3 self-help groups having 25 members. BREDS has provided a sum of Rs. 4,24,0000/-. The following rural businesses have been promoted through this initial funding which was transferred to the community as loan at 12% per annum.



Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Fish Vending Business	49	Rs. 2,62,000
Kirana	11	Rs. 1,12,000
Dobi	5	Rs. 35,000
Tea- Stall	1	Rs.10,000
Rice Business	7	Rs. 35,000
Grinding	1	Rs. 5,000
Tailoring	5	Rs. 23,000
Dairy	4	Rs.24,000
Goat Rearing	3	Rs.13,000
Agriculture	1	Rs. 5000
Vegetable Vending	2	Rs. 15,000
STD Booth	1	Rs.10,000
Piggery	1	Rs. 5000
Hair Saloon	1	Rs.5000

(Source: Field study)

2) Kothapeta Gramiya Sakhyam: This village level organisation has two villages under its area of coverage. The MAC consists of 21 self-help groups having 372 members. The total population of the area is 2062. Given below is the list of rural businesses that have been started with BREDS funding:

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Fishing Vending	44	Rs. 2,49,000
Telephone Booth	1	Rs.6,000

(Source: Field study)

3) M N Peta Gramiya Sakhyam: This village level MAC works in 1 village and has 32 self-help groups which have a total of 387 members. The following rural micro-enterprises have been started with loans from BREDS routed through the village-level MAC.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Fishing Vending	48	Rs. 1,73,000
Kirana Store	7	Rs. 60,000
STD Booth	1	Rs. 5,000
Tea Stall	2	Rs. 10,000

(Source: Field study)



4) KR Peta Gramiya Sakhyam: This village level MAC works for 21 villages, the organisation has 21 self- help groups and has 298 members.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Fishing Vending	18	Rs. 98,500
Vegetable Vending	9	Rs. 45,000
Fishing Net Manufacturing	2	Rs.100,000
Rice Millers	4	Rs. 20,000
Goat Rearing	4	Rs.12,000
Tailoring	1	Rs.10,000
Rice Business	1	Rs.10,000

(Source: Field study)

5) Pallivooru Gramiya Sakhyam: This village level MAC has the highest number of villages in its coverage area; there are 11 villages with a population of 3776. There are 45 self help groups with 674 members. The MAC has supported the following enterprises with financial support from BREDS.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Coir Rope Making	5	Rs. 26,200
Kirana Stores	4	Rs. 24,000
Agriculture	6	Rs.27,000
Fish Vending	33	Rs. 16,000
Tailoring	1	Rs.10,000

(Source: Field study)

6) Anathagiri Gramiya Sakhyam: This village MAC has coverage of 3 villages and has a population of 2473. There are 38 self – help groups working under the aegis of the MAC. Given below are the details of the enterprises started following the intervention of BREDS.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Pan Shops	7	Rs.35,000
Vegetable Vending	16	Rs. 480,000
Stone Chip Production	28	Rs. 36,000
Paddy Cultivation	11	Rs. 26,000

(Source: Field study)

7) Govindapuram Gramiya Sakhyam: This village organisation covers 3 villages and has facilitated the creation of the following enterprises with the initial financial assistance provided by BREDS.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Pan Shops	17	Rs. 51,000
Vegetable Vending	6	Rs. 30,000
Paddy Cultivation	6	Rs. 30,000
Brick Klins	5	Rs. 50,000
Basket Making	8	Rs. 50,000

(Source: Field study)

8) Gunupalli Gramiya Sakhyam: This MAC covers 1 gram- panchayat; it has a population of 2345. There are 26 self help groups in the village which have a total of 312 members. Given below is the list of enterprises that have been supported by the village level MAC with assistance from BREDS.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Fish Vending	69	Rs. 3,09,000
Tailoring	10	Rs. 41,000
Drum Stick	14	Rs. 65,500
Chicken Centers	3	Rs. 13,500
Vegetable Vending	4	Rs. 17,000
Kirana Business	4	Rs. 20,000
Tea- Stall	1	Rs. 3,500
Dobi	1	Rs. 3,500
Tent House	1	Rs. 10,000

(Source: Field study)

9) Shivani Gramiya Sakhyam of Metturu Village: This village level MAC has coverage of 6 villages and has a membership of 703. The MAC has facilitated the following enterprises to be set up with the help of resource support from BREDS.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Tailoring	4	Rs. 30,000
Drumstick Selling	16	Rs. 80,000
STD	1	Rs. 10,000
Kirana Store	3	Rs. 32,000
Coconut Kernel Selling	10	Rs.80,000
Cashew Processing	34	Rs. 3,40,000

(Source: Field study)

10) M. Gaduree Gramiya Sakhyam of Cheepurupalli Gram Panchayat, this village level MAC also covers 6 more villages having a total population of 1700. There are 22 self help groups having a total membership of 870 members. Enterprises started with funds transferred by BREDS are the following:

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Drumstick selling	52	Rs. 32,000
STD Booths	1	Rs.5,000
Cashew Production(through leasing of land)	29	Rs. 1,00,000
Coconut Kernels Selling	2	Rs. 10,000
Kirana Stores	3	Rs. 15,000

(Source: Field study)

11) Sri. Kanagadurga Gramiya Sakhyam of Akkupalli Gram Panchayat. This village level MAC covers 1 village which has 42 self help groups with 555 members. Akkupalli village is densely populated with 2134 people. This village is richly endowed with natural resources: -

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Cashew Nut Lease	38	Rs. 3,19,000
Coir Rope Production	1	Rs.10,000
Tea Stall	5	Rs. 40,000
Fish Vending	15	Rs. 10,500
Tailoring	4	Rs. 35,000
Kirana Store	5	Rs.35,000
Drum Stick Sales	2	Rs.10,000
Dobi (Laundry service)	2	Rs.10,000

(Source: Field study)

12) Bharatmatha Gramiya Sakhyam of Baipalli Village: The village level MAC covers 1 village which has 19 self help groups having a membership of 229 women from the village comprising 466 households. Akkupalli has a total population of 1559 inhabitants.

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Chicken Center	2	Rs.10,000
Land Lease for Cashew Cultivation	16	Rs.1,30,000
Kirana Stores	6	Rs. 50,000
Drumsticks sales	9	Rs.50,000
Cashew Nut Processing	6	Rs.1,00,000
Coconut Kernels Sales	4	Rs.35,000
Tailoring	6	Rs.50,000

(Source: Field study)

13) Sneha Gramiya Sakhyam of the Dokulapadu gram panchayat: This MAC has coverage of 4 villages; there are 38 self help groups which have a 472 members. The following businesses have started with support from BREDS:

Type of Rural Micro-Enterprise	Number of Enterprises	Amount financed from BREDS(in Rupees)
Fish Vending	57	Rs. 4,04,000
Chicken Center	1	Rs.5000
Coconut Kernel Production	3	Rs. 30,000
Kirana Stores	2	Rs.15,000
Drumsticks Selling	7	Rs. 45,000
Paddy	3	Rs. 25,000
Cashew Nut Plantation Lease	4	Rs. 35,000
Mechanic (Boat Repairing)	1	Rs. 10,000
Tea Stall	2	Rs. 15,000

(Source: Field study)

Future Marketing Opportunities for the Mandal

BREDS has facilitated the creation of enterprises mentioned above; the organisation has now decided to focus on making the marketing operations responsive to the following opportunities and challenges:

- 1) The village organisations buy rice from rice mills individually. BREDS is trying to convince all the MACS to buy rice jointly. This would enable the community to save more as the village organisations can negotiate better prices; the community has already understood the benefit of joint purchases at the village MAC level. A federation has been established by the MACS of Vajrapukotturu and Palassa.
- 2) BREDS plans to chalk out a plan for joint procurement at the federation level for edible oil, tamarind and staples. This would create economies of scale and a viable rural market for these products, lower prices because of joint procurement there by increasing the disposable income of the community.
- 3) The livelihood intervention of BREDS has led to the creation of more than 50 kirana stores and pan-shops. The focus is now to also jointly procure from distributors on behalf of the stores as per their requisition. The increase in bargaining power will reduce prices and boost margins. There will also be a decrease in the logistics costs as it will be shared by all the enterprises.
- 4) BREDS is trying to facilitate the creation of business development services for the fishing sector. More than 400 fishing vending micro-enterprises have been supported by BREDS through the MACS. The community has jointly purchased assets like ice –boxes and fishing nets. The aim is to encourage the community to take up enterprises like boat repairing,

- manufacturing and fishing net production. Value addition possibilities like dried fish, fish pickles are being explored, BREDS is evaluating if these products can be made and marketed under a common brand name in markets like Visakhapatnam, Vizianagaram and Palassa.
- 5) To service the strong local demand for edible oil BREDS has decided to set up 2 oil extraction units at Baipalli for servicing local demand and markets like Palassa and Khasibuga. The potential for such an activity is huge as around 6,63,000 coconuts are produced in Baipalli, Gunupalli, Akkupalli and Metturu. Both the units will be managed by BREDS in the first year of operations. Comprehensive training and skill development of the community will be conducted to transfer the same to the respective village level MACS.
 - 6) The potential for promoting cashew nut based livelihoods has promoted BREDS to work with the MACS in Akkupalli and adjoining villages. The community being encouraged to aggregate the purchase at the Sankalpam centers, this would ensure that they can bargain for better prices from the traders. The picture of a typical household cashewnut kernel production unit is given below:



BREDS is also interacting with the Bharatiya Agro Industries Foundation (BAIF) a non- profit trust involved in rural marketing for technical support. BAIF has suggested that a separate legal entity must be set as a company for marketing the local produce. This would ensure that there is no conflict of roles or interests in future. The organisation has also come up with the brand-name “Sahaja” for cashew nut kernels produced by the MACS.

- 7) The village levels MACS has also decided to do a village level baseline surveys to assess the availability of resources like drum sticks, mangoes and other commodities. BREDS has convinced 3 village level MACS to aggregate the drum stick produce and negotiate jointly with traders from Palassa. For example, a bundle of drum-sticks sells for Rs. 5/- at the village level but the retail price can be as high as Rs. 18/- at nearby markets in Palassa.

- 8) Cellular phone connectivity is not available in these areas; BREDS has now come up with the idea of using the STD booths set up with its assistance as communication hubs for transmitting information regarding prices, negotiations and various marketing opportunities.
- 9) BREDS has identified a backward integration opportunity in the chicken centers; this line of business has given daily margins of Rs. 300-400/- on an average. However, the hens are purchased from markets in Palassa and Khasibuga, BREDS is now looking at poultry as a viable livelihoods option for the community at Vajrapukotturu.

Challenges Ahead

BREDS is in a position today to convince the community on the opportunities that exist for rural livelihood promotion and development. However, with the opportunities come myriad problems and challenges. Some of the issues are given below:

- 1) Asking the community to aggregate produce from all village level MACS makes imminent economic sense. However, such an operation can only be successful if the level of trust that exists in village level MACS extends to the whole block. BREDS will also have to jointly develop a logistics systems and information sharing mechanism to ensure smooth operations.
- 2) The traders and middlemen have a deep knowledge of the markets, community representatives and BREDS office bearers have to develop the same competencies if the existing market intermediaries have to be eliminated or if their influence has to be reduced. Unlearning old concepts like *“profit is bad”* and developing new competencies in financial management, market planning and negotiations will be a long drawn and intense process.
- 3) As the scale of operations increase the complexity of financial transactions will also go up. BREDS has to ensure that reporting systems, checks and balances are able to keep pace with the increased complexity.
- 4) BREDS also need to evaluate if its present organisational structure and constitution allows it to get into commercial activities. Will it have to form a company for marketing activities? Or will it build the capacity of the MACS federations? It is crucial that these questions are answered before BREDS escalates its commitment for the planned activities.

Conclusion

BREDS has been able to create 13 vibrant village MACS; organizing rural markets in Vajrapukotturu mandal is a challenging and complex task. The important task of building the confidence of the community has been achieved; the process of building the capacity of the community for securing their future is an unfinished task. BREDS will have to look inwards on what new skills it needs to acquire for making successful rural marketers out of the community it so fervently seeks to serve.

Reference

Srikakulam collectorate portal (n.d.). Srikakulam district profile retrieved December 22, (2007) from <http://srikakulamonline.org/asklm.htm>