Strategies for Developing NTFP Based Cooperatives

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We would like to thank Vasundhara for giving us opportunity for conducting the reflective exercise. The experience was self illuminating and enlightening. It was a learning process for all members of cooperative, Union and Vasundhara and for our research team too. At first we would like thank the members of the primary cooperative and their leaders, the Union staff and the ecological and livelihood team of Vasundhara for their support and interaction. All of them shared their opinion freely which was an enriching exercise. The collaboration and coordination by the various wings of Vasundhara was of immense help in understanding the overall organizational perspective and future plans, so as their problems and their remedies.

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We have written this report with the hope to strengthen the NTFP Cooperatives, if this happens it will be a tribute to all the members of primary cooperative who have shared with us their aspirations and gave their invaluable time.

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Executive Summary

- Vasundhara is a policy research and advocacy group, working in the state of Orissa on natural resources governance and sustainable rural livelihoods issues.

- The objective of the report is to suggest strategies for improving efficiency and effectiveness of primary and secondary cooperatives facilitated by Vasundhara in terms of organization & business development and optimum HR utilization and to suggest ways and means to replicate and up scale strategies for NTFP based cooperative models.

- In order to meet the above objectives, a research team was invited from XLRI to visit to the operation area of the cooperative. Review of existing literature, field visits and workshops accompanied by meetings and interaction with members of primary cooperative, staff of Sangha/Union and office bearers of Vasundhara were of immense help in the observation and analysis process. An Appreciative Enquiry workshop was also conducted both at cooperative and Vasundhara level.

- Over period of time Vasundhara has grown as a policy analysis research body working in different thematic areas. Its stress and research on NTFP based products, growth and viability of cooperative with policy enactment has been tremendous and of great help to the marginalized section of society who totally depend on NTFP for their livelihood.

- It has facilitated formation of NTFP based cooperatives in 5 development blocks of 4 tribal dominated and forested districts of the State of Orissa which currently includes more than 3000 households from across 175 villages. They are
organized in the form of 38 primary cooperatives and two unions (secondary level cooperative having primaries as their members) and have only women as members

- As a part of its strategy to improve the livelihood it has facilitated formation of NTFP based cooperatives and has been directly involved as the facilitator of two cooperatives located at Barkote and Kuchinda.

- However, the performance of these cooperatives both at primary and secondary level fluctuates widely since their inception for variety of reasons. To some extent the primary cooperatives have become financially self sufficient but the financial dependence of secondary cooperatives still exists. At this moment of growth and expansion of the cooperatives Vasundhara withdrawal from cooperatives is not an advisable strategy.

- The cooperatives still face problems in respect to lack of market information and skills, quality of product and storage facility.

- Some of the observations made and analysis depict that a lot of synergy exists between the thematic areas of Vasundhara and they need to be further reexamined. Expansion of output in terms of diversification of products and value addition at the primary level is necessary for continuation of the interest of the villagers.

- We further recommend that Vasundhara needs to develop a long term strategy for withdrawal. It needs to develop and enhance capacity among the union staff to help them to support in marketing and value addition.

- Until now, Vasundhara was supporting NTFP cooperatives based on their requirements and needs but now they need to change the strategy and adopt support linked to the performances.
1. Introduction

Orissa has acquired the dubious distinction of being the poorest state in the country with 48% of the rural population living below the official poverty line. Poverty is further exacerbated along the lines of social groupings. Orissa’s marginalized section—specifically tribals, scheduled castes and other forest dwellers suffer some of the worst indicators in terms of poverty levels, access to productive assets, education, health etc. For instance 72% of Orissa’s tribals live under poverty line in conditions of subsistence dependence on agriculture and forests, and are linked to the larger economy through predatory and extractive market linkages. Almost 38% of the state’s geographical area is recorded as ‘forest’ on which rural dependence is extremely high. Forests form a critical source of livelihood for the poorest in the backward and tribal regions of Orissa. This dependence is mostly in terms of collection of various kinds of NTFPs available in the forest. Although NTFP constitutes a major source of livelihood of poor and marginalized forest dependent families, its market is ridden with various problems like dominance of traders, unethical trade practices, imperfection in the flow of market information, lack of processing and storage facilities, absence of market yard and primary gatherers dealing in the market at individual level with no bargaining power and policy problems. Hence, access to natural resources especially common lands and public forest is of special relevance to the poorest and in this regard community concern for forest as a resource has also begun. Various public and private organizations, civil societies, NGOs and Community Based Organizations (CBOs) for a long period have been facilitating such processes.

On the same contour Vasundhara, an NGO has also been working on natural resource governance and sustainable rural livelihood etc. Since its inception Vasundhara has grown as a policy analysis, research and action group working on community forestry, bio- diversity conservation and livelihood, land rights- access and tenure, environmental conservation and sustainable livelihood and economic development. The organization brings together reflective practitioners who provide analytical inputs to social processes, and strive to enhance the culture of collaborative
learning and critical inquiry. The core philosophy of the organization is to deepen democracy, and to create opportunities for voiceless and politically marginalize people for socially just and economical sustainable and equitable development. Vasundhara’s core leadership understood it quite early that the most deprived people of Orissa stay in environments extremely rich in natural resources. The paradox lies in the political economy of the state, where certain sections of society have been completely marginalized politically and socially with high level of power asymmetries between dominant and marginalized sections. The representative democratic system is being ruled by the bureaucratic class and its collaborators who have been enjoying the benefit of surplus generated by the peasantry and agricultural labour of destructive extraction of natural resources like forest and minerals and of money being canalized through various departments and projects. Vasundhara’s core and guiding philosophy is to revert this trend and put the instrument of development in the hands of most marginalized people living in and around the forest areas.

Founded in 1991, Vasundhara initially focused on supporting and strengthening the self initiated community forestry groups. Constantly lobbying and documenting for changes in NTFP policies, led to the NTFP Policy of 2000 that eventually gave rights over 68 NTFP items to Gram Sabha. Apart from working towards policy changes, there was a realization that mere policy change would not yield much without proactive change at ground level. This led in facilitating the development of NTFP based community enterprises in form of self-reliant cooperatives. Initially, they opted to work with Self-Help Groups (SHGs) for NTFP marketing. After the enactment of ‘Orissa Self-help Cooperative Act 2001’ in June 2002, opportunity was created for self-help cooperatives for NTFP enterprises. Cooperative promotion work began in the month of August 2002 and gradually spread to Kuchinda, Bamra and Jamankira blocks of Sambalpur district, Barkote block of Deogarh district and Pallahara block of Angul district. At present the NTFP based cooperatives operate in 5 development blocks of 4 tribal dominated and forested districts covering 3000 households across 175 villages. They are organized in form of 38 primary cooperatives and two union [secondary level cooperative having primaries as their members] namely Banaja Banijya Mahila
Samabaya Sangha (BBMSS)-in Kuchinda and Banani Mahila Samabaya Sangha (BMSS) in Barkote. These cooperatives have been formed exclusively with women NTFP gatherers to address their common need of proper marketing of their produce and thereby earn a fair return. In the cooperative facilitation process Vasundhara has been involved directly in cooperative formation, management and business; capacity building; market facilitation; exploring new territories and strengthening broad territories and arranging working capital from the revolving fund called Community Enterprise Revolving Fund (CERF).

Some of the salient achievements made by these cooperatives are:

(i) At the current operational level and practices almost full financial self-reliance has been achieved by most of the Primary Cooperative Societies (PCS). From the year 2007-08, all the old PCs have been able to bear the full salary of their managers. There have also been instances of cost sharing like audit fees, meeting expenses, stationery expenses etc.

(ii) To some extent, the risk bearing capacities of members have also increased as a result of collective business. This has been in terms of increased capacities to withhold produce for better negotiation, handle larger volume of produce etc. Even in case of produce like mahua, new emergent situations show that members now are able to withhold their produce even at individual level and prices in cooperative areas are observed to be higher as compared to other areas.

(iii) Over a period of 2003-08, there has been consolidation of geographical area and leadership base. This has entailed drawing up operational boundaries of the Unions, formation of new cooperatives in gap areas and identification of potential leadership base to carry forward the process.

(iv) In all the cooperatives, substantial number of members are tribal critically dependent on forest resources. In BBS, Kuchinda, around 92% of the members are tribals whereas in another union, tribals constitute around 72% of the members.

(v) There has been an increased recognition of these cooperatives by local government offices and departments including the banks. Initially the banks were extremely reluctant to open the accounts but now they are more forthcoming and cooperative. Even harassment by excise officials has been reduced considerably over the time, after they were aware of the details and procedure of cooperative and the purpose of their establishment.
(vi) Members feel empowered and they can deal with outside world. As some members remarked that earlier they would lock themselves inside the house as soon as they see some outsider visiting the village; now they are open minded without any fear. They travel, attend all board meetings, negotiate with Vasundhara and other public organizations. One of the women during our discussion remarked “Do you think it is a small achievement”. These words strongly reflect the achievement/triumph of Vasundhara and these cooperatives than any quantitative data.

The Union arranges the working capital support from a revolving fund maintained by Vasundhara, Community Enterprise Revolving Fund (CERF), and markets the produce procured by its member primary co-operatives. Besides, the Union also helps them in liaisoning with the government departments, auditing, documentation and training. Even all the facilitation inputs by Vasundhara are channelized through their Unions. These cooperatives solely have women as their members who manage and govern these organizations. Some of the core products collected by the primary cooperatives are mahua, sal leaf, siali leaf and tamarind. As the products are seasonal so the mode of income is also through being engaged in agricultural work and construction work. Lack of information relating to market and required skills to manage business operations continue to be major bottlenecks in the corporatization processes.

Thus, in spite of impressive achievements the problem of exploitation of tribals through market process continues and the market control by tribal remains a distant dream. Furthermore, the performance of these cooperatives both at primary and secondary level fluctuates widely since their inception for variety of reasons. Vasundhara’s staff is quite satisfied with the primary cooperative at village and cluster levels but both the unions are not performing well. Also the activities of Vasundhara have expanded over period of time. Because Vasundhara’s main interest lies in the policy support and political empowerment and therefore, it keep on harping between current issues and long term interests of politically marginalized people. Thus the current interest of Vasundhara’s is focused more towards forest right. It is in this context, Vasundhara has requested us, to examine and reflect on the functioning of the primary and secondary cooperatives and suggest ways to improve their performance so
that these cooperative become not only a business entity but also a vehicle to empower people. The following were on the main objectives of these reflections:

i) to suggest strategies for improving efficiency and effectiveness of primary and secondary cooperatives facilitated by Vasundhara in terms of organization and business development and optimum HR utilization;

ii) to suggest replication and up scaling strategies for NTFP based cooperative model;

iii) to define Vasundhara’s role with respect to the above-mentioned objectives.

iv) to make secondary cooperative viable and self sufficient with the financial help of Vasundhara:

v) to facilitate initiation of thrift and credit and other support services.

In the coming years Vasundhara plans to withdraw financial support from the secondary cooperative/Union/Sangha. How to make the union viable and self sustaining and let Vasundhara withdraw its support is the question and the relevant task of our project. Whether its withdrawing would be a good strategy or not? or if they withdraw what strategy needs to be adopted is the question?.

2. Methodology

Review of reports, documents and other literature related to the project with Vasundhara and at the Cooperatives/Unions along with field visit, workshops, presentation and interaction with members and office bearers of the cooperatives and staff of Vasundhara were involved in the process. In February 2010, prior to starting the project -the project coordinator visited the sites of the cooperative namely Kuchinda and two other villages where the primary cooperatives existed. Meetings and interaction were organized with the members of the cooperative at the primary and secondary level to collect the relevant information on the project. This was followed by another field visit by the research team representative in the month of June 2010. The field visit went on for a period of 5 days to both the head offices of the secondary cooperative located in Kuchinda and Barkote. This also included field visits to the villages of Deogarh, Sambalpur and Sundargarh where the primary cooperatives existed. The quantitative and qualitative information collected from the field visits gave us a multi-dimensional insight into the issues and conflicts faced by the cooperatives. A visit to the Vasundhara office was made by the coordinator and an extensive discussion in different groups and unit was conducted. This was followed by two appreciative inquiry workshops in field where staff union, board members of the union and few ordinary members of primary cooperative society and chairpersons were present. The workshop was at first conducted in Kuchinda and later in Barkote. In the Kuchinda workshop there were 20 members present which were segregated into a group of 5 with 4 teams while the other workshop in Barkote comprised of 16 females who were divided to form 3 groups of 5 each and the remaining 10 males formed a single group. Initially each group was given a task to share the information in regards to the formation and their beginning as a cooperative—As what led to their beginning as a cooperative/ why did you form it / Was your dream fulfilled? Think about the beginning time when you joined the cooperative. The next question put forward to the group was the good / positive point about the cooperative? After this task the group joined in meditation for 2 minutes. The next question put forth was the forecast of their cooperatives, Vision 2015? In the coming 5
years where do they see their organization to be? Each group shared its experience and had a variety of responses.

Since one of the objectives of the workshop was to identify and determine Vasundhara’s role in relation to the cooperative, similarly a workshop namely “Appreciative Learning and Future Action Plan” was conducted at the head office of Vasundhara in Bhubaneswar. In total there were 20 participants comprising of members of primary cooperative, representatives of secondary cooperatives and office bearers of Vasundhara including the chief executive during the pre luncheon session. The 20 participants were segregated to form 4 groups namely primary and secondary cooperative group, livelihood and conservation group, ecological and environment group and the forest right’s group. All of the groups were assigned similar tasks/exercise at first in each group a pair was supposed to share its experience with its partners, then share their experience within the group and post group discussion a representative of each group was asked to share their experiences. During a particular phase there was also interchanging of members within groups to share their experiences across groups. A member from each group was asked to interchange his place with another group and join it and share its experience across groups. While forming new merged groups belonging to different sectors working within Vasundhara, members were asked to share how they may contribute to other groups. This was done to identify synergy and conflict if any existing among the different divisions of Vasundhara.

At this stage, we would like to briefly outline, the theoretical basis of the above methodology. The theoretical basis has been withdrawn form the Appreciative Inquiry 4 D model of positive change which is diagrammatically presented in figure-1. **Appreciative Inquiry** (AI) is a process for positive change which can be applied to the whole organization, teams and departments. It can be utilized in various spheres of strategic planning, merger integration, culture transformation or leadership development.
AI is represented by 4-D Cycle of **Discovery, Dream, Design and Destiny**. The structure of the workshop was based on the Appreciative Inquiry 4D Model of Positive Change which looks at bringing about change as a 4 phase process that begins with:

   a. discovering and appreciating what is
   b. dreaming of or envisioning what might be
   c. designing or determining the shape of what should be, and
   d. Working to empower so that what is needed does in fact happen.

The 4D Model is a good, strong, clear framework, and offers immense potential for self learning. There were clear instructions given to the group to address several issues during discussions. Once the exercise was completed the participants were exposed to the rationale behind the workshop.

   The task in **Discovery phase** was to uncover, learn about and appreciate the best of “what is” with focus on high point experiences and successes. The sharing of stories by participants helped the AI team to identify, illuminate and understand the distinctive strengths that lend the organization life and vitality when it was functioning at its best.

Data collection and narrative exploration represent the core of the inquiry process and is a mutual learning process. Both the groups and the AI team explore the participant's
values, peak experiences and aspirations for the organization’s future. Thereby in this phase participants were able to share and create newly emerging strengths and possibilities. The opening question put forward was “We would like to know about your beginning with organization/ cooperative, as to why do you join it? Can you remember the moment you decided to become a part of it? What is the most important factor that the cooperative has contributed to your lives? Describe a “peak experience” or “high point”. The next set of questions related to the affirmative choices. “As you look over your experiences in the organization/ cooperative – there might have been ups and downs, peaks and valleys…..we would like you to reflect on a high –point experience, a time when you felt most engaged, alive, challenged or effective as part of a positive change initiative. Each group was asked to share its experience Where was it? What happened? And what were your feelings and insights about the change? The concluding questions were- what are the core factors that make your organization vibrant? How would you like to bring about the vibrancy in your organization? What are these you would like to retain and continue?

The Dream phase was an invitation for an organization to amplify its positive core by imaging the possibilities for future that have been generated through the Discovery phase. Dreaming is strategically significant activity that leads to higher level of creativity, commitment and enthusiasm for the organization and its future. The discussion centered around “Where do you envision this organization/ cooperative five years from now? How can you and your team contribute to its success? What are the three 3-5 changes or improved ideas that will heighten the vitality/have an impact on your organization/cooperative? Choose 3-5 changes or improved ideas you all believe will have a greatest impact on organization/cooperative….and ability to chart a revolutionary course for overall good. How can a cooperative become an instrument to support them and vice versa?. The key activities during this phase were sharing of dreams, enlivening the dreams, and enactment, imaging and defining the dreams. During this phase the ecological and environment group and the forests right’s group was merged to form a single group and thereby now only 3 teams/groups existed.
The **Design** phase of the 4-D process was the crucial stage in sustaining change and responding to the organization's positive past. The attention was to create a design so that it can achieve its dream.

The final phase of the 4-D cycle is known as the **Destiny** phase. The goal of the destiny phase is to ensure that the dream can be realized. In this phase the energy is channelised into action planning to understand what needs to happen to deliver on possibility statements. The key activities include generating possible action steps, selecting possible action tasks and forming tasks teams. The participants craft the newly created organizational design into a list of inspired action-oriented tasks. The final question put forth was –What activity do you plan to undertake in the coming next year with all difficulties? As such their action plan!

Thus the appreciative inquiry is a dynamic iterative process to generate the positive energy among members of the organization and channelize it to greater goals. AI engages people throughout the organization in discovering, sharing and building on inspiring accounts of peak experiences, successes and strengths. The data collected highlights information that needs to be taken into consideration in order to discover, re-create and understand the positive core of the organization. It is based on the premise that the art of inquiry moves in the direction of evoking positive images that leads to positive actions. Therefore, every question begins with a positive preface. The objective of AI is to understand when and why Vasundhara/cooperative was operating at its best and what are the core capabilities to allow them to perform well? The process is to identify the positive core that contributes to such an operation that can transform itself to a new vision (novelty). Therefore AI is a collaborative search to identify and understand the organization strengths, potentials, greatest opportunities and people's hope for future. It is based on the assumption that the pooling of strength magnifies the performance and achievements.
3. Observation and Analysis

Review of reports, field visits, workshops and interaction with members of primary cooperative, office bearers of secondary cooperative and Vasundhara have been of great help in analyzing the issues related to the primary and secondary cooperatives. Previous reports and publications done by Illina Sen and Shashi Rajagopalan have highlighted the growth of Vasundhara. With passage of time Vasundhara has grown as a resource organization providing capacity building and information support with activities including research, policy analysis, advocacy and networking in thematic areas of community forestry, forest based livelihoods & economic decentralization, land access, rights and tenure and environment and biodiversity conservation. In the field of sustainable livelihood and economic decentralization Vasundhara’s focus has been on Non –Timber Forest Products (NTFP). Eventually its work on NTFP based livelihood started with advocating for local primary gatherers rights over the products and their markets. The impact of NTFP Policy in 2000, opened space for community based NTFP marketing and after the enactment of “Orissa Self-help Cooperative Act 2001” in June 2002, an opportunity was created for self-help cooperative for NTFP enterprises. Thereby, the cooperative promotion work began in August 2002 and spread to blocks of Sambalpur, Deogarh and Angul districts. In the cooperative facilitation process, Vasundhara has been involved directly in facilitating cooperatives in two locations namely Barkote and Kuchinda. The support to the cooperatives has been in terms of sharing information, including market information, financial assistance by CERF a fund mobilized by Vasundhara to support NTFP based community enterprises and experience from their work on enterprise building. As stated in one of the reports on evaluation of Vasundhara by Illina Sen and Shashi Rajagopalan – “Vasundhara believes in growing with the communities that it works with and for. Therefore, it expects its own role to change constantly and in that sense, it is ever steeping back from various sets of interventions. At the same time policy advocacy work requires close involvement with large number of affected persons and Vasundhara does not think it either wise or strategic to consider total withdrawal from areas that it works in.”. The report also quotes that “the subject of cooperative being new to all, and all the new cooperative law
offering little field experience, little precedence, it appears necessary that Vasundhara concentrates on direct promotion and field support of primary cooperative to start with. Only after it has gained experience will it be in a position to even think of withdrawing or even changing the roles that it plays with the communities.” Even our research team has similar thoughts - though according to Vasundhara staff and Sangha /Union full financial self reliance has been achieved by most of primary cooperatives but the secondary cooperatives are still dependent on financial support from Vasundhara. We do not foresee this situation will change in immediate future.

The one to one interaction with the members of primary cooperative was very informative and good learning process. The governance structure of these cooperatives is two tiered one- General Body (GB) and Board of Directors (BoD). The General Body happens to be the key policy making structure which elects the BoD from among them. The BoD looks after implementation of policy decisions and day-to-day affairs with the help of the chief executive who is popularly known as Manager in these co-operatives. All BoDs elect President and Vice-President each to supervise its functioning. The core service of the cooperative is to pool commodities produced, collected and processed by members. The primary cooperatives had federated to form secondary level cooperatives called Union. The emergence of Union has taken place out of an explicit need to deal with the working capital requirement and market facilities and support. At present there are two such Unions namely BBS – Kuchinda and BMSS- Barkote headquartered at two different central points. These Unions stand as a strong face of primary member gatherers covering a large geographical area. In primary cooperatives all the individual members constitute the General Body whereas in Union the BoD members of the primaries constitute the General Body. The members of primary cooperatives were contented to be a part of the cooperative, with greater confidence level, better negotiating power and bargaining capacity and enhancement of leadership base.

**Fig 2 : Structure of the Co-operative**
Certain issues which cropped up during field visits were—lack of market knowledge and skills, sensitivity about the quality of produce was low at the community level and lack of storage facilities at the local level. They had complaints in regards to no insurance system for NTFP’s in case of crop failure. The primary cooperatives collect and aggregate the product which is then handed over to the union for marketing. The union sells the product to the local traders. Once there was an attempt to sell the product in upstream market but it was unsuccessful due to lack of knowledge and resources. The staff had a gainful experience and learning about the strong cartel existing between local traders and upstream market functions.

Initially each group was given a task to share the information in regards to the formation and their beginning as a cooperative—As what led to their beginning as a cooperative/ why did you form it / Was your dream fulfilled? Think about the beginning time when you joined the cooperative …Most of the members of the groups had a common belief regarding the formation of the primary cooperative and they quoted i.e.

“ In order to escape the exploitation in the hands of scrupulous private traders we came together to form a cooperative”.

For some “It was the union facilitator who convinced us to join the cooperative and then as some joined the others followed their footsteps”

“Its just been two years of their formation as a cooperative thereby difficult to comment on the success rate”.

“The people who worked in the Union/ Sangha had joined organization when they heard about a vacant post .Earlier they used to work as a social worker for mobilizing people for collective good but not for enterprise. Now after working with the cooperative for sometime we are committed to our jobs and would like to continue working with the cooperative and build it”.
After attending the meetings of the cooperative and union their mindsets have changed with awareness on profit and loss scenario and being introduced to some new parameters like the membership fee, share capital and interest rates. Some of the participants had joined the organization when they heard about a vacancy. Thus each group had a variety of responses.

The next question put forward to the group was the good / positive point about the cooperative? Some of them stated they were more confident and thought the cooperative to be their own venture. They were able travel out of village, interact with people and built their networks, organize general body meetings and have discussion with different villages on future growth and development prospects. Now the villagers are aware and protected from being cheated by faulty weighing machines and have market and product knowledge to some extent. All the participants were enthusiastic and full of energy. One of them remarked, “After joining the cooperative our bargaining capacity has increased and leadership quality has emerged”.

After this task the group joined in meditation for 2 minutes. Then we moved forward to the Dream phase. The next question put forth was their forecast of the cooperatives, Vision 2015? In the next 5 years where do they see their cooperative to be?

Some participants stated their viewpoints:

“In the next 5 years the cooperative process would spread in all districts of Orissa and the Union will control the market”.

“All the cooperatives will have own storage houses and the problems which persist today in regards to the warehouses will not there be tomorrow.”

“Value addition of products would take place likewise in case of mahua and mango they will be further processed to jam, pickle and juice.”
Most of members were of the opinion of expansion - an increase in membership and size of cooperative, all the cooperative would be registered, new activities like thrift and credit would be in process. Some of the members also plan to venture into new business like siali leaf plate.

From the above statements one can infer that the formation of the cooperatives not only prevented exploitation from local traders in pricing, weighing and through other unscrupulous practices but it also built a lot of confidence, hope and aspirations among people. They would like to carry forward it to the Sangha/Union to create a vibrant organization and control of the market. They do not have an inclination to be guided by the current players in the market.

Till now we had exhaustive and explanatory information and a better understanding about the cooperatives, for further inquiry on its relationship with Vasundhara “An Appreciative Learning and Future Action Plan was conducted in July 2010 at the head office of Vasundhara in Bhubaneswar. It was attended by representatives from primary cooperatives, union staff, board members of the two unions along with office bearers of Vasundhara. As stated earlier, the 20 participants were segregated to form 4 groups namely primary and secondary cooperative; livelihood and conservation group; the ecology and environment group and the forest right’s group. All the groups were given a similar task and then post group discussion a representative of each group was asked to share their experiences. The 1st question put forward for group discussion to each group was – “we would like to know about your beginning with cooperative/Union/ Vasundhara as to why did you join it“? Can you remember the moment you decided to be a part of it ? What is the most important factor that Vasundhara has contributed to your lives? High point or peak experience!

Each group had a different response, the primary and secondary cooperative group had joined the cooperative to work independently and escape from the hands of exploited traders. Certain features of cooperative attracted the villagers as they
received a fair price for their products, regular training for manager, organizer and general body meetings for members of the cooperatives which were educative and progressive discussing about the growth of the cooperatives.

Majority of participants in the livelihood and conservation group joined Vasundhara in 2000. In 2003 the team formed a cooperative and did collective training for NTFP which was one of the peak experiences to share. Another peak experience/big achievement was the time of Annual General Meeting (AGM) which took place in the village for 2 days and was attended by 300 people at their own expense. The representative commented “The peak point was achieved when we collectively worked together and demonstrated collective strength.”

The ecological and environment group was created within Vasundhara in 1995 to study the issue related to land degradations. The peak point was in the year 2003-07 when the forest act was under considerations, Vasundhara campaigning at national level –led to studies and research which formed basis for forest right act. Majority of the participants of the forest right’s group joined Vasundhara in October 2007 as it was their area of interest and working in field their priority. A podium to understand problem and conflicts and how to increase capacity building. They quoted “Humareliya jungle, jeevan and log sab ekhain”. When translated in English it means, we value equally forest, life and people. In our area field exposure is a must for self satisfaction and publication. The confidence, energy and efficiency still prevails and we would like to continue working with organization for the independency they provide in our given task. The team works in a knowledge building process with co-ordination and focus. The driving force has been the people and the co-ordination … as people’s issue never ends so does the driving force too!

Before proceeding further the ecological and environment group and the forest rights group was merged into one group as two of the participants from these groups had to leave the workshop for some official work. Thereby, now just three groups existed namely the primary and secondary cooperative group, the livelihood and
conservation group and the merged group. The next question put forth for group discussion was “As you look over your experiences in the organization –might have been ups and downs, peaks and valleys, we would like you to reflect on the peaks.. one of the high points ….."What made this such a high point or a peak experience? How would you like to bring about the vibrancy in your cooperative/Union/ Vasundhara? What are these you would like to retain and contribute?

As per the **primary and secondary cooperative group** the vitality can be brought in the organization via team spirit, better understanding, regularizing the salary of the manager, hiring people and fulfilling the vacant posts – thereby enhancing capacity building and regularizing training in value addition process and creating space for overall development of the cooperative. The group was candid enough to acknowledge the earlier management to understand the dynamics of development and role of enterprise. Therefore in order to achieve the dream they need to enhance the human resource capacity.

The **livelihood and conservation group** was of the opinion that the organization would become vivacious if more skillful and trained people are employed. There is a need for regular training and exposure visits to both staff and cooperatives. A concrete reflection on business and a common ground for Vasundhara and cooperatives need to be explored.

The **merged group –ecology, environment and forest right’s group** both a mixture of ecological team and forest right team had a positive outlook .They stated “Proper guidance, space for individual, focus and team work were essential characteristics to bring out liveliness in an organization”.

Thus it is evident that the research and policy group i.e ecology, environment and forest right’s group values freedom and autonomy more whereas the other two groups insist more on coordinated efforts to realize and achieve the dreams of the communities. Whether, the goals are in conflict or a synergy can be built in a manner
that brings wider acceptability of the organization needs to be examined by Vasundhara. In our opinion, it could be easily reconciled where each party’s requirement is met and they are not entirely in contradiction with each other.

We then moved from the Discovery phase to Dream phase. In the pipeline the next question was –where do you see cooperative/ Union/ Vasundhara 5 years from now? The **primary and secondary cooperative group** would be in an expansion mode – the number of primary co-operatives would increase from the existing number 38 to 50. Each primary cooperative would have more than 120 members with an annual turnover of Rs 5 crore. There are discussions on with other agencies on processing and production unit for siali leaf. The **livelihood and conservation group** would establish a state and national level resource centre as NTFP Development Foundation within the overall framework of Vasundhara. The group also plans to set up a revolving fund (a pro people enterprise) with a capital of Rs.5 crore and open new marketing outlets at Rourkela, Sambalpur and Bhubaneswar. In the next 5 years the **ecology, environment and forest right’s group** plans to develop a model on issues relating to conservation and rights on land, forest and environment and thereby publish it. Moreover, the group sees an enhancement of its role in policy making and growth in relationship with the stakeholders.

Thus, moving from the current work of Vasundhara to the dream organization each group wants to create and form, we discovered that more synergy than conflicts exist and it is this synergy and dream that needs to be further capitalized by the present leadership of Vasundhara, both at the operational as well as at Board levels. For example, the **ecology, environment and forest right’s group** plans to create a model for conservation of forest which cannot be created without the involvement of communities. The communities will not involve itself unless their interest is protected and promoted by strengthening of livelihood support system. The cooperatives have to identify avenues to enlarge their size of cake which could be undertaken through the support of Livelihood group which is interested in creating NTFP Development Foundation within the overall premises of Vasundhara.
For matching the opportunities for improvement the groups were asked to make presentations on “A list of opportunities to develop and realize your dreams” Choose 3-5 changes or improved ideas you all believe will have a greatest impact on cooperative/union/ Vasundhara…and ability to chart a revolutionary course for overall good. How can a cooperative become an instrument to support them and vice versa?. All groups were provided with the needed physical arrangement like charts and marker pens.

According to the primary and secondary cooperative group R&D lab and establishing shop outlets in Sambalpur, Bhubaneswar and Rourkela would have an impact on the organization.

The livelihood and conservation team was of the opinion that developing the NTFP foundation should be a part of Vasundhara and the learning from the model on issues relating to conservation and rights on land, forest and environment would be beneficial. All the information gathered should be shared with people and other research staffs and centres which would further enhance their knowledge. The decline in forest produce was a matter of great concern to the ecological and forest rights merged team and even the assessment of NTFP was essential. The final question put forth was –What activity do you plan to undertake in the coming next year with all difficulties? As such their action plan…

The primary and secondary cooperative group plans to achieve the following target by end next year:

- a target of 30 cooperative from existing 21 cooperatives in Kuchinda.
- 70 percent of cooperatives and union would be registered.
- Value addition in mahua to mahua jam and in siali leaf to siali leaf plate.
The *livelihood and conservation group* had similar plans as the cooperative group of value addition to mahua jam from mahua and siali leaf plate from siali leaf. They were of the opinion that developing the NTFP foundation should be a part of Vasundhara and the NTFP cooperative experience needs to be replicated. The decline in forest produce is a matter of great concern to the *ecological, environment group and forest Right's team* and even the assessment of NTFP is essential. The *group* needs to provide sustained support to the tribals so that they do not lose their rights.

During this phase the members of the team were asked to split and share, how their work could contribute to others. We noticed that the *ecological, environment group and forest Right's team* found a lot synergy with the cooperatives as the first user of their findings. They also realized that the cooperatives could become the low cost instruments to access the forest condition, species and their economic value. A mechanism needs to be developed to involve cooperatives in various projects to learn and thereby utilize their learning for their benefits. This is only way to build a model of NTFP enterprise. All these facts were equally shared by the *livelihood and conservation group*. Thus the apparent conflict between the NTFP cooperatives and forest right, ecology and environment is misplaced. The group needs to coordinate with each other to build and strengthen the organization as well as the cooperatives.

After the workshop we realized the ambitious plan of the cooperatives to expand their output to attain a turnover of Rs 5 core. We made an attempt to enquire from the general manager of one of the cooperative how do the cooperative enterprises plan to expand? The diversification of products can happen in a variety of areas to expand the business to cover the annual cost of Sangha. They plan to diversify into seven products namely mahua jam, pickles, chilli, till, mustard, moog dal and black gram. The estimate of these seven products is given below in Table 1. In reference to the table we conclude that if the cooperatives diversified their products they would benefit Rs1,40,880 a year which is not enough to meet the current expense of the cooperatives. Each cooperatives incurs a monthly expenditure of Rs 32,521 which includes salary to the
staff, caretaker, accountant, house rent, transport expenses, traveling expenses and other miscellaneous expenses (telephone, internet etc).

**Table 1: Scope of Diversification by Union**

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>Mahua Jam</th>
<th>Pickles</th>
<th>Chilli</th>
<th>Till</th>
<th>Mustard</th>
<th>Moongdaal</th>
<th>Black Gram</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Investment</td>
<td>254000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Depreciation on investment @10%</td>
<td>25400</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Interest on investment @8%</td>
<td>20320</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Manpower (HR, travel, Consultancy, Office contingency, house rent for storage)</td>
<td>222000</td>
<td>68900</td>
<td>200</td>
<td>400</td>
<td>400</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Total Annual Fixed Cost (i + ii + iii)</td>
<td>267720</td>
<td>68900</td>
<td>200</td>
<td>400</td>
<td>400</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>2 Variable Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Material Cost</td>
<td>220000</td>
<td>187500</td>
<td>60000</td>
<td>80000</td>
<td>80000</td>
<td>60000</td>
<td>60000</td>
</tr>
<tr>
<td>(ii) Casual Labour</td>
<td>36000</td>
<td>10000</td>
<td>500</td>
<td>1000</td>
<td>1000</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>(iii) Packaging &amp; Transportation</td>
<td>12000</td>
<td>10000</td>
<td>8700</td>
<td>12400</td>
<td>17400</td>
<td>6800</td>
<td>6800</td>
</tr>
<tr>
<td>Total Variable Cost (i + ii + iii)</td>
<td>268000</td>
<td>197500</td>
<td>69200</td>
<td>93400</td>
<td>98400</td>
<td>67300</td>
<td>67300</td>
</tr>
<tr>
<td>Output per year</td>
<td>40</td>
<td>40</td>
<td>10</td>
<td>20</td>
<td>20</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Sales Price/Quintal</td>
<td>14000</td>
<td>7500</td>
<td>8000</td>
<td>6000</td>
<td>6000</td>
<td>8000</td>
<td>8000</td>
</tr>
<tr>
<td>Sales</td>
<td>560000</td>
<td>300000</td>
<td>80000</td>
<td>120000</td>
<td>120000</td>
<td>80000</td>
<td>80000</td>
</tr>
<tr>
<td>Benefit/profit</td>
<td>24280</td>
<td>33600</td>
<td>10600</td>
<td>26200</td>
<td>21200</td>
<td>12500</td>
<td>12500</td>
</tr>
<tr>
<td>Expected Return Over variable cost</td>
<td>109.06%</td>
<td>117.01%</td>
<td>115.32%</td>
<td>128.05%</td>
<td>121.54%</td>
<td>118.57%</td>
<td>118.57%</td>
</tr>
</tbody>
</table>

*Source: Data for this table was collected from Union Office at Kuchinda; the original source is- Orissa University of Agriculture and Technology (OUAT) and Food and Nutrition Board at Bhubaneswar*
Expansion of output and value addition at the primary level is necessary for continuation of the interest of the villagers. The union needs to conduct pilot studies on expansion of those products with maximum output. At first it needs to experiment with two or more products and then keep diversifying. The purpose of this value addition and diversification of NTFP products is not only to gain profits but also to create a model for NTFP enterprise for others to replicate it.
4. Recommendations

The original objectives of this reflective consultation which was (i) to suggest the strategies for improving in efficiency and effectiveness of primary and secondary cooperatives; (ii) to identify replication strategies; (iii) ways and means to improve viability of secondary cooperatives and (iv) to encourage thrift and credit society by members of primary cooperatives. There is no doubt that these objectives are interlinked to each other. We also have no doubt in our mind that the efforts of Vasundhara have been widely successful and acclaimed. At the same time fear exists among the members that such a support may not be available in future due to lack of resources. If this occurs the primary cooperative will not be able to withstand on its own. However, we do find synergy among the different units of Vasundhara and this synergy needs to be capitalized for strengthening the cooperatives.

In past, Vasundhara has provided critical linkage to the cooperatives through funds, technical knowledge and human resources (see Fig-2). This critical linkage needs to be developed further for improving efficiency and effectiveness of the cooperatives both at the primary as well as secondary levels. So far the design potential of these cooperatives are limited which need to be expanded and the operating efficiency of secondary cooperative could be improved through value addition and market linkage. The expansion of Union business plans will reinforce primary members interest in cooperatives; its attempt should be such that members cannot find better avenues than what cooperatives could offer. Thus Vasundhara needs to continue to support the Unions and the primary cooperatives societies in mutually reinforcing manner; the support must be linked to the performance (see Fig 3). Thus as shown in figure 3, there is a need to establish support linkage based on the performance of the cooperatives. The low support with or without performance demand cannot create effective cooperative structure, it will lead to either wasted opportunities or frustrations among employees and members of the cooperative. The cooperative becomes effective only when high performance supply is linked to the high performance demand.
Vasundhara should develop a 5-7 year strategy to withdraw from the cooperatives. Withdrawing at this stage, will degenerate the cooperatives and all efforts done so far will be wasted. Therefore our recommendations are as follows.

- Vasundhara should not withdraw from the cooperatives at this stage, as it has created a sound base for NTFP cooperatives but they cannot sustain themselves. For all the investments done so far it will become a wasted opportunity.

- It is also in the interest of Vasundhara to continue with the cooperatives and demonstrate that the empowerment of marginalized people is possible through NTFP cooperatives enterprises; it also aligns well with the vision and mission of Vasundhara.
• The concern of Vasundhara, however, is genuine that it needs to withdraw from the enterprise and operate at larger scale as resource institutions for NTFP enterprise but withdrawing at this stage will not be in the interest of the cooperatives. Building and nurturing people's institution like cooperatives takes much longer time than one anticipates. Even the famous ‘AMUL’ took almost two decades to withstand on its own. The NTFP cooperative needs to be supported because it helps to improve the livelihood of most marginalized community (tribal) of our society.

• Until now, Vasundhara was supporting NTFP cooperatives based on their requirements and needs but now they need to change the strategy and support should be linked to the performance. The expansion of cooperatives business should be the sole determining factor of their support.

• It is clear from our analysis that the present human resources available at the Union and primary cooperatives is not capable of steering the cooperatives. Thus their capacity need to be improved and reinforced.

• The value addition and marketing skills need to be developed at the Union levels. Some suggestion has been provided by the Union which need to be critically examined before they are launched. The Union, primaries and Vasundhara need to acquire these capabilities.

• The cooperatives should provide a learning ground for the Vasundhara staff. It needs to be made mandatory for the staff to clearly acquaint themselves with the problems faced by the cooperatives. This will make Vasundhara truly a grass root level organization.

• Vasundhara should realize that its long term interest lies in increasing the capacity of the people, and its dream of becoming a nodal NTFP institutions cannot be realized without firm grounding at the field level and demonstrating that NTFP based enterprise is possible with involvement of the people.
So far these cooperatives have not been involved in thrift and credit. There are several models available and Vasundhara may send some of its senior staff to study these models. Developing self help groups will have several beneficial impact on the cooperatives. (i) it will expand the business of the cooperative ;(ii) it will also help to mobilize capital from internal sources and (iii) it will create binding interest among the primary members of the cooperative.