



## Potential for Market Linkages: A case of SAFAL

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Focus area 4: Experiences of Watershed development for growth



# Ownership in Watershed Development

The Village Development Society (VDS) was a people controlled institution, formed to undertake the watershed development activities under the Indo-Swiss Participative Watershed Development Project Karnataka (ISPWDK). It now encompasses overall development of the village.



# Mobilization of resources

The VDS has mobilized financial resources for post project sustainability. Each of the VDS has about Rs. 5-10 lakhs.



# Management for sustainability

- The VDS has trained the farmers in the maintenance and management of different structures in the watershed.
- Helped farmers to preserve their indigenous seeds/biodiversity by developing the seed bank.
- Supported farmers to adopt alternate land use system like cultivation of fruit crops in the upper reaches and management of the orchard horticulture crops.
- The VDS supported the SHGs and provided working capital for establishing land based and non-land based livelihood activities like poultry, vermi composting, garment making, micro-enterprises



## Focus of the CE-WLP members

- It was felt that there is a need for effective market linkages to market farmers produce to make use of the productivity developed through watershed development interventions.
- New market linkages: The Safal Marketing systems and functions were explored to explore the possibilities of the VDS linking with such market facility.

# Safal Market: Background

- The Department of Agriculture and Cooperation, Government of India, requested NDDB to suggest a system to modernize the procurement and marketing of the horticultural produce.
- NDDB has taken up a project in Bangalore as an alternate set up that will operate to the parallel system of marketing like Agriculture Produce Marketing Committee.
- An investment of Rs.150 crores was made in to this project with the support of GOI.



Safal Market – The Safal Fruit and Vegetable Auction Market (SFVAM) was established Bangalore in July 2004

# Safal Fruit and Vegetable Auction Market

- It facilitates the transaction between the producers and buyers through a transparent auction systems.
- It integrates the producers and the retailers in to the market system.



# Capacity of Safal Market

- It has 1600 tons trading capacity per day and at present they transact about 300 tons.
- Commercial cold storage facility with capacity of 10000 metric tons.
- Fruit ripening chambers - banana
- 100 - Spacious and well designed shops available for the buyers for their use.
- Trained professionals in different areas of Backward and forward linkages.
- Gained a good experiences in developing approaches, systems for vegetables and fruit marketing.

# Farmers associations

- The FA was formed to collect, pool farmers produce and help the farmers to receive greater share of consumer prices with assured payments.
- The FA supports the farmers in backward and forward linkages with the support of Safal Market.
- On an average each of the Farmers Association transact business of Rs.50-60 lakhs annually.



# Backward linkages

- The farmers give their indent of supply to the FA indicating how much they will supply on the day.
- The FA also send an indent to FA of its requirements based on the need of the buyers.
- The farmers themselves grades the produce and bring in to the FA. Farmers are trained to do grading.
- The produces are labeled as A or B/ market quality grade
- The Transport facilities are arranged to transport the produces from FA or from the farm itself, depend upon the quantity.



# Backward Linkages

- The quality assurance department at Safal Market checks the quality of the produce received and the grade before sending for auction.
- Training to FA and the farmers on technical aspects of Vegetable Production like pest and diseases management and nutrient management for different crops.



# Auctioning systems and procedures

## Three types marketing systems:

### 1. Electronic Auction Hall:

- The selling and buying take place at the press of a button.
- The retail and whole sale buyers participate in the auction and bid through the electronic button system.

**2. Safal Daily Fresh outlets:** There are 7 outlets in Bangalore city for the consumers to buy them directly in the shop.

### 3. Outstation Sale

# Forward Linkages

- Graded, sorted produce, all under one roof.
- Fruit Ripening Chambers
- Shops for the business areas
- Commercial Cold storage
- Grading vegetables and fruits
- Pricing, payment and service charges



# Benefits

- The Safal Market ensures farmers a guaranteed price to farmers and avoid all sorts of exploitation of private market players.
- The price fixed is circulated to the farmers association.
- The farmers produce and payment is made once in three days to FA by Demand draft.
- The farmers are paid by cheque by the FA
- Safal Market charges 3.5% of the total turnover as service charges to Farmers Association .
- Farmers Association charges 1.5% as service charges to farmers.
- The private markets the farmers are charged more than 10% as service charges apart from other exploitative practices in weighment, price fixing, transportation etc.

# Challenges

- Shifting from Supply Driven to Demand Driven by the farmers.
- Initiatives needed to increase different kind of buyers
- High Inputs External Agriculture for Commercial production

# Potential for the VDS/CBOs to integrate into such a system

- Possibilities for the VDS to be the supplier of the produce as per the demand of the Safal Market.
- Potential for involving Safal to set up local market/outlets for the farmer's produce in small towns/district head quarters.
- Safal could be involved in setting up markets, systems etc.



Thank you



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