



# Newsletter



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WELCOME—to the first edition of the GMED newsletter. Goal of the newsletter is to keep our sponsors, program partners, and other value chain practitioners informed of our more significant activities and accomplishments. These activities and accomplishments are spread over two main components, agribusiness and urban services; five sub-components, including fruits and vegetables, organically certified food products, solid waste management, financial services and policy advocacy; and several specialized sub-projects. We cannot cover all of our current activities in all of these areas in a single issue of the newsletter; (even if we could, it would be boring). So we will present program highlights and trust that you will find these of interest. We will welcome your inquiries and responses.

## **ACDI/VOCA GMED ICT-Enabled Extension Model**

The GMED Program this month was awarded a grant from USAID in the amount of \$750,000 for the development of an electronically aided agricultural extension model particularly aimed at the private agribusiness sector. GMED will partner in this activity with ITC Limited, an Indian firm noted for its pioneering “e-choupal” initiative aimed at commercializing smallholder farmers through the application of internet connectivity. The “horticulture e-choupal” platform will differ from the original in its emphasis on enabling more effective interaction between individual fresh produce farmers and ITC extension personnel. In addition to providing farmers with up-to-date information on production and postharvest techniques, market prices and weather forecasts, the platform will also be utilized for purposes of farmer record keeping, product traceability and crop planning and scheduling.

## **GMED Partner ITC Opens First Fresh Produce Outlet**

Consumers as well as small-scale retailers flocked to the opening of the first ITC fresh produce outlet in Hyderabad when it opened in late August. This is the first of a series of Choupal Fresh stores, stocking a wide assortment of fresh fruit and vegetables, that ITC plans to open throughout India. The next two openings are slated for Chandigarh and Pune in late September. The stores are being established primarily to provide cash and carry services to retailers, but will also serve consumers. GMED is assisting ITC to develop reliable vegetable procurement systems based on purchasing produce from small-scale (two to five acre) farmers. The first three GMED-assisted pilot production clusters are located in Andhra Pradesh, Punjab and Maharashtra. GMED is training ITC technical field personnel in the transfer of a package of production and postharvest practices that are enabling the farmers to significantly improve productivity and product quality.

## **GMED “Package of Practices” Boosts Farmer Income**

A recent trial comparing results of applying the GMED recommended package of production practices versus traditional farming techniques convinced Gurchand Singh, an ITC lead farmer at the Malerkotla Cluster in Punjab. Singh experienced a 28 percent increase in brinjal (egg plant) yields and earned 32 percent more income from following the GMED recommendations when compared to a nearby plot cultivated in the traditional manner. The Malerkotla farmer earned an additional Rs 7,150 from selling seedlings grown in a GMED-designed seedling nursery to his farmer neighbors.



### **Madhya Pradesh Requests GMED Solid Waste Management Assistance**

The government of Madhya Pradesh has requested GMED help in developing programs for outsourcing solid waste management (SWM) activities to small enterprises and NGOs in nine municipalities. GMED will team with the MP City Managers Association for this task. The GMED team will conduct baseline needs assessments and financial analyses for each municipality, assist in developing workable outsourcing plans and advise municipal administration in the application of the SWM tool kit. The tool kit includes templates for bidding documents, contracts, monitoring and evaluation systems and other necessary outsourcing tools. It was developed jointly by GMED and the All India Association for Local-Self Government (AIIILSG). GMED is also assisting municipal governments in Rajasthan and Maharashtra to develop SWM outsourcing programs.

### **Urban Services Scorecard**

To date, six municipalities in Rajasthan and Maharashtra have awarded contracts for solid waste management to micro and small enterprises as a result of GMED intervention. These include, in Rajasthan, two contracts awarded for 13 wards in Jhunjhunu; one contract for seven wards in Bikaner; three contracts awarded for 18 wards in Alwar; two contracts in Bundi, and one contract in Bhilwara. In Maharashtra, the Aurangabad Municipal Corporation awarded 10 contracts for SWM services to micro and small enterprises. The total number of jobs created through the award of these contracts exceeds 500. GMED target for the number of municipalities successfully outsourcing by the end of the project is 15. With one more year of the program to go, it appears certain that this target will be exceeded.

### **GMED Influences Rajasthan Policy Change**

GMED recently helped convince the Rajasthan State Government to issue a circular reversing a long-standing policy that barred private firms from being contracted for outsourcing of solid waste management activities. The state formerly limited the award of such contracts to NGOs and civil society organizations. As a result of GMED lobbying with the state government officials concerned, private sector participation in solid waste management is now permitted.

### **GMED Initiates Pilot Program in HIV/AIDS-Affected District of Maharashtra**

GMED has started a new sub-project in Sangli District, Maharashtra State. Goal of the sub-project, which is funded through a USAID EGAT Prime grant to the Delhi USAID Mission, is to design a model for integrating HIV AIDS-affected communities into commercial supply chains. This will be accomplished at Sangli by developing several smallholder farmer vegetable production clusters, linking them to buyers from ITC Limited, and helping private extension workers train the farmers to provide a reliable supply of the quantity and quality vegetables required by ITC.

### **GMED Mango Value Chain Assessment Completed**

As the first step in the conduct of a new mango industry development subproject, the GMED fruit and vegetable team recently concluded a mango value chain assessment (VCA). Despite the fact that India is by far the world's largest producer of mangoes, the VCA revealed a highly disorganized and fragmented industry with weak value chain linkages, long and inefficient supply chains, inadequate information flows, and lack of appropriate production, post harvest and marketing systems and technologies. GMED is planning technical interventions at several levels of the value chain, starting with the organization of model production clusters in Gujarat, Maharashtra and Andhra Pradesh. Negotiations are ongoing with potential industry partners including Reliance Industries, Jain Irrigation, BAIF Development Research Foundation, Andhra Pradesh Federation of Farmer Associations and the USAID-funded PDIF project .

### **"THE BEST TOMATOES IN HYDERABAD"**

The recent soft opening of the ITC cash and carry outlet at Hyderabad featured a "standing room only" crowd of customers. One of the biggest draws was a bin of premium quality tomatoes, the "best to be found in Hyderabad" according to one of the ITC customers. Bbupal Reddy, the farmer who produced the premium tomatoes, is a lead farmer for ITC. His two-acre farm at Annasagar Village in Andhra Pradesh has become a showcase for improved production practices since ITC and the GMED Program began helping him develop demonstration plots using modern farming techniques and equipment. Mr. Reddy, who has been farming in the same location for the past 20 years, was able to increase his daily tomato picking per acre from an average 250 kg. to up to 800 kg. His income from the current crop increased by about 50 percent compared with the last time he grew tomatoes. In addition to getting higher yields and premium prices, Mr. Reddy was able to save some 40 percent on fertilizer and pesticide costs, and, by selling directly to ITC, saved on transportation costs and the 10 commission he would have paid to the Mandi trader. In addition to working his own farm, Mr. Reddy as an ITC lead farmer is introducing 10 of his farmer neighbors to the GMED package of practices and to the ITC procurement system.



### **Godrej to Set Up Pilot Maize Procurement Program**

A GMED proposal to establish six to eight village maize collection centers in Maharashtra on a pilot basis has been accepted by Godrej Agrovet. Starting in October, three Godrej feed milling divisions will set up collection stations at Jalgaon, Dhulia City, Aurangabad, Jalna and Lassar Station, with two more tentatively planned for Nashik. Five independent entrepreneurs recruited and trained by GMED and working on a commission basis will select the locations for the centers, locate the required equipment, organize groups of farmers to deliver the maize to the centers and help facilitate the transactions. The farmer will save on drying and threshing costs as well as *mandi* tax. Godrej will gain improvements in quality by controlling the drying and threshing process, and will benefit from the value added through utilization of the husk and cob. Each collection center will procure maize from approximately 500 farmers. GMED industry partner Pioneer Hybrid India (DuPont) will provide technical extension services to the farmers as well as supplying them with maize seed.

### **GMED Enlists Former Agriculture Commissioner to Train Private Extension Workers**

GMED training programs are enabling some 33 IITC Organic India field extension staff to transfer improved organic production techniques to more than 2,500 certified farmers in Madhya Pradesh and Uttaranchal. Training for the extension agents, including 13 female staff, was presented by GMED consultant Dr. Pramod Dixit. The agents learned more effective techniques for soil nutrition management, composting, pest management and crop storage. IITC Organic India is a GMED industry partner for organically certified food products. Dr. Dixit, a former agriculture commissioner for the Ministry of Agriculture, Government of India, is a nationally recognized expert in organic agriculture. GMED focuses on building the capacity of industry partners who in turn provide technical expertise to micro and small enterprises, including smallholder farmers, as a means of adding value to their transactions.



## ABOUT GMED

The India Growth Oriented Micro Enterprise Development (GMED) Program is sponsored by the U.S. Agency for International Development (USAID). Its goal is to develop and test approaches to increasing employment through facilitating the growth of micro and small enterprises. The program focuses on urban services and agribusiness. GMED employs a value chain approach to MSE development, in the belief that the potential for growth, productivity and international competitiveness for any industry is determined by the performance of firms at all levels of the value chains, regardless of their size.

Unlike the traditional mode of donor-supported small enterprise/small farm development projects, GMED does not directly interact with the MSEs the program is seeking to assist. Instead, GMED uses an embedded services model, working with larger business entities and other organizations that provide smaller firms with business development services as part of their commercial transactions. GMED goal is to enlarge the scope of these embedded services, render them more effective, and very importantly, help ensure that they are equitable to the MSEs. By helping create win-win situations, where both parties profit from the embedded services system, GMED helps ensure the sustainability of the program interventions.

GMED due to its limited resources works on the basis of creating commercially viable models that can then be replicated by other industry participants. Thus scalability as well as sustainability becomes a deciding factor in selecting specific interventions. Another factor differentiating GMED from more traditional development projects is the fact that adopting a value chain approach and utilizing corporate partners as the service delivery mechanism means that within the project framework, the program must focus on achieving the industry partners' objectives as well as the program objectives. The intensive interaction required with the industry partners also means that GMED can only work with a limited number of these partners.

At the present time, GMED partners include ITC Limited for fruits and vegetables; INHERE, HARC and IITC Organic India for organically certified foods; Pioneer Hybrid (DuPont) and Godrej Agrovet for the maize value chain subproject; and the All India Institute for Local Self Government for urban services. Several other partnerships are currently being negotiated for the mango industry development subproject.

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