

Annexure IV

TOWARDS A NEW BUSINESS STRATEGY OF BENFED

OUTCOME OF THE SECOND WORKSHOP HELD ON 10-11 MARCH, 2008 AT ICMARD,
ULTADANGA, KOLKATA

Principal Strategy

Strengthening the 3-tier [Benfed ↔ PAMS ↔ PACS] network with direct linkage with farmers, with Benfed playing the role of mother cooperative body.

Road Map

Expanding and diversifying the business base of the 3-tier cooperative network over a period of next five years that would be capable of addressing the needs– both for input supply and output marketing - of farmers in a holistic way.

Emerging Thrust Areas

- Doubling the present fertilizer business- principally through IFFCO and also through other government, coop. and private agencies.
- Seed development and marketing by Benfed – Potato and Paddy – branded seed.
- Appropriate and optimum use of Benfed's assets- Godown, Cold Storage and Land.
- Decentralised Bio-Fertiliser/Pesticides manufacturing and marketing.
- Taking up marketing of outputs (agri produce) – 1 or 2 products on pilot basis.
- New rural godowns for warehousing business.
- Expanding the existing agri-inputs business.
- Exploring the possibility of entering export market on pilot basis.
- Entering into Food processing business – a) backend operation with big private players, b) semi processed food items, c) Oil Mills- Branded mustered oil.
- Portfolio (fund) Management.

Strategic Interventions

- Strengthening the organization through orientation / capacity building of Board and Staff members.

- Exposure visit to well functioning / successful marketing cooperatives/ federation in other States.
- Decentralization of decision making and delegation of power at all levels.
- Strengthening supervision and monitoring through new systems and technology intervention.(MIS).
- District-specific business, not all business to be state-wide.
- Developing a Business Policy Document (code) for the organization to guide business policy decisions.
- Technological intervention for - better service to clients and new business opportunities.

Specific Assignment to be completed before the 3rd workshop tentatively scheduled for 7-8 April 2008

(to be undertaken by the district officials, who participated in the second Workshop immediately through meetings involving all)

- Plotting on a district map (rough sketch) the no. and names of well functioning PAMS and PACS.
- Plotting on a district map (rough sketch) the no. and names of PAMS and PACS not functioning well but having potential to do well with a little help from Government / Benfed.
- District-wise business record with special achievements & setbacks for the last 3 years.
- District Profile with data on agril inputs consumption vs. supply from Benfed, marketing business in the district- paddy, jute, potato, fertilizer. bio-fertiliser, equipments etc. for the district (including data on rice mill / cold storage / rural godown.), or any other relevant data that would help formulate Business Plan for each district with specific interventions for:
 - expanding existing business
 - opening up new business opportunity

ANNEXURES

Record Notes of Group Works undertaken during the Workshop on 10-11 March 2008

Assignment 1: ENVIRONMENT ANALYSIS

(Emerging market scenario in Agri-business)

- 1) Pvt. Sector / MNC dominance rural agri market
- 2) Contract Farming trend
- 3) Production as per market demand
- 4) Retail chain for agril inputs etc.
- 5) Decline in use of chemical fertilizer & pesticides
- 6) Increase in hybrid seed and G.M seed
- 7) Innovative Water Management for irrigation
- 8) Increasing food processing scope
- 9) Branding and labeling of agri inputs and agri produce
- 10) Declining govt. control
- 11) Subsidy withdrawal
- 12) Multipurpose cold storage for agril. produces
- 13) Application of farm mechanization in cultivation and market chain
- 14) More flow of market information leading to increased bargaining capacity
- 15) Gradual elimination of middleman due to opening of direct outlets

Assignment 2

Group I

Capabilities and strengths of Benfed

- Apex coop. supported by nearly 300 constituents
- Constituents having linkage with nearly 3500 grass root level coop. societies dispensing Agril. Credit
- Having network of branches in all districts of the state
- Having storage capacity of nearly 1.00 lakh M.T
- Reasonably fair strength being capable of executing action plans

Weaknesses of Benfed

- Internal resources limited
- Equity contribution by constituents inadequate heavily dependent on Govt. equity
- Growth of equity is not ensured by growth in business
- External resources are mainly funded by Govt. either as loan or grant
- Bank credit not available readily due to bad financial condition
- External source of acceptance of deposit from members, nominal members not explored
- Absence of any foothold in terminal market
- Absence of market intelligence and monitoring system
- Low risk-taking culture
- Legal limitations on negotiating trade with non coop agencies
- Govt. support exists for govt. schematic operations only
- No scheme prepared for ploughing back profit to constituent

Group II

Capability & Weaknesses of Benfed

- Distribution of Agril. Inputs from state level to district level to grass root level
- Procurement of different Agril. produces (M.S.P/Commercial)
- Warehousing
- Distributorship of different companies produces
- Participate in different tenders and execute thereof
- Multipurpose Cold storage
- Lack of professionalism
- Improper manning
- Lack of non-assured market for sale of Agril. Produce.

- Lack of communication
- Dependence on suppliers/others
- Non-diversification of business
- Bindings of Bye-laws and coop. Acts & Rules in business expansion
- Poor financial condition of our members/dealers
- Non-adoption of modern technology
- Non-recruitment of fresh blood
- Under-utilization of assets & huge liabilities
- Good infrastructure
- Govt. support
- Real assets; Vacant land
- Man power
- Human Resources
- Large capacity of godowns
- Lengthy and time taking process for taking decision and implementation
- Devotion and hard work not rewarded.
- An environment of mistrust between the employer and employees
- Limited scope for upliftment of service condition

Group III

External opportunities available for Benfed to tap

- 1) Joint venture with private entrepreneurs /cooperatives in procurement of Agricultural produce
- 2) Marketing of vegetable seeds
- 3) I.C.D.S supply

- 4) Agricultural processing : Oil Mill, Fruit processing, Potato powder & potato slices
- 5) Retail outlet where the coop is weak/non-existing
- 6) Fertiliser business beyond Iffco
- 7) Ware housing business
- 8) Seed business in BENFED's own brand name/joint venture
- 9) Consultancy of engineering projects in other Govt. Depts./Pvt. Sector
- 10) Multipurpose Cold storage
- 11) Petrol Pump
- 12) Revival of Susunia Mineral Water Project
- 13) Bio-fertiliser & Organic manure marketing
- 14) Jute product business
- 15) Export of agril. Produce- self/ joint venture with NAFED
- 16) Utilization of Benfed's vacant land.

External threats

- 1) Over dependence on Iffco
- 2) Competition from Big House
- 3) Change in Govt, Policy
- 4) Huge dues
- 5) Competition from small and Middle class Traders
- 6) Decline in chemical fertilizer consumption
- 7) Worsening financial position of the PAMS-collapse of the 3-tier system

Group IV

Opportunities (External)

- 1) Sustained Govt. patronage for procurement of Agril produces
- 2) Revival of Engineering Deptt. to avail the present infrastructure boom
- 3) Develop business relation with selected Jute Mills

- 4) Establish modern/scientific storage facilities/processing unit to preserve Agril. Produces
- 5) Enter bio-fertiliser/organic fertilizer market with own brand
- 6) Rationalise the fertilizer business considering supply and demand and to achieve at least 30% market share
- 7) Open own outlets for providing single window assistance to the farmers in uncovered potential areas.
- 8) To develop own brand

Threat perception

- Uncertainty over change in fertilizer pricing/subsidy policy of G.O.I.
- Aggressive marketing strategy of private manufacture
- Uses of P.V.C in packing material shrink raw Jute/Jute product market in absence of statutory Govt policy in procurement of food grain/crops.
- Increasing competition
- Infrastructure becoming poorer

VISIONING EXERCISE

Draft Vision Statement from the groups

- I. To achieve a reasonable rate of growth and to sustain it by deriving profit by serving interest of farmers and in the process minimize the exploitation of farmers by middle man.*
- II. To develop the socio economy condition of farming community by way of providing their requirement and marketing their produces, play key role in balancing the market price and providing the credit facilities, insurance coverage, loan against their produces.*
- III. To serve small and marginal farmers of the State through its cooperative net work by providing quality inputs, procuring agri-produces and giving such guidance and to participate in different scheme for backward classes.*
- IV. To grow amidst competition and challenges for the benefit of our ultimate users by excelling in our performance through adoption of appropriate strategic having market potential and incorporating technology suited to our need for the growth of our member as well.*

Consensus Vision Statement

We pledge to fulfill the need of farmers of the State through cooperative net work through action based on equity and justice with right degree of competitiveness by adoption of modern technology with the positive values for quality service for growth in turn over and at ensuring a reasonable return to our stake holders.