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**Kaushlendra, Samriddhii****The Mission:** Help small vegetable growers and vendors get the best price.**The Benefits:** About 600 farmers and 3,000 vendors are doing business with it.

The Fair Price Shop

He wants to make Bihar the vegetable capital of India. And give all—farmers, vendors, consumers—a fair deal.

ANURAG PRASAD

The seed for Kaushlendra's business idea was sown very early in his student life. Growing up in a farmer's family in Bihar's Nalanda district, Kaushlendra was troubled by two observations. One, farmers struggle to get the right value for their produce. Two, consumers in Bihar, the third-largest vegetable producing state, ironically, can't get fresh vegetables. By the time he passed out of the Indian Institute of Management (Ahmedabad) as a topper, he knew what to do. He started Samriddhii.

To know what Samriddhii's all about, consider what it does on a daily basis. As early as 5 am, five of its members from Patna start towards collection centres in rural Bihar

. Waiting for them at those centres are 600 farmers, with loads of fresh vegetables. Samriddhii's members spend the next two hours picking and choosing the best vegetables on offer. Having procured 5 tonnes in all, they pay farmers in cash. Of course, buying directly from farmers is lighter on the pocket, what with middlemen fee absent. The vegetables then find their way to homes, shops, mandis and hand-driven carts in Patna. By evening, Samriddhii sells all the vegetables it procured early morning.

This has been the routine since December 2007, when Kaushlendra kicked off his business. Before starting, he had to understand the needs of farmers, consumers and even vendors. And then create a supply chain. It took him nine months in all.

"I discovered new aspects of the vegetable supply-chain during this period. I understood why the *mandi* system does not work," he says.

Kaushlendra might not have got any private equity or venture capital funding till now. But the 29-year-old has done well in an area where biggies such as Reliance Fresh have failed and those like Bharti are trying to find their feet. Less than two years since it sold its first kilogram of vegetables, Samriddhii has an annual turnover of Rs 5 crore. What's more, margins are between 20% and 30%.

Vendors get vegetables a tad cheaper from Samriddhii. Also, since it delivers at their doorstep, they are free to do what they do best: sell.

The Right Price

Making money for itself, however, isn't why Samriddhii is in existence. Kaushlendra started this, under the Kaushalya Foundation, to help small vegetable growers and vendors. To start with, it brings together farmers and vendors under an umbrella, without which they will be left to fend for themselves in a marketplace that's becoming ruthless by the day.

Take farmers. Samriddhii works with farming self-help groups. They are not tied to Samriddhii and can sell their produce to anyone. But they continue to sell to Samriddhii, one of the big attractions being cash payment. The formation of self-help groups has also given its members easy access to bank loans. During lean times, Kaushlendra's team organises training for farmers in organic farming, best practices and cultivation of new exotic vegetables.

Kaushlendra says Bihar's vegetables are still not getting the right price. "Very few know," he says, "that Bihar has the lowest use of chemical fertilisers per hectare." About 60% of the produce is, therefore, organic by default. "We need to tell this to consumers."

Samriddhii's consumers can also look forward to grading and differential pricing. "The taste of vegetables changes within kilometres in Bihar," he says. "Locals, today, pay the same market rate." Kaushlendra believes premium pricing can work. He gives an example: "The costliest rice brand in the world is Patna Rice, owned by a US company." Why? "Because it is said that Gautam Buddha used to eat the same rice. And people pay a premium for something that no one can verify," he says.

Vendors, on the other hand, can get vegetables a tad cheaper from Samriddhii than elsewhere. But they can look forward to a lot more than just that. "A vendor is a natural salesman," says Kaushlendra. "He should not waste his time and energy in other activities of the chain. We let him do what he does best: sell." Generally, a vendor spends hours at the market, haggling with the middleman. The vendor's family, meanwhile, fills in for him at the shop. The Samriddhii scenario: if the vendor is given vegetables of his choice at his shop, it leaves the vendor free to do what he's best at. And then his family members are free too. His children can go to school, for instance. Kaushlendra is also open to absorbing members of its vendors' family in its centres. There are 3,000 vendors attached to Samriddhii. On an average, 100 buy from it daily.

Scaling Up

The Samriddhii model loosely resembles how Mother Dairy runs its fruits and vegetables brand Safal in Delhi. But there are differences. The Safal model, which is over three decades old, has its genesis in the co-operative model of Amul. Samriddhii works with self-help groups of farmers and vendors. Unlike Safal, Samriddhii does not handhold farmers on the choice of crop and the quantity to be procured. Rather, it sells quality seeds to farmers 25% cheaper than the market rate. Safal's procurement area is spread across the country, with different regions supplying different products. Samriddhii works on the principle of local procurement (and doesn't sell fruits as of now). The other big point is that selling to vendors is just an option for Safal.

Samriddhii's target is ambitious. It is gunning for a turnover of Rs 100 crore by 2011. By that time, it should be up and running in Uttar Pradesh, Chhattisgarh and Maharashtra. Its other plan is to send vegetables to large retailers in Bangalore and Delhi. For this, it will get 15 refrigerated vans from Europe by next year. "Our expansion in other states will bring us the economies of scale and revenues," says 26-year-old Anuj Kumar, who manages the supply side of the business. Says Kaushlendra: "We will scale up the model to an all-India level." In the process, he wants to make Bihar the "vegetable capital of India".

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