

ROLE AND PERFORMANCE OF SIKKIM STATE CO-OPERATIVE SUPPLY AND MARKETING FEDERATION LTD. (SIMFED)

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Abstract: Organized marketing is of considerable significance to the economy of a country. It benefits the producer as well as the consumer. Unregulated markets involve a long chain of intermediaries before the commodity reaches the final consumer, with the result that the cost of the commodity becomes exorbitant. To eliminate the middle men from the marketing activities and provide better price for agricultural producers the cooperative marketing societies were established during 1912 Act. Co-operative marketing societies are organized by the farmers themselves and the profits are distributed among the members based on the quantity of the produce marketed by them. Agricultural marketing cooperatives have facing several problems, their performance is not up to the mark due to inadequate working capital, traditional methods of marketing, lack of technical support, untrained personnel, and lack of support from apex marketing societies. Therefore, it is necessary to study on cooperative marketing. This paper attempts to analyze key performance indicators of SIMFED. An analytical research design (key performance indicators) is followed in the present study. The study is based on secondary and primary data. Empirical results show positive and satisfactory performance of SIMFED.

Keywords: Co-operative Marketing, Agriculture, Marketing Society

Introduction: Organized marketing is of considerable significance to the economy of a country. In fact, a well organized co-operative marketing structure is an essential pre-requisite for large scale increase in co-operative credit. Under the crop loan system, there is a shift in the emphasis from land to crop as the main security, and linking of credit with marketing would provide a built – in mechanism for recovery of production loans also. The broad aim of co-operative marketing societies is to rationalize the whole marketing system so that it may be beneficial to the producer. Its basic objective is to strengthen the bargaining capacity of the farmer so as to secure him better price and eliminate the superfluous middlemen.

Sikkim State Co-operative Supply and Marketing Federation Ltd. (SIMFED) was established in the year 1983 under the Sikkim Co operative Society's Act of 1978 and Sikkim Co operative Societies Rule of 1981. SIMFED was established as an Apex Marketing society for the state' of Sikkim with the main intension of undertaking wholesale supply of consumer goods to the Multi Purpose Cooperative Societies (MPCS) and Consumer Cooperative Societies (CCS) and to arrange for bulk marketing of the surplus Agricultural produce including the important cash crops of the state. 86.96% of the shares of SIMFED are held by the Government of Sikkim whereas 13.04% of the share is being held by the member societies.

SIMFED is an apex cooperative of Government of Sikkim and was specially created as distributor / wholesaler / supplier of all types of cut flowers such as cymbidium, lillium flowers, Asiatic lilies, fresh cut flowers, open field cut flowers etc. and fresh

vegetables such as butter beans, cabbages, butter beans, lamrangey, iskus, turmeric tuber, large cardamom. SIMFED also exports fresh ginger, ginger majaulay, sliced ginger, dried ginger, ginger powder, ginger flakes, canned baby corn, canned sweet corn, mandarin oranges, kiwi fruit etc.

Presently SIMFED is involved in the following businesses:

1. Procurement of Surplus Agriculture and Horticulture produce and disposal of the same at the local market or through SIMFED's yard at the regulated market, Siliguri and Sikkim Organics, New Delhi or to the buyers across India.
2. Procurement and supply of seeds, bio-fertilizer, agricultural tools and Implements, organic manure, pesticides etc. to the Food Security and Agriculture Development Department and the Horticulture and Cash Crops Development Department.
3. Processing of ginger and turmeric, packaging and marketing the same. Packaging of pulses, cereals and marketing the same.
4. Service of provider of the Internal Control system (ICS) under Organic Mission in Sikkim, Odisha, Jharkhand, Assam & Bihar.
5. Procurement of all consumer items from the nearest whole sale market at Siliguri and supply of the same to the MPCS and CCS all over the state.
6. Procurement and Supply of various construction materials viz. TMT Bars, cement, and other hardware items to various govt. departments and various other institutional buyers.
7. Procurement and supply of office stationeries, exercise book, furniture, computers etc.

8. Supply of uniforms to class IV staffs of the Government departments including Police Department.
9. Supply of various miscellaneous items required by the Govt. departments.

Present Scenario: SIMFED authorized share capital of Rs. 5,00,00,000 (Rupees Five Crores), as on 31.03.2014, SIMFED had a total of Rs. 3,55,89,600.00 (Rupees Three Crores Fifty five Lakhs Eighty nine thousand and Six hundred) as paid up share capital. Whereas 86.96% of the shares of SIMFED are held by the Government of Sikkim and the remaining 13.04%

of the share is being held by the member societies. SIMFED has a total of 191 Cooperative societies as its member societies in the following four districts of Sikkim:

Districts	East	South	West	North	Total
No.of Societies	79	39	50	23	191

The net profit of the Federation after providing for income tax during for the financial year 2013-14 is Rs. 99.94 Lakhs against the turnover of Rs.173.18 lakhs.

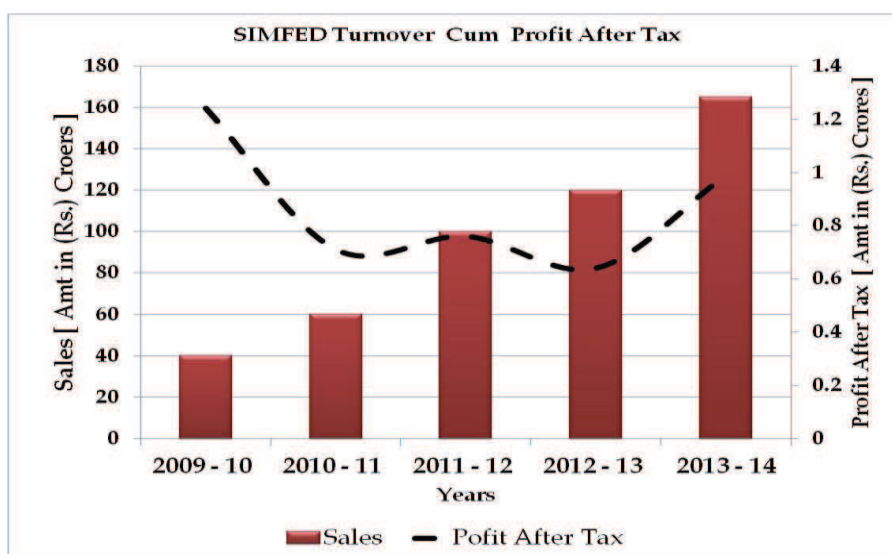


Figure: Turnover cum Profit After Tax of SIMFED

The Chairman also informed that Rs. 51.99 Lakhs was distributed from the profits in the Balance sheet for the year ending 2013-14. Dividend at the rate of 4% per share for all the share holders aggregating to Rs. 14,23,584 lakhs for the financial year 2013-14 was declared.

Product Portfolio of SIMFED: Marketing the products in the different categories such as, Vegetables, Cash crops, Seasonal products, Medical plants, Dairy products of Alpine Cheese Factory, Government Fruits Preservative Factory’s Squash, Jam, Pickles and Fruit juices, Tea leaves of TEMI TEA – World Class Certified Organic Tea from the Himalaya State of Sikkim and Sikkim Green Grocers Pickles Product.

Vegetables: The following vegetables are marketed by SIMFED through SIMFED’s yard at the regulated markets Viz., 1).Local potato 2). French bean 3). Cabbage 4). Chayote (Eskus) 5). Bitter gourd 6). Green Cherry pepper 7). Avocado 8). Cucumber 9). Pumkin (baby) and 10). Butter Beans.

Cash Crops: The following cash crops are marketed by SIMFED through SIMFED’s yard at the regulated

markets Viz., 1). Ginger 2). Large Cardamom 3). Turmeric finger and 4).Sikkim Mandarin Orange.

Dairy Products: The following dairy products of Alpine Cheese Factory are marketed by SIMFED through SIMFED’s yard at the regulated markets Viz., 1). Local Paneer 2). Local Butter and 3). Cheese

Seasonal products: The following seasonal products are marketed by SIMFED through SIMFED’s yard at the regulated markets Viz., 1). Rajma (Haarc) 2). Rajma (Varun) 3). Millet Powder 4). Soya Bean (White) 5). Soya Bean (Black) 6). Paheli Dal 7). Kalo (Black Dal) 8). Mashyan (Rice Bean) 9). Butter Beans 10). Mantalal 11). Beaten Rice 12). Gauth 13). Tibi (Lachung Beans) 14). Ginger Chips 15). Ginger Powder 16). Buck Wheat Powder 17).Turmeric Powder 18). Turmeric chips 19). Turmeric rhizome

Medicinal Plants: The following medical plants are marketed by SIMFED through SIMFED’s yard at the regulated markets Viz., 1). Swertia Chirata (Chirato) 2). Picrohiza Kurroa (Kutki) 3). Nardostachya Jatamanshi (Jatamanshi) 4). Valeriana Jatamanshi (Nakali Jatamanshi) 5).Acarus Calamus (Bojo) 6). Rubia Manjita (Mojito) 7). Piper Longum (Pipla) 8). Trichosanthus bracteata (Indreni)

Pickles: The following pickles products of Sikkim Green Grocers are marketed by SIMFED through SIMFED's yard at the regulated markets Viz., (1). Dalley fire 200gms & 400gms (2). Dalley Paste 200gms (3). Dalley Mix 400gms (4). Bamboo Dalley 200gms & 400gms (5). Bamboo Plain 200gms & 400gms (6). Hot Dalley 200gms & 400gms.

Tea: The following Tea products of TEMI TEA – World Class Certified Organic Tea from the Himalaya State of Sikkim are marketed by SIMFED through SIMFED's yard at the regulated markets Viz., (1). Temi Tea Royal 200 gms (2). Temi Tea Royal 100 gms (3). Oolong Tea 100 gms (4). Temi Tea Superfine 125 gms (5). Temi Tea Gold (Dip Tea) 100 gms (6). Organic Delight Tea (Dip Tea) 50 gms (7). Temi Tea Heritage 200 gms (8). Temi Tea Heritage 100 gms (9). Temi Tea Classic 200 gms (10). Temi Tea Classic 100 gms (11). Temi Tea Superfine (Dip Tea) 30 gms (12). Temi Tea Magic 200 gms (13). Temi Tea Magic 100 gms (14). Wooden Caddy 200 gms (15). Wooden Caddy 100 gms (16). Broken Pekoo 200 gms (17). Fine (Fanning) 250 gms (18). Temi Tea Special 250 gms (19). Temi Tea Special Mini 125 gms (20). Temi Tea Ordinary 250 gms (21). Sikkim Solja 250 gms (22). Kanchenjunga 250 gms (23). Temi Green Tea 250 gms

Product of Sikkim Supreme: The following Sikkim supreme products are marketed by SIMFED through SIMFED's yard at the regulated markets Viz., orange

Squash, mango Squash, pineapple Squash, and lemon Squash, mixed fruit Jam, Pickles and Fruit juices, ginger candy etc.,

SIMFED marketing the products are broadly classified into the following four categories viz., floriculture products, Agriculture and horticulture products, medical plants and Tea.

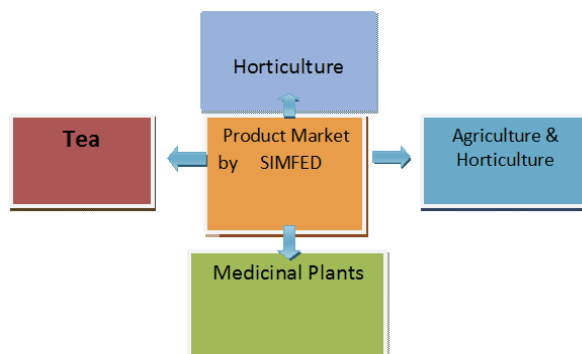


Figure: Product Portfolio

The following major organic products are marketed by SIMFED and the same is classified into the following categories viz., Fruits, Vegetables, Flowers and bulbs, Spices, Tuber Crop, Pulses and Cereals and Minor Forest Produce.

Table: Major Organic Products Marketed By SIMFED

SEGMENT	PRODUCTS
Fruits	Oranges/ Sikkim Mandarin, Kiwi, G9 Bananas, Papaya, Sea Buckthorn
Vegetables	Cabbages, Cauliflower, beans, squash, broccoli, spinach, bitter gourd, Tomatoes, bottle gourd etc
Flowers and bulbs	Cymbidium orchid, Lilium Asiatic, Lilium Oriental, gerbera, Alstromeria, Calalily, Rose etc
Spices	Ginger, Turmeric, Cardamom and Cherry Pepper.
Tuber Crop	Potatoes, Yam
Pulses and Cereals	Buck wheat, Millet, Paheli dal, Rajmash, beans, rice bean, maize, popcorn, Black dal, Rice, Soya bean etc.
Minor Forest Produce	Hill broom and Medicinal Plants.

Source: [http://www.nationalcoldchainsummit.org/Presentation%20of%20the%20Speakers/SIMFED%20\[Compatibility%20Mode\].pdf](http://www.nationalcoldchainsummit.org/Presentation%20of%20the%20Speakers/SIMFED%20[Compatibility%20Mode].pdf)

Organizational Structure: SIMFED is managed by a board of Directors. The Board of Directors consists of officials from the government departments and elected members of the MPCS. The federation is managed a Board consisting of one Hon'ble Chairman elected by the board members, two representatives

from each districts primary societies (i.e. East, West, North and South) four representative from State Government, one representative from the financing bank (SISCO Bank) and one is the Managing Director of SIMFED.

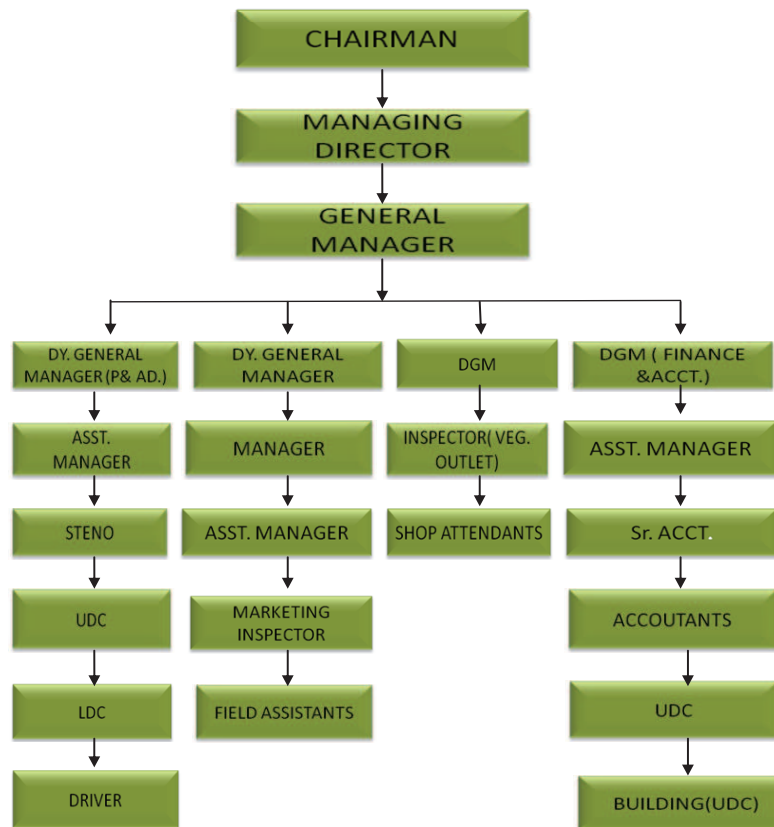


Figure: Organizational Structure

Market Coverage: Sikkim State Cooperative Supply & Marketing Federation Ltd (SIMFED) is Head office is located at Sonam Gyatso Marg, Gangtok, East Sikkim. SIMFED has five branch offices each are located in the each district of Sikkim such as Mangan Bazar, North Sikkim, Rangpo, East Sikkim, Jorethang Bazar, South Sikkim and Namchi Bazar, South Sikkim and the next one is located at Yard no. TA 3 Siliguri Regulated Market, Siliguri.



Figure: Sikkim Map

Source: Internet

SIMFED is marketing their products through their customer in the customer retail outlet also. There are three customer retail outlet in Gangtok, and the following places such as Ravengla, Namchi, Geyzing,

Ressi. Even the Sikkim Organic retail outlet is also operated in New Delhi.

SIMFED has a strong workforce of 121 employees to manage the multifarious activities such as purchase, sales, supply, Agri inputs, ICS, managing branch depots at various places such as Rangpo, Jorethang, Gangtok, Mangan, Gyalshing, Ravangla, Namchi, Siliguri and New Delhi.

Collection Centres: In order to facilitate the growers of the SIMFED products, the following collection centres had been identified by the SIMFED.

	Districts	Places identified	Person in charge
1.	West Sikkim	Reshi and Gyalshing	Mr. Dew Ram Rai
		Soreng and Daramdin	Mr. Dew Raj Limboo
2.	South Sikkim	Namchi and Ravangla	Mr. Tshering Tamang
		Melli and Turuk	Mr. Premjit Rai
3.	North Sikkim	Passingdong and Mangan	Mr. Navin Pradhan
4.	East Sikkim	Assam Linzey, Lal Bazar and Rongli	Mr. Prabin Sharma
		Singtam, Pakyong	Mr. Choppel Bhutia

		and Rangpo	
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Transportation Facility in SIMFED: SIMFED have their own vehicle for the taking the Vegetables, fruits, flowers, processing products, and other materials from different places of villages, districts and from its processing factories. Refrigerated van for transfer of green vegetables and flowers from company to the local market. The vehicles of SIMFED covers its way to all over the Sikkim, it procures and distributes the products from various villages of all districts of Sikkim. The Transportation and Marketing issues of SIMFED are handled by DGM and Inspectors of the head office.

There are total seven vehicles of SIMFED in which one vehicle i.e. Mobile van covered only inside the local market for selling and supplying the products. SIMFED have their own refrigerated van which is used for storing the green vegetables, flowers for longer period, the storage house of SIMFED is situated in Rangpo, Birdang (Jorethang), mainly the procured products are assembled their and after that the procured products are distributed to markets through transportation.

Table 4.1: Summary of Vehicles in SIMFED

Types of vehicles	No. Of vehicles	Use of vehicles
Mobile van	1	Supply and selling the produces
Refrigerated Van	1	Storing of produces, supply of produces
Simple trucks	1	Procurement of produces and supply of produces from one market to other market
Utilities	4	Procurement of Produces and supply of produces

Achievements: During 2014-2015, fruits and vegetables worth Rs 26.09 lakh were sold from various SIMFED outlets as compared to the sale of Rs 24 lakh during 2013-14. At the Siliguri regulated Market, Ginger worth Rs 23.71 lakh was sold/auctioned during 2014-15. During October, 2014, a new organic vegetable outlet was inaugurated at the Kanchenjunga Shopping Complex at Gangtok. This outlet, presently sells only local organic produces. Wholesale is also being done from this outlet to other vegetable vendors.

- In November, 2014 SIMFED launched the first “Mobile Vegetable Van” in Sikkim. This was done in order to promote the Organic Mission and also to sell the local organic vegetables of the growers.

- Processed local cereals and pulses have been packed in plastic pouches by SIMFED under the brand name as “SIKKIM ORGANIC”.
- The total value of the Agriculture Surplus and other produces marketed by SIMFED and other activities related to Agriculture, Horticulture and Floriculture during the financial year 2013-14 was Rs 232.96 lakh. During the financial year 2014-15, the figure increased to Rs 325.63 lakh.
- Various shareholders (cooperative societies in SIMFED as on 31.3.2015)

Zones	Number of shareholders
East Sikkim	79
South Sikkim	39
North Sikkim	23
West Sikkim	26

Problems: Some problems that are facing by SIMFED are:

- **Credit:** Consumers do not pay their money on time. This leads to a gap in the economic production and profit.
- **Illiterate Farmers:** Most of the farmers are illiterate and they do not have proper awareness about organic food and vegetable so they don't have keen interest on producing organic vegetables.
- **Labour/Employee:** Maximum of the farmers belong to small scale farm and they do not have adequate amount of employee or labourer to help them.
- **Not Regular Farmer:** Farmer do not supply their produce regularly. The supply of vegetables by the farmers depends on seasonal change and different climatic condition. If the price of the vegetable increases more than the MSP the farmers are not willing to sell their products to the co-operative society.
- Majority of the consumers does not have proper idea about the difference between organic products & inorganic products so they are not willing to pay more for the organic product.

Conclusion: Sikkim State Co-operative Supply and Marketing Federation Ltd. (SIMFED) was established in the year 1983. It was established under the Sikkim Cooperative Society's act of 1978 and Sikkim Co operative Societies Rule of 1981. SIMFED was established as an Apex Marketing society for the state of Sikkim for undertaking bulk marketing of the surplus Agricultural, horticulture produce of the state. At present SIMFED have 191 member cooperative societies in the state of Sikkim. Around 86.96% of the shares of SIMFED are held by the Government of Sikkim whereas 13.04% of the share is being held by the member societies.

SIMFED involves the procurement of Surplus Agriculture and Horticulture produce and disposal of the same at the local market or through SIMFED's yard at the regulated market, Siliguri and Sikkim Organics, New Delhi or to the buyers across India. Processing of ginger and turmeric, packaging and marketing the same. Packaging of pulses, cereals and marketing the same. Procurement of all consumer items from the nearest whole sale market at Siliguri and supply of the same to the MPCS and CCS all over the state.

SIMFED incurred High overhead expenses involved in the collection of the farm produces due to logistics

problem within the state. Due to the logistics problem, the average time taken for the produce to reach from the farm to the store is more than 24 hours. Lack of proper infrastructures like pack houses, sorting grading units, inadequate cold storage facilities, transport facilities etc are the major problems faced by SIMFED. Cost of transportation is high owing to the hilly terrain of the state. The nearest Railhead is 115 kms and the Airport is 120 kms from Gangtok. Therefore, all materials are to be transported by Road.

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