

Press Release



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Aavishkaar furthers commitment to producer ownership with a 10m INR investment in Zameen Organic

Aavishkaar India Micro Venture Capital Fund announces a 10m INR investment in Zameen Organic, a farmer-owned cotton marketing company.

Zameen Organic was set up in 2006 by Agriculture and Organic Farming (AOFG) India with an initial group of 300 farmers in the Vidarbha region of Maharashtra, an area renowned for its farmer suicide problem, and the tribal area of Adilabad, Andhra Pradesh. AOFG India works to improve market access for marginalised farmers across several commodities and functions as service provider to Zameen Organic farmers; providing training, facilitating organic and Fairtrade certification, as well as assisting with institutional development. The benefits of increased efficiencies, lower input costs and higher incomes now extend to over 4,000 Zameen Organic farmer shareholders, with some increasing their earnings by up to three times. As a farmer-owned company, the farmers also benefit from dividend payments as well as having input into the direction of the company.

Aavishkaar, whose mission is to unleash 'entrepreneurial energy in the bottom quartile to foster inclusive economic development', selected Zameen because of its strong social impact within farming communities as well as the vibrancy it has injected into rural economies.

Zameen Director Satish Chukkapalli welcomed the funding announcement stating it was essential to facilitate initial growth and scale up the impact for the farming societies that govern the company:

“Zameen’s main products are Fairtrade and organic cotton and to maximise farmer benefits we aim to go mainstream – to hit the High Street. To do this we have earmarked a large proportion of this funding for the support of our sales teams across Europe, the US and India. Zameen’s bottom line extends beyond profit to people and planet, something that consumers and brands are increasingly engaging with to our commercial advantage.”

Impressed by Zameen’s producer ownership and the passionate and committed nature of its management team, Aavishkaar Director Vineet Rai stated it was a perfect fit with their investment portfolio:

“We believe in producer ownership and the commitment of the management team. Our investment philosophy is about empowerment, scale and input; Zameen meets all these criterion.”

The remainder of funding will be used to further develop the organic food division at the request of the farmer shareholders. Having converted to organic cotton production, Zameen farmers are using intercropping practices to help improve soil quality and are eager to start selling their new food crops on the domestic market.

Zameen Director Gijs Spoor says: “Our market research shows that there is a significant and growing domestic organic food market and we are currently working with the farmers to develop a business plan and new product range. This cash injection will enable us to launch of our new range of Dhal early next year, which diversifies the risk for our farmers as well as bringing in extra income.”

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Notes to Editors

1. Zameen Organic is certified by Global Organic Textile Standard (GOTS), which guarantees organic textiles from harvest and socially and environmentally responsible manufacturing through to end consumer. Last season, Zameen farmers harvested 374 tonnes of organic certified cotton lint.
2. Zameen Organic is certified by Lacon Quality Certification, which certifies organic production and processing. Lacon certification means replenished soil fertility and the banning of toxic and persistent pesticide and fertiliser use.
3. The FAIRTRADE Mark is a certification mark and a registered trademark of Fairtrade Labelling Organisations International (FLO), Zameen Organic is a FLO licensed trader. Global sales for all Fairtrade certified products reached 2.9 billion Euros in 2008 with global Fairtrade cotton sales increasing by 94% on the previous year. The estimated retail value for Fairtrade certified cotton was 175,902,101 Euros in 2008, 19,813,249 Euros of which was Fairtrade organic cotton. The independent consumer label is now recognised by 70% of UK consumers and appears on products as a guarantee that disadvantaged producers are getting a better deal. More than 7.5 million people – farmers, workers and their families – across 58 developing countries benefit from the international Fairtrade system.
4. AOFG Delhi is involved in Zameen's operations at a strategic level. AOFG Board ensures all proceedings comply with Indian law and fall within the objectives of the Trust. AOFG National Project Office (NPO) is a coordinating hub for service provision to the Small Farmer Organisations (SFOs). Within NPO there are three departments covering major areas of operation: technical, organisation development (OD/ID) and certification/supplier compliance.