
FEBRUARY 2018
MUMBAI, INDIA

THE SOLVENT EXTRACTORS' ASSOCIATION (SEA) OF INDIA

Successfully Managing a Sectoral Association



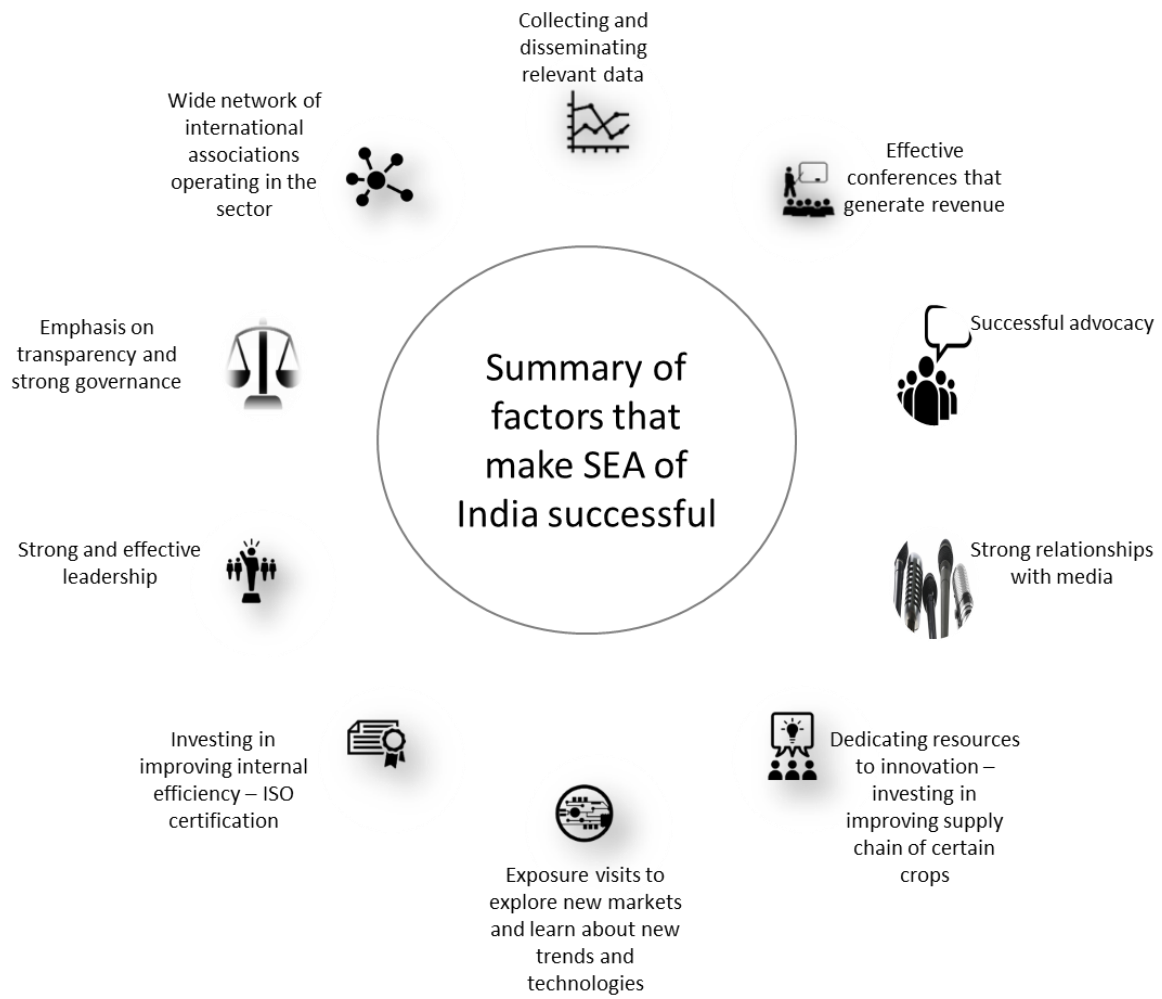
A Case Study by John Doddrell and Aman Goel

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Executive Summary

- The Solvent Extractors' Association (SEA) of India has been identified by the International Trade Centre, Geneva, as a successful sector association, whose story may offer useful learning for other associations in other sectors and in other countries;
- This case study has viewed SEA of India in terms both of what it does and how it does it, benchmarking it against a model of best practice published by the UK's Trade Association Forum and also drawing on a previous ITC study visit with East African sunflower associations;
- Many of SEA of India's members told us that the data gathered and disseminated by the Association was highly valuable and justified the membership fees. It was one of the Association's "USP's";
- An extensive programme of conferences provides opportunities for the Association to disseminate data, to raise revenue, to network and to recruit new members;
- SEA of India's data is highly valued by government and the media too. This gives access, which helps the Association with its advocacy and campaigning work;
- SEA of India works with the farmers, who are the "life blood" of the industry. The Association does surveys to estimate harvest yields and also has a programme of model farms to raise productivity, to increase farmers' income and dissuade them from switching to other crops;
- The Association organises international delegations, in-coming and out-going, to keep in touch with international markets and identify commercial opportunities. It also undertakes work on standards and quality; and education and training;
- We viewed SEA of India's business model as a virtuous circle. They gather and disseminate data which the members are willing to pay for. The data provides access to government and media which helps with advocacy and campaigning; Success in these latter areas, in turn, brings in more members. The other activities of conferences, international delegations etc. bring in revenue, add prestige, and feed into the virtuous circle;
- Beyond the activities, the Association must also display those key characteristics that are pre-requisites for establishing and maintaining the confidence of their members and stakeholders;
- SEA of India is **effective** because it has built a financially sustainable business model;
- SEA of India is **legitimate** because it has a broad-based membership from all sectors of the industry and all parts of the country;
- SEA of India is **progressive** with a forward-looking vision and clarity of purpose;
- It is **trusted** because its Executive Director is an inspirational leader of the highest integrity; it has independent accreditation to ISO 9000 and its processes for electing and rotating its President ensures that no single interest dominates;
- The Association is **expert** in its field and well **connected** with its members, with Government, and other stakeholders as well as being well connected internally;
- Against the Trade Association Forum Best Practice Model, SEA of India "ticks all the boxes" and brings to life that theoretical model of Best Practice;
- The insights that we have gained into the business model, the virtuous circle that SEA of India has constructed, its governance, and the characteristics that it displays are all highly relevant to other Associations.



Introduction

This case study of The Solvent Extractors' Association (SEA) of India was commissioned by The International Trade Centre (ITC) in Geneva, a joint agency of the United Nations and World Trade Organization.

ITC's mission is to enable small businesses in developing countries to achieve success in international markets. Since the degree of business success in any given sector can be influenced by the standing and capability of the relevant trade body or sector association, the ITC has designed a "Trade and Investment Support Institution (TISI) Strengthening Programme" aimed at building the capability of these institutions. This Programme delivers directly to the United Nations' Goals for Sustainable Development, including specifically those relating to economic growth and strong institutions.¹

One of the objectives of the TISI Strengthening Programme is to identify, understand and share examples of good practice, including good practice in successful, self-sustaining sector associations. SEA of India is a well-regarded sector association that has been delivering value to its members for decades. They are a critical partner for ITC's Supporting Indian Trade and Investment for Africa (SITA) project, and have been generous in sharing good practice with sunflower associations in Uganda and Tanzania.

This case study aims to benefit from this relationship by identifying the underlying reasons for SEA of India's success. Our terms of reference require us to understand and describe the business model and value creation process of the Association and provide key insights.

Drawing on Joan Magretta's definition of "Business Model", this case study is at heart a story – a story that explains how SEA of India works.²

Background to The Solvent Extractors' Association of India

The activities covered by SEA of India relate to the extraction of vegetable oils from oilcake, rice bran and oilseeds³. For thousands of years, fats and oils have been important in food preparation in India and the oil extraction industry dates back to ancient times when vegetable oils were obtained by crushing oilseeds in bullock-driven "ghanis". At the beginning of the 20th century, the vegetable oils industry was based on some 500,000 ghanis producing about 800,000 tonnes of oils.

Notwithstanding benefits from mechanisation in the first half of the twentieth century, the ghanis were not competitive compared to the huge solvent extraction plants, developed in Europe and the United States, which were capable of recovering directly almost all the available oil in oilseeds such as cottonseed and soybean. Against this background, in 1945, just two years before India's independence, the first Solvent Extraction Plant commenced operations in Bhavnagar for extracting oil from oilseed cakes and oilseeds. As such units increased in number, they found that they faced common problems and so resolved to form an Association.

The Solvent Extractors' Association of India was formed in 1963 to foster the development and growth of Solvent Extraction Industry in India. It brought together all the 40 units operating in India at that time. In 2018, 55 years later, the Association now has 875 members nationally. These include practically all the solvent extraction plants in India plus a broad-based

¹ <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

² "Why Business Models Matter", Joan Magretta, Harvard Business Review May 2002

³ Oilseeds are defined as any of several seeds from cultivated crops yielding oil, e.g. rape, peanut, soybean, cotton, castor. The use of the term "oilcake" is explained in the next footnote.

membership right across the vegetable oils industry, such as refiners, brokers, quality assurance companies as well as the solvent extractors themselves.⁴

Prior to 1994, the Association had a quasi-regulatory function with responsibility for registering all export contracts. When that role was taken away, the Association had to become much more commercial in order to survive.

The SEA of India is very highly regarded. Somehow, it has found the secret – elusive to many other associations – of growing its membership, maintaining a healthy balance sheet, achieving credibility with Government and generally being a force for good in building the vegetable oil sector in India.

“
Our study aimed to identify the “magic formula” that had enabled this to
happen.”

Methodology

This case study was undertaken by John Doddrell, former British Consul General and Director of UK Trade and Investment in Brazil and now working as an independent consultant, and Aman Goel of the ITC. It comprised a period of desk research and a 3 day study visit in January 2018 to Mumbai, where we were generously hosted by Dr B.V. Mehta, Executive Director of SEA of India. We held meetings and interviews, with Dr Mehta; with the current President - Mr Atul Chaturvedi; Vice-President - Mr Abhay Udeshi, Past President - Mr Pravin Lunkad; numerous members of the association, the staff and other stakeholders. The authors would like to acknowledge the invaluable assistance received from everyone we met.



John Doddrell and Aman Goel pictured with Dr Mehta and staff of SEA of India; January 2018

⁴ In India there are oil mills (expeller units) which crush the oilseeds to recover the oil and the residue product is called oilcake having 7-8 % oil. This oilcake is further processed by solvent extraction to recover the remaining oil in the oilcake and the residue is called “oilmeal” or extraction or de-oiled meals having less than 1% oil, and used as ingredients for poultry, cattle feed or aqua feed. Usually high oil content seeds (40%) like groundnut, rapeseed, sunflower seeds, sesame seed and castor seeds are first expelled through oil mills and the residue oilcake is further subjected to solvent extraction. Even cottonseed although having a low oil content is generally expelled through oil mills. Oilseeds like soybean which has 19% oil, rice bran (15-18% oil) and minor oilseeds of tree borne seeds having less than 20% oil are directly subjected to the solvent extraction process.

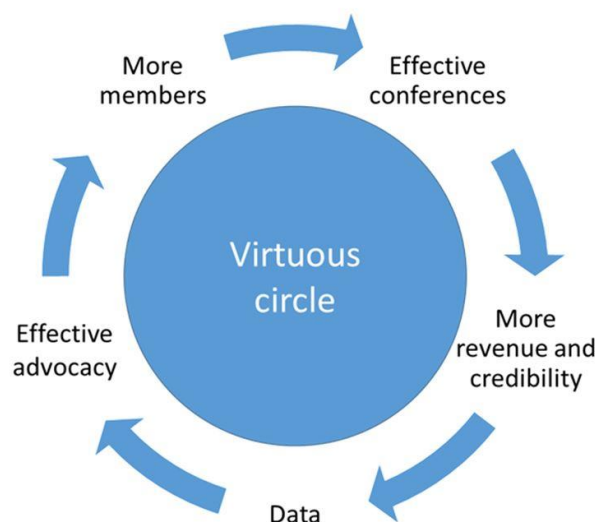
As a starting point and independent benchmark for our study, we drew on work done by the United Kingdom's Trade Association Forums in their Best Practice Guide for the Model Trade Association.⁵ First published by the UK's Department of Trade and Industry in 1996, the model sets out the key characteristics that a modern trade or sector association should display and the services that it should provide. While it is recognised that different sectors in different countries will inevitably have different needs from their sector body or trade association, the model developed by the Trade Association Forum nevertheless offers a helpful yardstick against which to view the achievements of the SEA. Dr Mehta himself found the document useful.

We also had access to previous, unpublished work on SEA of India undertaken by the ITC as part of a study tour for associations from the Sunflower Sector in Uganda and Tanzania in 2016. The Uganda Oil Seed Producers and Processors Association (UOSPA) and the Tanzania Sunflower Oil Processor Association (TASUPA) worked with SEA of India to understand how SEA of India had achieved financial sustainability. It identified key interventions taken by the Association to maintain the momentum of the system, but also recognised that neither the services provided nor interventions taken would be sufficient if the Association did not have the attributes or characteristics required to inspire confidence in its members and stakeholders.

It is interesting to observe from both models that the success of an association, in this case SEA of India, comes from (a) *what* it does, including its activities and interventions; and (b) *how* it does it; that is to say how it displays and lives up to the required characteristics needed to inspire confidence. That perspective provides the basic structure for our analysis.

What it does: Activities and Interventions by SEA of India

The previous study undertaken during the study tour from Uganda and Tanzania described the business model of SEA of India in terms of a virtuous circle, whereby success came through creating breakthrough value for members without excess cost. Members were willing to pay membership fees because they gained much more value from their membership. This increased the willingness of members to pay fees, built the membership base, and resulted in improved credibility with government, thus further increasing membership and revenue, weight and reach.



⁵ <http://www.taforum.org/the-model-trade-association>

Our interviews in Mumbai confirmed this model of a virtuous circle that had gained its own momentum and had enabled SEA of India to become financially secure. However, we wanted to understand how it started, what was SEA of India's value proposition and how did it generate revenue?

In the Beginning was "Data"!

In asking members, what value they gained most from SEA of India, almost all the responses started with one word, Data!

The Trade Association Forum Model, referenced above, identified that a strong sector association should be seeking out information relevant to members and disseminating it on a regular basis.

SEA of India is tremendously active in collecting, uploading and circulating statistical and other information about the industry, to its members. We heard from several members that their membership fees were justified purely in terms of the data they received. One member described data as the "USP" (Unique Selling Point) of SEA of India. Another member commented that SEA of India was like an Encyclopaedia! Providing good access, even to past information through excellent knowledge management. The data was said by members to help with their planning and their business decisions – and it influenced prices.

Rs. 5/-

SEA NEWS CIRCULAR

VOL. XX JANUARY 2018 ISSUE - 10
TOTAL PAGES - 116

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THE SOLVENT EXTRACTORS' ASSOCIATION OF INDIA
(Premier Association of Vegetable Oil Industry and Trade)

Non Government Organisation (NGO) Recognised by Ministry of Agriculture, Government of India
Trade Promotion Organisation (TPO) Recognised by Ministry of Commerce, Government of India
ISO 9001:2015 Organisation

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The quality of the data produced by SEA of India is clearly highly respected and is a major factor behind the excellent reputation that the Association enjoys. The data is seen as providing an accurate picture of what is happening in the industry, including agricultural data. It is regularly used by Government for replying to questions in Parliament. We were told by one of our interviewees that SEA of India's data is "like a Bible" and is a major reason why the Association enjoys good access to the Indian Government at both national and state levels. The data is also vitally important to the Press and again facilitates access and good relations. We were told, time and again, that data was key to the relationship with Members, Government and the Press. It gives credibility to SEA of India and is the reason why SEA of India is taken seriously.

The Association collates a vast range of data covering crop production, acreage and anticipated yield, oil production and prices, exports and imports, tariffs etc. SEA of India is critically dependent on its members to voluntarily provide production, export and price data, which needs to be supported in some cases by an audited statement. Of the 250 processors who are members of the association, we were told that some 150-160 submit data. They do so because they perceive value for themselves in seeing the bigger picture that the Association produces. A lesser consideration is that they also become eligible for one of the Awards given annually by the Association for production and export.

Most importantly, they trust SEA of India to safeguard the commercial sensitivity of the data they provide – we shall return to the issue of "**Trust**" later in the study.

The experience of SEA of India, which is relevant for more recently established associations in Africa and elsewhere, is that it inevitably takes time to convince people to share data, but the importance of data to SEA of India's value proposition and to the whole business model makes it an essential activity.

While a substantial volume of data about the industry is contained in the Annual Report of the Association, we understood from Dr Mehta that SEA of India issues around 250 communications per year, providing guidance to its members on policy changes, exports, imports, standards, international trends and prices. In addition to the Annual Report, the Association publishes The SEA Handbook (every three years), and a monthly News Circular. This circular is over 100 pages, and provides comprehensive statistical data on imports of vegetable oils, production and exports of oil meals from India, daily rates of oilseeds, oilcakes, oil meals, refined and solvent extracted oils of various oilseeds etc. It also carries a message from the President, marketing information about forthcoming meetings and conferences, views on government policy and international developments.

Collection of the monthly data is overseen by Mr Pradip Nandiwadkar, an Assistant Secretary within the Association. He sends a request for data at the beginning of the month that is followed up by phone calls as required to shippers, clearing agents and others. The News Circular goes to members, Ministries, the Press, all Indian Embassies world-wide and has a total circulation of 1,500 copies per month. The data that it provides offers an advertising opportunity, yielding revenue that covers its production costs.

The Association also registers the commercial rates on a daily basis for oilseeds, oilcakes, rice bran, edible and non-edible oils from Mumbai and international markets. This is done by contacting some 30-40 players in the market every day in the afternoon between 2.30pm and 4.30pm and registering the rates that they are working with on that day. These are published in the SEA News Circular on a monthly basis, or can be obtained on a daily basis, by e-mail or via the website, for an annual fee. We heard how valuable the Daily Rates were for members. SEA has records of Daily Rates registered since 1967, helping members to resolve arbitration and court cases by taking the Daily Rate Register as an authentic, unbiased source of information.

A further highly valued area of work undertaken by SEA of India is the activity of annual crop surveys undertaken for Castor, Groundnut, and Rapeseed. These are important because the agricultural production of oilseed is the lifeblood of the vegetable oil industry and the yield of the harvest is a major determinant of cost. The surveys have value because of their timeliness, three months ahead of government figures, and because they are seen as unbiased.

The Castor survey, while overseen by the Association's Castorseed and Oil Promotion Council, is outsourced. The survey assesses how much crop was planted in the three major Castor growing states (Andhra Pradesh, Gujarat and Rajasthan) and how much is expected to be produced. Farmers are interviewed and the results of those interviews are supplemented by information obtained from India's satellite crop monitoring system.⁶ These surveys influence availability and price - particularly for Castor where India has 90 percent of the world market - and they help the industry know when to buy. Castor is more complex than other oilseed crops because it is a long duration crop with a time span of nine months from planting to the final harvest, with not a single harvest but four, five or even six harvests - and all the harvesting is undertaken manually.

The Groundnut and Rapeseed surveys are done by the Association members themselves. The Rapeseed survey for example is undertaken by seven or eight teams from the Association, comprising between eight and ten members each, who spend four days travelling and meeting the farmers in major rapeseed-growing states. They then come together for a meeting in Jaipur, where reports are gathered and a likely estimate of the anticipated crop is produced, on a timescale way ahead of government data.

We consider that the methodology of these crop surveys would be potentially relevant and applicable in Africa and elsewhere.

Briefings and Conferences: Disseminating Data and Much More!

Briefings and conferences for members on key issues that affect them are a key element of the Trade Association Forum Best Practice Model and are a vital component of SEA of India's own business model.

Such gatherings are seen by SEA of India as important for the dissemination of data, but useful in other respects too:

- They are a key source of revenue for SEA of India (businesses are willing to pay to sponsor and to participate);
- They bring the industry together and provide a great networking opportunity;
- They represent an important opportunity for personal interaction by the Association with its members, which helps to strengthen their ties to the Association;
- They are fertile ground for the recruitment of new members;
- They provide a training opportunity for SEA of India's own staff.

The members were enthusiastic about the annual programme, which involves regular events throughout the year (every two months) and a major annual event (the Annual General Meeting). Such activity is important for maintaining the profile and the momentum of the Association – something that other Associations could consider.

The Association sponsors major conferences throughout the year. These include "Globoil India", the premier international conference on vegetable oils organised annually in September in Mumbai and attended by 700-800 participants; as well as more specialised conferences relating to specific sectors of the industry such as Rice Bran Oil, Castor, Rapeseed/Mustard

⁶ Because of the importance of agriculture for ensuring the country's food security, India is one of the few countries in the world that uses space technology and land-based observations to monitor crop production.

or specific themes such as Risk Management in the Vegetable Oil Industry, Technology Upgrading, Productivity and Taxation. At the Castor Conference, when the estimate for the crop is given to participants, the whole supply chain is brought together, including farmers, crushers, exporters and buyers.

Some conferences are organised with sister organisations like AICOSCA (The All India Cottonseed Crushers Association) and CLFMA (The Compound Feed Manufacturers Association). In other cases SEA of India supports commercial organisers such as Tefla who organise the Globoil International Conference, with SEA maintaining control of the agenda. Some events are taken to international venues, such as Globoil International, which in 2018 was in Dubai. World Congresses have also been organised in collaboration with other countries such as China and Thailand.

At its Annual General Meeting (AGM), SEA of India presents awards every year to the highest volume processors and exporters of the commodities serviced by the Association to encourage processing and export. Similarly, the three highest producers of Refined Rice Bran Oil are awarded the prestigious 'Shri B. K. Goenka - SEA Award for Refined Rice Bran Oil'. One member described the AGM as an “annual pilgrimage”. The awards were seen as a major attraction for an event that brought the whole industry together.

We heard from members that SEA of India conferences are very well organised, reflecting a strongly established process within the Association that is carefully documented in line with its ISO 9000 certification.



There is always an opportunity to provide feedback on conferences, which supports continuous improvement. Linked to data, they are an important part of SEA of India's overall business model, bringing in revenue and strengthening relationships with members and stakeholders alike.

Website: the “Shop Window”

Also important for data dissemination is SEA of India's informative website, which provides up-to-date information on the vegetable oil industry and registers, over 20,000 hits per month.⁷ Members can also host their web pages or link their own website at a nominal cost.

The details of SEA Publications are given on the SEA website, but it is seen by Dr Mehta as a showcase or a shop-window for marketing the Association, not a mechanism for freely disseminating material that should be paid for. For this reason, the monthly News Circular is not hosted on the website. A good website is essential for the credibility of any organisation, but Dr Mehta makes a good point - it should be used carefully to stimulate demand for paid services.

⁷ <http://www.seaofindia.com/>

The Voice of the Industry: Advocacy to Government

Advocacy of a sector's interests to Government is a key function of any sector association and is a key objective of SEA of India.

As previously discussed, the Government of India relies upon SEA of India for information about the vegetable oil sector. This dependency gives the Association access to Government at a senior level. The Association is recognised as a 'Non-Government Organisation' (NGO) by the Government of India and has representation on a wide range of committees set up by the Government of India. Furthermore, government officials are invited to attend SEA of India conferences, providing an opportunity for them to hear perspectives from the industry and interact with members.

The oilseed sector is important strategically because of its importance for food security. There is also a further political dimension in that the oilseed processing industry is a customer to the 5 million Indian farmers growing oilseed crops. SEA of India and the Government cooperate closely on initiatives to improve agricultural productivity, an area where India lags behind other major oilseed producers like Argentina and Brazil. These initiatives will be described more fully later.

A significant part of the Association's advocacy work is aimed at protecting the interests of the farmers, with the objective of ensuring that they continue to produce oil seed rather than switching to other crops. This is the rationale for SEA of India's advocacy of a Minimum Support Price for oil seed crops and for import duties, where the Association has worked with Government to ensure that imports do not undercut Indian farmers.

As a base for its advocacy, an Association needs to have an effective mechanism for consulting members and understanding their views. SEA of India achieves this through its wide network of Councils and Committees, described in more detail below.

SEA of India has successfully lobbied on duty levels for imported palm oil. It had become apparent that Malaysia was selling both crude palm oil and refined palm oil into the Indian market at the same price. India had invested significantly in its refineries and Malaysia's pricing strategy was damaging the Indian refineries. SEA of India made representations to the Government and these were personally followed up by the Office Bearers in Delhi, resulting in substantial increased import duty on edible oils from November 2017, thus easing pressure on Indian Refiners to a great extent.

In another instance, SEA of India lobbied successfully for the imposition of the lowest rate of Goods Service Tax (GST) of 5 percent to be imposed on oilseeds, oilcake, rice bran and edible oils, rather than the 12 percent proposed.

The week of our visit to Mumbai (end January 2018) was Budget week and SEA of India had made detailed representations to the Government of India. One of their demands was for the Government to set up an Oil Seed Development Fund to support farmers. The aim was to address the stagnant level of oilseed production in India that had led to increased dependency on imports, a matter of real concern to the Indian Government. The submission was sent to the Finance Minister, with representations also to the Ministers for Agriculture, Commerce and Food. The submissions were followed by personal meetings between SEA office bearers and the responsible Ministers and Government officials. The submissions were also shared with the main Chambers of Commerce:

- Confederation of Indian Industry (CII);
- Federation of Indian Chambers of Commerce and Industry (FICCI);
- Association of Chambers of Commerce of India (Assocham); and
- IMC Chamber of Commerce and Industry.

The Chambers were then able to include SEA of India's demands in their own representations.

Land aggregation is another important and highly sensitive issue. From SEA of India's perspective, larger farms might be more attractive to the involvement of corporates, but land reform is a highly political issue. One less radical option being considered is to ask farmers to lease the land to corporates for 25-35 years instead of asking them to sell it. This could be helpful to the processing industry by improving yield.

These examples show how SEA of India, in line with the Trade Association Forum model, is able to monitor and anticipate the legislative and regulatory process; ensuring that its views are taken into account at the earliest opportunity. It is proactive in shaping policies and initiatives that will benefit the sector, putting forward to Government well-researched, cogently argued cases; it is respected as a credible and authoritative advocate for its sector. The strength of its advocacy function is important for recruiting new members and supports the financial sustainability of the Association.



Advocacy is a key element in the virtuous circle that we have used to explain SEA of India's business model. Data attracts paying members to the Association; data gives access to government; access to government facilitates successful advocacy; and successful advocacy attracts more members.

Public Relations and the Media

The relationship that SEA of India has with the media is another component of the virtuous circle and an important part of SEA of India's business model. It is also a key component of the Trade Association Forum's Best Practice model.

As noted above, SEA of India regularly sends information to the news agencies and has developed Memoranda of Understanding (MOUs) with Reuters, Bloomberg and Dow Jones. We understand that Mr Atul Chaturvedi, President, and Dr Mehta have regular speaking slots on television news channels to highlight the views of the industry, while SEA of India issues regular press notices (for example, on relevant tax changes).

Sometimes SEA of India needs to intervene to counter adverse publicity in the media. In this context, we heard about action taken to counter specific allegations by an Indian yoga guru's company that solvent extracted oil was not good for health. SEA of India quickly made representations to the regulatory authority responsible for food safety and the guru's company was forced to retract their claims. We also heard how SEA of India was working with the Malaysian Palm Oil Council to promote palm oil, which is of mutual benefit since many SEA members import palm oil from Malaysia.

The media exposure supports SEA of India's advocacy work and the exposure also helps to recruit new members. Again, relations with the media are part of that virtuous circle that explains SEA of India's business model, starting again with data (including information updates on demand and supply, prices, export, imports etc.) which:

- gives access to the media;
- enables SEA of India to make its voice heard;
- supports its advocacy and raises its profile; and so
- attracts new members who bring in more revenue and make the association stronger.

Improving Profitability through Innovation in the Supply Chain



SEA of India has worked hard to improve the sector's profitability through innovative work with the farmers who grow the oilseed crops, generally on very small farms of 1-2 hectares. Over the last year, the Association has worked with local universities to develop 125 model farms in Castor, to demonstrate to the farmers how to improve their productivity through good agronomic practices.

A key challenge facing the Castor sector is to ensure availability of Castor seed, which grows only in India, and the overall aim is to double productivity on the farms. The Association provides free seed and free fertilizers and sends advisors to the model farms. They have advised the Castor farmers, for example, to allow more space between the plants when planting so as to increase their size. Other farmers are invited to visit the model farms to observe the new methods and to introduce them on their own farms. In this way, SEA of India is helping to introduce best practice while bearing the commercial risk for changes to cultivation practice. If the farmers lose money through changes to their methods, they will be reimbursed. The Association plans to replicate the model farms for Rapeseed and other crops.

In this area, the Association also offers awards and assistance to research institutes and other bodies for innovating technology for the modernisation of plant and equipment in the industry.

This work is seen as important by the members because it is helping to protect their long term livelihood. The solvent extraction and processing industry is critically dependent on the oil seed crops produced by the farmers. If the yield of the harvest can be raised, supply will be assured at reasonable cost. If the profitability of the farms is increased, there will be less temptation for the farmers to switch to other crops and the industry will be less reliant on imports.

This kind of positive intervention in the supply chain is a characteristic of a high performing sector association in the Trade Association Forum model.

The International Dimension

In the Trade Association Forum Model of Best Practice, a good sector association promotes exports and other market opportunities. On this measure, SEA of India functions as a Trade Promotion Organization (TPO), recognised by the Government of India's Ministry of Commerce for the purpose of export of various oil-meals, particularly animal feed, for minor

oils and also for groundnut and castor oil. The principal export destinations are South East Asia, Japan, Europe and the Middle East.

This international dimension has given a wide exposure to the Association's members to interact with business leaders from the different countries. Members confirmed to us the value of this interchange, which not only expands their business horizons but can result in specific opportunities for technology transfer or joint ventures. The industry's dependence on international markets is growing, both for exports and imports. One family business owner told us that in the 1990s his company had little understanding of international markets, while now – thanks to SEA of India – he understands the rules of the game!

This aspect of the Association's work adds profile and prestige, as well as commercial benefit. It forms part of the overall value proposition and is attractive to existing and new members.



SEA of India explores and studies export markets; sends delegations abroad; organises and participates in trade fairs, exhibitions and buyer-seller meetings in India and abroad. SEA regularly organises delegations with its members to countries, such as Ukraine, Malaysia and Argentina and receives visiting delegations from overseas, including a Brazilian delegation that visited Mumbai while we were there. While not all members of the Association are able to participate in the delegations, reports are circulated widely to the membership so that they can also benefit from the learning acquired.

Standards and Quality / Training and Education / Commercial Benefit

Under the Trade Association Forum model, a best practice trade association promotes standards and quality. On this measure, SEA of India is represented on various sector committees set up by the Bureau of Indian Standards (BIS) and the Food Safety and Standards Authority of India (FSSAI), New Delhi. It assists the trade in quality assurance for inspiring confidence in foreign buyers. It also leads by example in that the Association has achieved ISO 9000 accreditation and has used this to improve its own processes.

A strong sector association promotes training and education. In this context, we heard about various initiatives undertaken by SEA of India. Many of the conferences have a training and education dimension, while SEA of India offers direct training for factory supervisors on food safety standards, for example.

In the Trade Association Forum model, a strong sector association is able to offer commercial benefit to its members. Here, we note that when commercial opportunities or enquiries for export are received by SEA of India, the Association makes them available to all members on a completely fair and transparent basis.

SEA of India's work on standards, training and commercial opportunities forms part of their overall value proposition. Our interviews with members of the Association confirmed that they value these activities and gain value and prestige from their membership.

Characteristics of SEA of India

The collection of data is key to understanding SEA of India's business model, but members would not part with their data if they did not trust SEA of India to protect commercial confidentiality. Even if data were sufficient to gain the ear of Government and the media, the Association's voice would not carry weight if it did not speak as the legitimate representative of the industry. These two examples illustrate that the activities themselves would not be enough to sustain the SEA of India business model or maintain the virtuous circle if the Association did not display the right characteristics: in this instance, being trusted and legitimate.

The next section of the case study moves from what SEA of India does to the very nature of what it is and how it inspires confidence. We have observed that Trade Association Forum identified the key characteristics needed for a best practice sector association as being Effective, Legitimate and Progressive while the previous ITC study with the Ugandan and Tanzanian delegations concluded that the key characteristics of SEA of India were: Trusted, Expert and Connected!

We will explore how SEA of India stands against both sets of characteristics; how the right characteristics are necessary to underpin the activities and thus sustain the overall business model.

Before doing so, however, it is worth highlighting the importance of the leadership of Dr Mehta, an inspirational personality of great integrity and charisma. He has led the Association for 30 years, being largely responsible for its success, and has become the personification of the SEA of India brand. The strength of his personal contribution does however give rise to a risk in relation to succession planning. This is an issue that the Association is aware of and is looking to address.

We will also draw attention to the contribution of the past Presidents and current President and other office bearers and to various aspects of governance of the Association which support and uphold its values.

Effective

SEA of India is a highly effective sector association. It has developed a business model based on the activities described in the first part of this study that has achieved financial self-sufficiency. The Association functions entirely as a private sector body, belonging to the members. It is non-profit distributing and any profit it does make goes into a Fund which supports the on-going work of the Association and provides financial security.

The Fund, together with revenue from conferences and sales of publications and data, enables the Association to charge a modest annual membership fee for ordinary members (solvent extraction units) of only 10,000 Rupees (US\$ 150) or 8,500 Rupees (US\$ 130) for associate members. Against a running cost of the Association of 20,000 Rupees (US\$ 300) per member, membership delivers huge value for money. We have seen examples of the effectiveness of its lobbying and heard from members about how highly its services are valued.

The Association has a Vision entitled "**Grow Beyond the Horizon**", explained to us in other words as "**Think today for tomorrow**". It is driven by this vision to address problems and create solutions for the industry that it represents in a strategic and forward-looking way. It has a clarity of purpose which is to foster:

- the development and growth of the solvent extraction industry;
- the promotion of the cultivation of oilseed by raising productivity; and
- the overall development of the vegetable oil industry in India.

It does this in order to:

- Increase production of vegetable oils so that the country becomes self-sufficient and is able to meet the growing demands of the large population.

In this sense, the SEA serves a greater good and a noble objective that is inspirational for staff and members alike.

Legitimate

SEA of India is legitimate because it is the lead association in its field and strongly representative of the sector. It has 875 members nationally, including practically all the 350 working solvent extraction plants in India, possessing between them combined oilcake/oilseed processing capacity of about 30 million tonnes per year. Apart from the processors who are the “ordinary members”, associate membership of the Association is broad based and includes: merchant exporters, oil millers, refiners, vanaspati manufacturers⁸, importers of edible oils, brokers, traders, plant and machinery manufacturers, clearing and forwarding agents, quality assurance surveyors, regional associations and others. In this sense, it is strongly and “**legitimately**” representative, not only of the solvent extraction industry, but also of the wider vegetable oil sector.

The interests of the different oilseed sub-sectors are fed in formally from Councils covering the interests of: Rice Bran, Castorseed, Groundnut, Sunflowerseed, Rapeseed / Mustard; and from a range of Technical Committees covering Ports and Railways, Regulatory Issues, Crop Estimates, Daily Rates, Domestic Oilmeals etc.

SEA of India has the following Councils and Committees:

- SEA MINOR OILSEEDS DEVELOPMENT COUNCIL
- SEA IMPORTED VEGETABLE OIL PROCESSORS COUNCIL
- SEA CASTORSEED & OIL PROMOTION COUNCIL
- SEA RICE BRAN OIL PROMOTION COUNCIL
- SEA SUNFLOWERSEED PROMOTION COUNCIL
- SEA GROUNDNUT PROMOTION COUNCIL
- SEA RAPESEED/ MUSTARD PROMOTION COUNCIL
- SEA OILSEED DEVELOPMENT COUNCIL
- SEA TECHNICAL COMMITTEE
- SEA LOGISTICS COMMITTEE
- SEA REGISTRATION OF DAILY RATES COMMITTEE
- SEA DOMESTIC OILMEALS COMMITTEE
- SEA FOOD REGULATORY & LEGAL COMMITTEE
- SEA OILSEED CROP ESTIMATE COMMITTEE
- SEA GOODS AND SERVICES TAX (GST) REVIEW COMMITTEE

These Councils and Committees look after specific issues relating to their area and they provide guidance to the Managing Committee on appropriate decisions and action. Out of a total membership of nearly 900, some 200 are involved in committee work. Although there is an administrative overhead in co-ordinating all the activity, it ensures widespread involvement of the members and reinforces the legitimacy of the Association.

⁸ Vanaspati is a hydrogenated vegetable fat commonly used in India as a substitute for butter

Moreover SEA of India is a genuinely national, “**all India**”, association. Regional perspectives are offered through the Association’s five Zonal Councils covering the Central, West, East, North and South geographic Zones of India.

The affairs of the Association are managed by the Managing Committee, headed by the President. Where necessary, different points of view are resolved by the Managing Committee so that an overall position can be established representing the best interests of the industry as a whole. Periodic Managing Committee and Zonal meetings are held all over India. These meetings have ensured that the views and concerns of members throughout the country can be aired with the President, Executive Director and other office bearers, so that they can take up issues with the appropriate authority.

SEA of India is legitimate in the sense of being properly representative of the industry that it seeks to represent. It can engage with the Government, media and others with authority and weight. That makes it more likely to succeed in its advocacy work, which in turn brings in more members.

Progressive

SEA of India’s Vision “Grow beyond the Horizon” or “Think today for tomorrow” sets the tone for a progressive and forward-looking association. SEA of India is progressive because it promotes co-operation within the sector and with its supply chain. It has built appropriate links with other representative bodies and works with them on matters of joint concern. It recognises the importance of the oilseed crop farmers and works with them to improve productivity. It has adopted best practice in quality assurance and it works hard to develop and retain staff.

The Solvent Extractors’ Association of India was the first ever association in the vegetable oil and oilseed sector to receive the quality standard of ISO 9001:2000 registration way back in 2004. This was upgraded to ISO 9001:2008 in 2008 and further upgraded to ISO 9001: 2015 in June 2016.

We were impressed with the staff in the Association. They all clearly enjoy their work and feel well treated. They feel that they gain prestige from their employment. They enjoy job security and some of them have opportunities to travel. We heard that when there is a pay rise, the highest percentage goes to the lowest paid member of staff.

Trusted

Trust is an essential component of SEA of India’s business model. Without trust, its members would not be willing to share their data with the Association.



Without data, there would be no “USP”.

SEA of India is trusted for many reasons.

It is trusted because it has a long-standing Executive Director, who is himself trusted and highly respected. Dr Mehta is clearly a leader of the greatest integrity and his values are reflected through the Association. In addition, the successive Presidents have created a

culture, which reflects the key principles of integrity, fairness and selflessness. Past Presidents remain involved and ensure that the Association stays loyal to its core values.

As we have noted, the data produced by SEA of India is robust and unbiased. SEA of India is therefore a trusted source of information on all matters pertaining to the oilseed sector. It respects confidential information provided by the members, which is released in aggregated form only in order to respect commercial sensitivity.

SEA of India is trusted because it is formally recognised by the Indian Government as an NGO (Non-Governmental Organisation) and also recognised as a TPO (Trade Promotion Organisation). It is trusted because it gives transparent access for all members to opportunities; and it is accredited to ISO 9001, providing external assurance as to the quality of its processes.

On a further point of governance, the Association's process for electing its President is both transparent and predictable, making it robust against any suggestion of vested interest. The President is elected directly by the 300 ordinary members, who are owners of solvent extraction plants. Associate members do not have a vote. The process is predictable in the sense that there is usually only one candidate, who has been carefully prepared for the position, having worked their way through the office bearing ranks, serving two years as Treasurer, two years as Secretary then two years as Vice-President before standing for election as President. The Treasurer is appointed by the Managing Committee who select a candidate with a view to them eventually becoming President. Members are keen to take office in the Association and see it as an honour to do so. Office bearers are not remunerated, although costs of travel and accommodation are reimbursed. The limit of the President's term of office to two years, with no more than two terms permitted, ensures that no individual remains at the helm for too long. It also allows the office to be held by people from different geographical regions and different sectors of the industry.



Trust is essential and associations should explore how they can gain trust, initially from members, but also from government and other stakeholders.

Expert

SEA of India is Expert. As we have seen, the Association has a highly experienced Executive Director, supported by knowledgeable and professional staff. It has an extensive network of Councils and Committees that can be called on to provide expertise on regional, sub-sector and functional interests.

We have seen in an earlier section the rigorous approach undertaken by the Association to data collection and data management, making it a source of expert knowledge in its field, including the crop surveys that enable it to give accurate and timely estimates of crop yield.

Connected

As we have seen, SEA of India is well connected to all levels of Government. It is connected to national, state and local government, and to all relevant departments. It is connected to international organisations through signed MOU's relating to mutual co-operation; to other sector associations; to the media; to research institutions; and to its own members.

SEA of India has strong links with other representative bodies in India and internationally, including the following:

- American Oil Chemists' Society (AOCS), U.S.A.
- Grain and Feed Trade Association (GAFTA), U.K.
- Federation of Oils, Seeds and Fats Association Ltd., FOSFA International, U.K.
- Canadian Oil Processors Association (COPA), Canada.
- National Oilseeds Processors' Association (NOPA), USA.
- U. S. Soybean Export Council (USSEC).
- The Palm Oil Refiners Association of Malaysia (PORAM), Malaysia.
- The International Trade Centre (ITC), Geneva, Switzerland.
- Solidaridad Network Asia Limited (SNAL), Hong Kong.
- The Uganda Oil Seed Producers and Processors Association (UOSPA), Uganda.
- The Tanzania Sunflower Processors Association (TASUPA), Tanzania.
- Confederation of Indian Industry (CII), New Delhi.
- Federation of Indian Export Organisation (FIEO), New Delhi.
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM), New Delhi.
- Federation of Indian Chambers of Commerce & Industry (FICCI), New Delhi.
- IMC Chambers of Commerce & Industry, Mumbai.
- The Central Organisation for Oil Industry & Trade (COOIT), New Delhi.
- Oil Technologists' Association of India (OTAI), Kanpur / Mumbai.
- Maharashtra Chamber of Commerce Industry & Agriculture, Mumbai.

SEA of India is also well connected internally (see organisation chart annexed). It uses only one e-mail address for external contact, which means that everything that is happening is visible to all staff.

Conclusion: Key Learnings from SEA of India for other associations

This study has sought to explain the business model of SEA of India and to understand what it is that has made it successful. We have matched it against the Best Practice model set out by the UK's Trade Association Forum and have also drawn on ITC's earlier analysis, undertaken during the study visit to India of the Ugandan and Tanzanian sunflower associations.

We have viewed SEA of India's business model as a virtuous circle. For us, the starting point is the collection and dissemination of data. Authoritative data is the USP of the Association. For members, the data that they receive is sufficient in itself to justify their membership fees. An extensive programme of conferences provides an opportunity to disseminate data, but the conferences are in themselves another important source of revenue. They provide a networking opportunity for the members; an opportunity for the Association to strengthen links with its existing members and also recruit new members. The strength of the data provides high level access to the Government and to the media. This access enables the Association to lobby effectively on behalf of its members, and successful lobbying in turn attracts new members. The Association protects the economic interests of its members through its supply chain work with the farmers, while at the same time leading and receiving international delegations so as to understand international market developments and generate commercial opportunities for its members. It is active in the areas of standards and assurance, education and training, while maintaining a good website which serves as its **"shop window"**. Everything that it does generates value for its members, which is why it is successful and so highly respected.

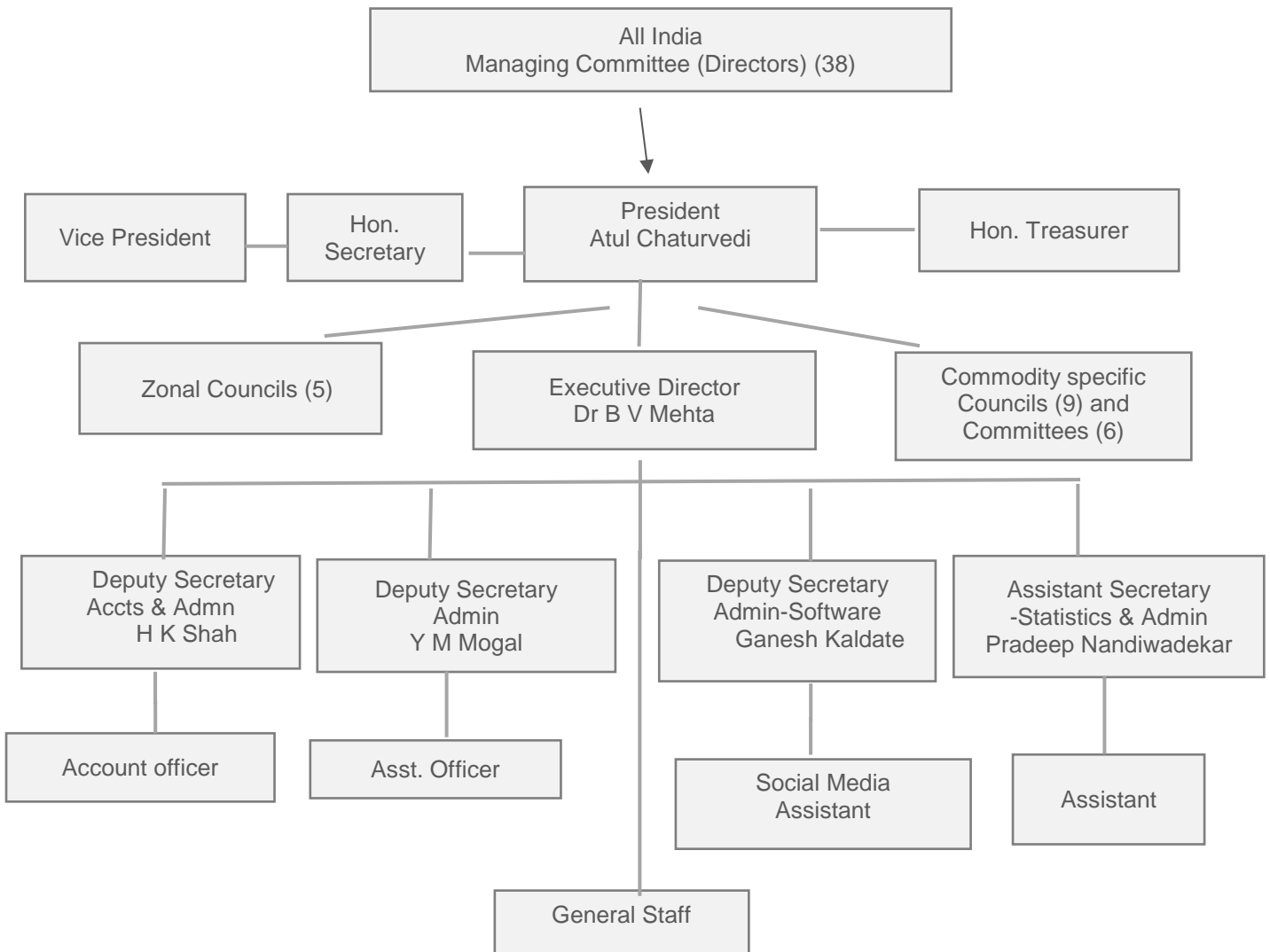
We also conclude, and here we endorse the work done by the Trade Association Forum and the previous ITC study visit, that these activities on their own are not enough to maintain the

virtuous circle that we have described. The business model also requires that SEA of India possesses and displays the key characteristics that inspire confidence.

As we have seen, SEA of India is effective as a business in that it has become financially self-sufficient. It is legitimate because its broad structure of Councils and Committees allows for the involvement of all parts of the sector and all geographical regions in a genuinely national, “**all India**” association. This adds weight and authority to its advocacy, increasing its prospects of success. SEA of India is progressive with a forward-looking vision and clarity of purpose. The Association is trusted, not only because its Executive Director is an inspirational leader of the highest integrity nor only because it has achieved ISO 9000 accreditation, but also because the process for electing its President is transparent and predictable, while ensuring that no single interest dominates. This element of trust is key for relations with members, Government and other stakeholders. SEA of India is expert in its field and well connected with its members, with Government, with the media, with other associations nationally and internationally and the Association is also well connected internally enabling it to serve its members efficiently and effectively.

Against the Trade Association Forum Best Practice Model, we can conclude that SEA of India “**ticks all the boxes**”. Indeed, this case study brings to life that theoretical model of Best Practice. The insights that we have gained into the business model, the virtuous circle that SEA of India has constructed, the governance of the Association, and the characteristics that it displays are all highly relevant as examples and learning points for Associations in other countries and in other sectors. We are grateful to SEA of India for sharing their story. It is a story that has inspired us and we hope that it will inspire others too.

Annex 1: SEA – organisation chart



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This study has been commissioned under International Trade Centre's Trade and Investment Support Institutions Strengthening (TISI) programme and Supporting Indian Trade and Investment for Africa (SITA) and has been funded by:

