

A REVIEW OF SUCCESSFUL FARMER PRODUCER ORGANIZATIONS (FPOs)



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प्राक्कथन

मुझे सीआईआई- नैबकान्स द्वारा प्रकाशित की जा रही रिपोर्ट 'A review of Successful Farmer Producer Organizations' लांच करते हुए अत्यधिक प्रसन्नता हो रही है।

देश में 6,865 करोड़ रुपए के खर्च से 10 हजार नए कृषक उत्पादक संगठन बनाने की योजना आगे बढ़ रही है। हमारे देश में अधिकांश छोटे किसान हैं, जिन्हें आगे बढ़ाने में यह बहुत ही कारगर योजना है। एफपीओ से खेती में किसानों की लागत में काफी कमी आएगी, साथ ही उनके उत्पादों की गुणवत्ता वैश्विक मानदंडों के अनुरूप बढ़ेगी और कृषि निर्यात भी बढ़ेगा। एफपीओ कृषि उपज के एग्रीगेटर के रूप में उभरे हैं और किसानों को सीधे बाजारों से जोड़ते हैं तथा वे प्रौद्योगिकी हस्तांतरण के लिए महत्वपूर्ण वाहक के रूप में उभर रहे हैं।

एफपीओ मॉडल किसानों को बेहतर गुणवत्ता वाली उपज का उत्पादन करने के लिए प्रोत्साहित करने हेतु नई टेक्नालाजी, आसान ऋण, इनपुट और अधिक बाजारों तक पहुंच की सुविधा प्रदान करता है। यह मॉडल सतत उत्पादन प्रथाओं को बढ़ावा देने, समुदाय-आधारित इंफ्रास्ट्रक्चर सुविधाओं का निर्माण करने तथा प्रौद्योगिकी के साथ-साथ एफपीओ आउटपुट के लिए नए बाजारों की खोज करने का अवसर प्रदान करता है।

प्रधानमंत्री श्री नरेंद्र मोदी जी की संकल्पना के अनुरूप, देश में 10 हजार एफपीओ के गठन और संवर्धन के लिए केंद्रीय क्षेत्र की योजना के अंतर्गत, एफपीओ का गठन और संवर्धन कृषि निर्यात नीति के अनुरूप एक जिला- एक उत्पाद क्लस्टर इष्टिकोण पर आधारित है। एफपीओ को एफपीओ ट्रेडिंग मॉड्यूल और वेयरहाउस-आधारित ट्रेडिंग मॉड्यूल सहित विभिन्न पहलों के तहत प्रतिस्पर्धी और लाभकारी मूल्य प्राप्त करने के लिए सहायता प्रदान की जा रही है।

इसके साथ ही, कृषि क्षेत्र की गैप्स को भरने के लिए, अवसंरचना के अंतराल को पाटने की दिशा में एक लाख करोड़ रुपये का कृषि अवसंरचना कोष (एआईएफ) बड़े पैमाने पर शुरू किया गया है। किसानों के लिए ऋण तक पहुंच को सुविधाजनक बनाने के लिए, नाबाई के साथ कृषि एवं किसान कल्याण मंत्रालय ने एफपीओ की क्रेडिट योग्यता को बढ़ाने के उद्देश्य से एक समर्पित कोष बनाया है।

इन सभी उपायों को 'आत्मनिर्भर भारत' पर विशेष ध्यान केंद्रित करते हुए किसानों के कल्याण की दिशा में लक्षित किया गया है। गांव-गरीब-किसानों की दशा-दिशा सुधारने के लिए प्रतिबद्ध भारत सरकार ने प्रधानमंत्री किसान सम्मान निधि, प्रधानमंत्री फसल बीमा योजना, प्रधानमंत्री कृषि सिंचाई योजना, किसान क्रेडिट कार्ड, किसान रेल जैसी अनेक कारगर योजनाएं लागू की हैं, जिनका लाभ निचले स्तर तक किसानों व कृषि क्षेत्र को मिल रहा है।

मुझे उम्मीद है कि सीआईआई- नैबकान्स द्वारा प्रकाशित यह महत्वपूर्ण रिपोर्ट एफपीओ की सफलता के लिए काफी सहायक सिद्ध होगी। मेरी बहुत-बहुत शुभकामनाएं।

धन्यवाद,

(नरेन्द्र सिंह तोमर)

Foreword



Dr G R Chintala

Chairman
National Bank for
Agriculture & Rural
Development (NABARD)

Indian agriculture involves more than 82% of the farmers with small and marginal farmers which has been the underlying rationale for the development of FPOs. With such small holdings size, farmers cannot individually have economies of scale and afford to invest in farm mechanization/technology for enhancing farm productivity, nor optimally procure inputs nor directly access buyers. Aggregation through FPOs is the only feasible option left for farmers to enhance their bargaining power.

NABARD has been at the forefront of the collaboration of farmers. NABARD provides financial support to the FPOs through various funds like Producers Organisation Development Fund (**PODF**), 'Producers' Organization Development and Upliftment Corpus' (**PRODUCE**) fund, etc. NABARD also provides technical, managerial, and financial support for hand-holding, capacity building, and market intervention efforts of the FPO. Such support is available in the form of a **grant, loans, or a combination of the both based on the need of the situation**. Similarly, other **subsidiaries of NABARD** like NABKISAN, NABFINS, NABSANRAKSHAN & NABCONS are **also supporting FPOs across the country** by offering various services.

Considering the need for FPOs, Government of India has launched a new Central Sector Scheme titled "Formation and Promotion of 10,000 Farmer Produce Organizations (FPOs)" with a clear strategy and committed resources to form and promote 10,000 new FPOs in the country. These FPOs are being promoted by implementing agencies like NABARD, SFAC, TRIFED, etc. through Cluster-Based Business Organizations (CBBOs) to aggregate, register & provide professional handholding support to each FPO for 5 years.

I congratulate NABCONS & CII - FACE for taking the initiative of coming out with a publication on 'A Review of Successful Farmer Producer Organizations' at an opportune time. It is marvellous to see the way FPOs are growing in the country. FPOs are becoming financially strong, able to raise member's equity capital and obtain matching grant from Government, professionally managing their business, optimally accessing & utilizing credit, marketing channels and infrastructure. I am sure in future the FPOs will grow to meet the members' requirements in provision of improved inputs, transfer of technology and market access.

I am sure the document shall act as reference material for the new as well as upcoming FPOs to understand successful business models and draw learnings from the same in their own space.



Mr K Venkateswara Rao

Managing Director
NABARD Consultancy
Services Ltd (NABCONS)

Farmer as well as production aggregation is gaining center stage in the agri related policy discussions. Currently majority of the FPOs are in the nascent stage of their operations and require not only technical handholding support but also adequate capital and infrastructure facilities including market linkages for sustaining their business operations. There exist islands of excellence and some FPOs that have registered success stories and have developed a sustainable business model. These successful FPOs, from their experiences, are equipped to offer a lot of learning, and on ground insights to other counterparts.

We therefore take immense pride in partnering with CII - FACE and bringing out this valuable publication 'A Review of Successful Farmer Producer Organizations'. I am sure that the study will help farmers, Farmer Producer Organizations, agribusinesses, policy makers and other stakeholders to draw learnings and replicate them as relevant.

We shall be glad to receive your feedback at md@nabcons.in



Mr Sanjiv Puri

Chairman
CII National Council on
Agriculture and CMD, LTC Ltd

The Confederation of Indian Industry (CII) in collaboration with NABARD Consultancy Services (NABCONS) has come out with this publication 'A Review of Successful Farmer Producer Organizations'. An exclusive repository of 25 successful FPOs, the publication provides invaluable insights and recommendations on shaping the FPO ecosystem and serves as a ready reference for emerging businesses. The report is a reference document for nascent stage and upcoming FPOs and can contribute to policy planning.

The FPO model is proven to be an effective instrument to cater to the aggregation need of the farmer at the grassroot level to ensure scale, effectiveness, risk management & impact. This is particularly important as we traverse the much needed transformation of the agri eco-system from conventional production-centric supply chains to demand-responsive value chains anchored by market players. Identifying the opportunity, Government of India has accorded high priority to the model. There are >7500 FPOs promoted by NABARD, SFAC, State Governments as well as other institutions. The Government of India has further announced creation of 10,000 new FPOs in the country by 2023-24. Several State Governments have also put in place innovative schemes to support the FPO ecosystem.

The commendable policy thrust provided by MoA&FW has led to an encouraging increase in the number of FPOs that hold the promise to transform the agro landscape. With the Government driving a commendable policy thrust, businesses too are integrating FPOs in their business planning be it input marketing, technology delivery or output sourcing.

As a result, an encouraging evolution of many islands of excellence have been witnessed in the last few years, and these success stories need to be replicated at scale.

To begin with, FPO management systems need to be strengthened, as FPOs can perform to their full potential only when its management systems, digital-readiness, technology absorption capacity, governance and capital structure are strengthened. While initial training and handholding are imparted, it is important that skill sets are enriched and contemporary management approaches are adopted at scale.

While a framework is already in place for training and capacity building under the government extension machinery, private sector extension networks can be leveraged effectively to ensure that the outcomes are commensurate to the requirements of the market. Technology transfer and climate-smart agri practices will also help enhance the sustainability footprint of agriculture, given the vulnerability of farmers to climate change.

FPOs with robust business plans and operating models have the potential to attract funding from multiple sources. It is therefore imperative that Producer Organization Promoting Institutions (PoPIs) develop such robust business plans for the FPOs in the initial stages of handholding.

Another key requirement is convergence between the various schemes of the Government of India towards ensuring that the benefits of the various schemes flow to the farmers/FPOs and meet collective requirements be it infrastructure creation, financing, or others.

Identifying these key levers, the CII National Council on Agriculture is promoting a 'Business Service Unit for FPOs' to help improve farmer livelihoods. The key programme components include capacity building, market linkages, convergence with government schemes and deployment of a digital tool. With a coverage that extends to 7 States, the project also entails working with start-ups for deploying innovations across the FPO network.

It is CII's belief that given the right policy focus, the FPO model has enormous potential in transforming agriculture incomes, enhancing technology deployment as well as ensuring sustainability of Indian agriculture. The need of the hour is to craft and implement a comprehensive action plan that can organise FPOs into an effective collective, so that they can leverage the advancements of Next generation agriculture and move to a higher trajectory of growth and incomes.

OVERVIEW



FPO ECOSYSTEM IN INDIA

Farmer Producer Organization (FPO) is a model of aggregation for primary producers viz farmers, milk producers, poultry farmers, fishermen etc with the intention to strengthen the negotiation power of farmers through developing a judicious economy of scale at the farm-gate. The model is aimed towards mobilizing small holder farmers into member-owned producer companies, or FPCs for enhancing production, productivity, and profitability, which in turn would help enhance their incomes. Since farmers or the producers are the equity holders of the FPO, an FPO as an organization provides for sharing of profits/benefits among the members as well as an appropriate framework for owning the company by the farmers themselves. FPO model has the ethos and basic tenets of cooperatives and infuses a greater professional approach and attitude into the management of organizations. FPOs focus on the entire supply chain and this is what distinguishes them from other aggregation models.

With around 86%¹ of land holdings in India being small and marginal, the FPO model becomes an effective instrument to cater to the aggregation needs of farmers at the grass root level. It has also been recognised globally that achieving agricultural growth through small and marginal farmers is an effective pathway for poverty

reduction (Evenson and Gallon 2003, Hazell et al. 2010).

India witnessed success of collectivization under cooperative model, however the success was limited to Gujarat (milk) and Maharashtra (sugar). Following the recommendations of the Alagh Committee (1999), Farmer Producer Companies (FPCs) emerged as an alternative to state-sponsored or state-led cooperatives since 2003. The model however did not receive much uptake except for in a few states where it was driven by some proactive NGOs.

To scale the FPO model 'Policy & Process Guidelines for Farmer Producer Organization' were formulated in 2013. As a result of public policy thrust there has been substantial increase in the number of FPOs over the last six years. Currently there are more than 7600 producer companies formed under various initiatives of the Government of India, including NABARD, SFAC, State Governments and other organisations.

The distribution of FPCs indicates that the states of Maharashtra, West Bengal, Telangana, Madhya Pradesh, Karnataka, Odisha, Rajasthan and Uttar Pradesh account for around 65% of the total FPOs promoted under SFAC, NABARD, NRLM & MSAMB. States such as West Bengal, and Maharashtra have added nearly 50 percent or more of

their FPCs in the last three years.

Telangana, West Bengal and Odisha are the top 3 states in terms of FPOs promoted by NABARD while Madhya Pradesh followed by Karnataka and Maharashtra have the most SFAC promoted FPOs.

Ownership of FPOs

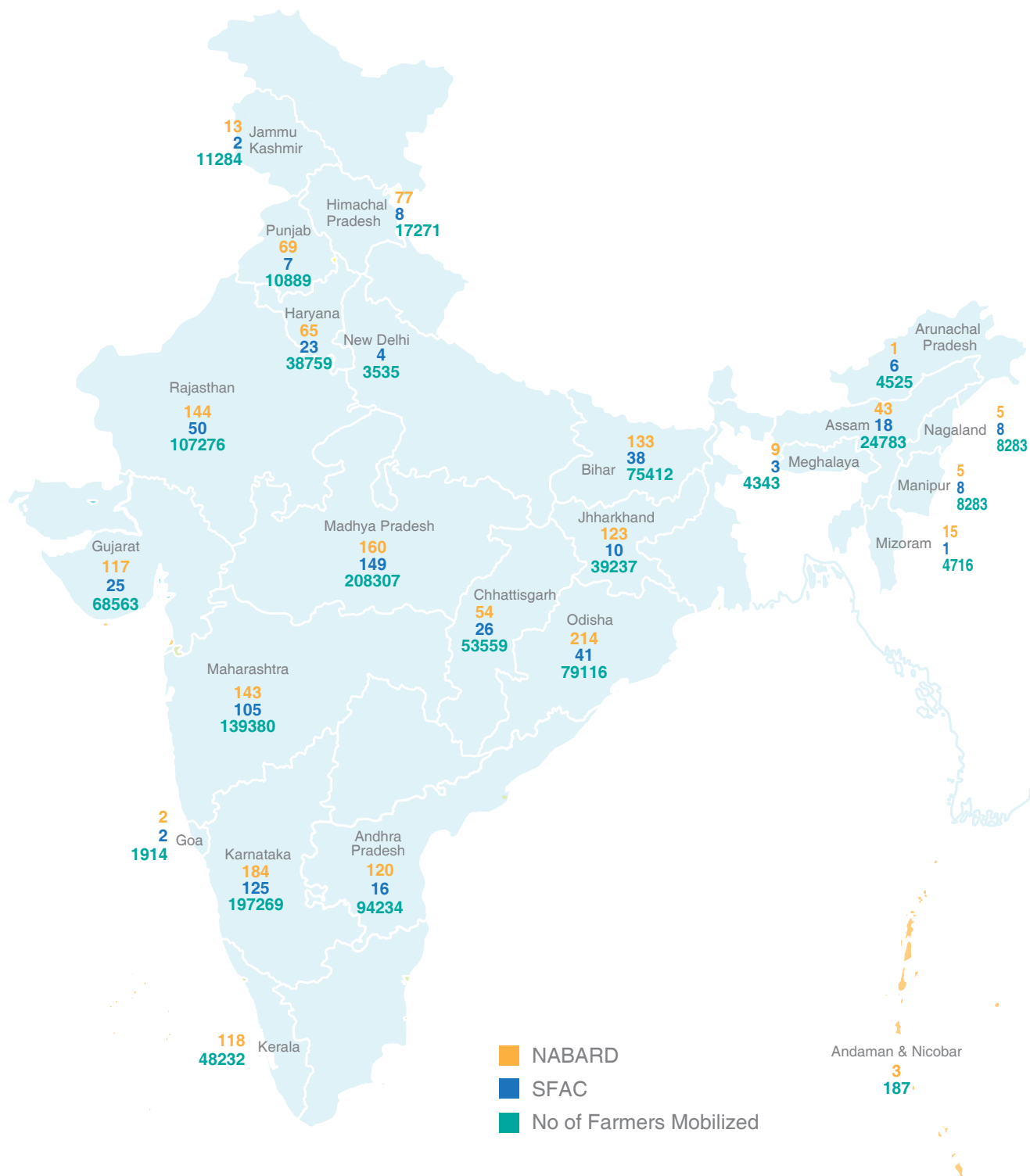
A Producer Organization can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members.

Producer Organisation can be registered under any of the following legal provisions:

- Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the respective State
- Multi-State Cooperative Society Act, 2002
- Producer Company under Section 581(C) of Indian Companies Act, 1956, as amended in 2013
- Section 25 Company of Indian Companies Act, 1956, as amended as Section 8 in 2013
- Societies registered under Society Registration Act, 1860
- Public Trusts registered under Indian Trusts Act, 1882

Majority of the FPOs presently, are registered as producer companies and the remaining as Cooperatives/ Societies.

State wise spread of FPOs



Farmer coverage of FPOs

The number of farmers mobilised towards FPOs vary widely across states. Madhya Pradesh, West Bengal, Karnataka, Maharashtra, Tamil Nadu, Rajasthan have high farmer mobilization and these six states alone account for 55% of the farmers mobilized.

*Chart covers (4206) FPOs promoted by SFAC, NABARD, NRLM & MSAMB. There are other promoted by states & other agencies.

Table: Key Differences Between Producer Companies and Cooperative Societies

Parameters	Cooperative Society	Producer Company
Registration	Cooperative Societies Act	Indian Companies Act
Objectives	Single Objective	Multi Objective
Area of Operation	Restricted, discretionary	Entire Union of India
Membership	Individuals and cooperatives	Any individual, group, association, producer of goods or services
Share	Non-tradable	Not tradable but transferable; limited to members at par value
Profit sharing	Limited dividends on shares	Commensurate with volumes of business
Voting rights	One member, one vote, but Government and Registrar of Cooperatives hold veto power	One member, one vote. Members not having transactions with the company cannot vote
Extent of Autonomy	Limited	Fully autonomous
Reserves	Created if there are profits	Mandatory to create every year
Borrowing power	Restricted as per byelaw. Any amendment to byelaw needs to be approved by the Registrar and time consuming.	Borrowing limit fixed by Special Resolution in general meeting. Companies have more freedom to raise borrowing power
Relationship with other corporate / business houses / NGOs	Transaction based	Producers and corporate entity can together float a producer company.

There are 6,328 FPOs in total which have been formed as per the NABARD database as on March 2021 and includes FPOs under PRODUCE fund and NABARD's promotional funds. Out of these, 3,297 have been registered under PRODUCE fund -

3,031 as companies under Companies Act 1953 or 2013 and 266 under Cooperative Act or State Co-op Acts (the rest registered as societies, trusts, etc²).

In case of SFAC, as on 31st March 2021, there are 897 FPOs registered. Most of the FPOs, which were

registered in SFAC during the 2012–2014 programme (260) had a mix of producer companies and cooperatives. However, those registered under the three-year -programme (637) are largely producer companies.

OPPORTUNITY OFFERED BY THE AGGREGATION MODEL

The key reason for developing FPOs is to counter the increasing fragmentation in farm-holding size, by promoting collaboration among in landholders. This is expected to lead to economies of scale in terms of inputs as well as market access.

It is also becoming increasingly apparent that many of the risks in agriculture can be significantly mitigated when producers (especially small and marginal producers) aggregate production and marketing efforts.

The Doubling Farmers' Income (DFI) committee has also identified the FPO model as a tool to reorient farming or agriculture as a NOT as a 'value-led enterprise'.

The DFI committee has made a simplistic calculation: a minimum of 7000 FPOs & VPOs should be targeted by 2022–23 and double that number in the six years thereafter. At an average of 1000 hectares of cultivated land and minimum 1000 farmers per FPO/VPO, the organised number of

farmers would be at least seven million and resulting pooled land be 7 million hectares by 2022–23. This will scale to an additional 14 million farmers and 14 million hectares by 2029–2030 and will to some extent address the structural weakness of small and marginal farm holdings.

Some of the key benefits of the aggregation model are-

a. Economy of scale on inputs

–through negotiated and bulk procurement of planting material, cultivation support, irrigation, infrastructure, services, etc the cost related to production can be reduced.

Furthermore, there is immense scope to strengthen as extension work, scale R&D efforts, forge technology linkage, etc. all of which are necessary to make cultivation more competitive and environmentally relevant.

b. Economy of scale on outputs – Individually farmers face two basic challenges in handling farm

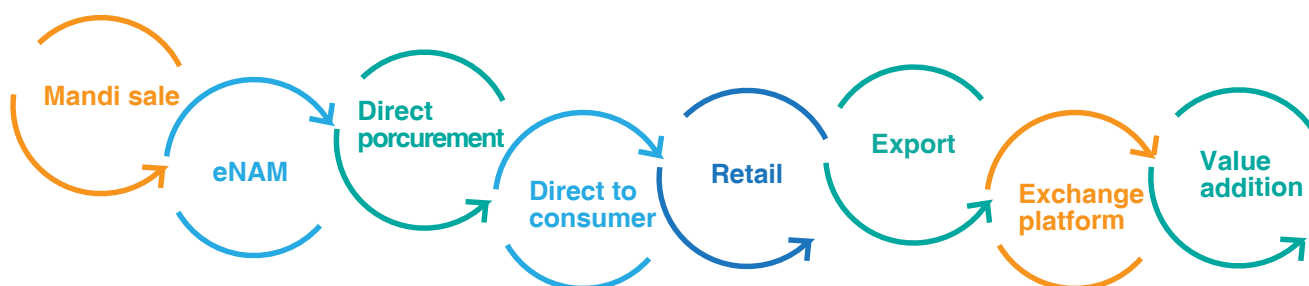
output – perishability and high costs on produce movement. Unless these two aspects are managed, growth in production results in greater losses and/or distress sales.

The aggregation model offers to overcome these challenges through negotiated selling, reduction in operational cost of transport services & infrastructure, ease of handling, value addition, lowered supply side losses, extended market reach, etc.

c. Access to markets – the collectivization model brings with it the benefit of scale that helps farmers with better negotiation and bargaining power.

Also, collectively farmers are able to market their produce under different models – sale in mandi, direct procurement by private buyers, retail channel, direct to consumer, exchange platforms, export markets etc - which is not possible for an individual farmer given the challenge of scale.

Value addition – primary sorting/grading or grinding etc - for enhancing returns is also facilitated under the FPO model given the scale of output.



d. Access to infrastructure – post harvest losses particularly in perishables are high mainly due to lack of preconditioning centres and transportation at individual farmer level. However, the FPO model helps overcome the challenge by providing a minimum scale required to generate a viable capacity use of the post-harvest infrastructure components, while retaining priority to reach distant markets.

There are several policies of the state and the central government which can be leveraged by FPO. Some of these include the

- ₹ 1 Lakh crore Agri infrastructure development Fund (AIDF) that provides long term debt financing facility for investment in viable projects for post-harvest management
- ₹ 500 Crores Operations Green scheme of MoFPI aimed at reduction of

postharvest losses, creation of preservation & processing infrastructure, provision of agri-logistics for supply chain, price stabilisation for consumers and producers and preventing distress sale

- Pradhan Mantri Kisan Sampada Yojana (PMKSY), which has sub- components, enabling setting up of storage and processing infrastructure.

The infrastructure utilized can be owned by an FPO, rented, or leased as per the requirement and there are several schemes facilitating the same.

e. Access to finance – Several schemes under SFAC & NABARD are directed to meet credit requirement of FPOs. SFAC's Equity Grant Fund Scheme and Credit Guarantee Fund Scheme (EGCGFs) are aimed at financial sustainability of FPOs. Similarly, NABARD's Producers Organizations Development Fund (PODF)

and NABARD PRODUCE Fund are aimed at promotion, capacity building and loans for market linkage for FPOs.

Further banking institutions and Non-Banking Financial Institutions (NBFCs) are funding sources for FPCs given that funding to Farmer Producer Organizations is covered under priority sector lending for Agriculture.

Farmer Producer Companies, registered under the Companies Act, having an annual turnover up to ₹ 100 Crore are also exempt from tax on profits derived from farm-related activities for a period of 5 years.

In addition, several schemes of Government of India have convergence with the FPO model for infrastructure creation. Thus, when compared to individual farmers the FPOs find more avenues for raising funding.

Benefits of FPO Model (Nabard National Paper - PLP 2019-20)



Economy of scale on Inputs

- Cost of production can be reduced by procuring all necessary inputs in bulk at wholesale rates



Economy of scale on Output

- Aggregation of produce and bulk transport reduces marketing cost, thus, enhancing net income of the producer
- Building the scale through produce aggregation enables to take advantage of economies of scale and attracts traders to collect produce at farm gate
- Improved bargaining power and social capital building.



Access to infrastructure

- Post-harvest losses can be minimized through value addition and efficient management of value chain



Access to markets

- Regular supply of produce and quality control is possible through proper planning and management
- Price fluctuation can be managed; if there are practices like contract farming, agreements, etc.
- Easy in communication for dissemination of information about price, volume, and other farming related advisories



Access to finance

- Access to financial resources against the stock, without collaterals
- Easy access of funds and other support services by the government / donors / service providers



Capability building

- Access to modern technologies, facilitation of capacity building, extension and training on production technologies and ensuring traceability of agriculture produce.

Thus, aggregation through under farmer producer organizations model gives small and marginal farmers the opportunity to retain individual land rights, while leveraging economies of scale for advisory, production, procurement, credit access and most importantly, market access and value addition of members' produce.

Policy Environment

The Government of India has put in place several policies, schemes and funds aimed at benefiting the agriculture sector, with particular focus on FPOs through Small Farmers' Agri-Business Consortium (SFAC), and National Bank for Agriculture and Rural Development (NABARD).

National Bank for Agriculture & Rural Development (NABARD)

NABARD is a Development Bank set up in 1982 by GoI to provide and regulate credit and other facilities for the promotion and development of agriculture, small scale industries, and other rural crafts and allied economic activities. Within this scope, NABARD acts as a coordinator for rural credit institutions, training and research partner for lending and capacity building organizations in rural areas, regulator for Regional Rural Banks (RRBs) and District Cooperative Central Banks (DCCBs). NABARD also provides refinance to rural lending institutions, enables institutional development, and evaluates and monitors client banks. It sanctions credit for rural activities through rural cooperative banks and RRBs, and also invests in rural infrastructure development through its Rural Infrastructure Development Fund (RIDF) and

the more recent NABARD Infrastructure Development Assistance (NIDA) scheme. Particularly for producer organizations,

- a. NABARD's Producers Organizations Development Fund (PODF) was established in 2011, with an initial corpus of ₹ 50 Crore. Support under PODF was provided for as grant for promotion and capacity building of FPOs, and loans for market linkage.
- b. A follow-on NABARD PRODUCE Fund was set up in 2014, with an initial corpus of ₹ 200 Crores to create a network of more than 2,000 FPOs in the country. NABARD also has dedicated funds for tribal development (the Tribal Development Fund or TDF), and resource management funds (Umbrella Program on Natural Resource Management (UPNRM)).

Small Farmers Agri-Business Consortium (SFAC)

Set up in January 1994, SFAC operates as a Development Institution under the aegis of Department of Agriculture, Cooperation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare. SFAC's mandate is to develop agriculture in India. Its vision is to empower farmers by promoting agri-business through private sector

investments and market linkages. Its mission is to link farmers to technology and markets, in association with private and cooperative sectors. SFAC aims to provide backward and forward linkages, where necessary.

In addition to its core objectives, SFAC also helps implement various schemes and programs of the Indian government, financial institutions, and banks. SFAC also offers the following financial assistance:

a. Equity Grant Fund Scheme

The main objectives of Equity Grant Fund are

- (i) Enhancing viability and sustainability of FPCs
- (ii) Increasing credit worthiness of FPCs
- (iii) Enhancing the shareholding of members to increase their ownership and participation in their FPC.

The equity grant support to eligible FPCs is provided by the SFAC on matching basis subject to a maximum of Rs 10.00 lakh per FPC, provided the FPC has a minimum shareholder membership of 50 farmers.

b. Credit Guarantee Fund Scheme (EGCGFs)

The main objective of the Credit Guarantee Fund scheme is to provide a

Credit Guarantee Cover to Eligible Lending Institutions to enable them to provide collateral free credit to FPCs by minimizing their lending risks in respect of loans not exceeding Rs. 100.00 lakhs. Under the schemes, only Farmer Producer Companies having minimum 500 individual shareholders, are eligible for Credit Guarantee cover. Further, the Bank should have extended/ sanctioned within six months of the date of application for the Guarantee or /in principle agreed in writing/ has expressed willingness in writing to sanction term loan/ working capital/ composite credit facility without any collateral security or third-party guarantee including personal guarantee of Board Members. Maximum guarantee cover is restricted to the extent of 85% of the eligible sanctioned credit facility, or to Rs. 85 lakhs, whichever is lower.

Center Sector scheme - Formation and Promotion of 10,000 Farmer Produce Organizations (FPOs)

In the Union Budget 2019-20, Government of India has launched a new Central Sector Scheme titled "Formation and Promotion of 10,000 Farmer Produce Organizations (FPOs)" with a clear strategy and committed resources to form and promote 10,000 new FPOs in the country over the next five

years. The scheme is launched with a budgetary provision of Rs. 6865 crores. Under the scheme-

- a. Efforts will be made to achieve an average membership size of 500 farmers in plain areas and 200 farmers in Hilly and North-Eastern regions to make them sizable for economic sustainability and profitability
- b. FPOs will be developed in produce clusters, wherein agricultural and horticultural produces are grown / cultivated for leveraging economies of scale and improving market access for members. "One District One Product" cluster to be leveraged to promote specialization and better processing, marketing, branding & export.
- c. Intensive efforts will be made to form & promote at least 15% of the total targeted 10,000 FPOs (i.e. 1,500 FPOs) in next 5 years in aspirational districts with at least one FPO in each block of aspirational districts of the country for their development.
- d. Corporate bodies (Agri-Value Chain/Industry) forming and promoting FPOs through cluster-based approaches without going through CBBOs will be eligible for assistance for their new FPOs under the Scheme in case at least 60% of the produce of members of such FPOs is ensured with appropriate processing & assured marketing linkages on sustainable basis for remunerative prices for improving the income of the

members as well as to developing processing and value addition within the country.

Under this Central Sector Scheme with funding from Government of India, formation & Promotion of FPOs are to be done through the Implementing Agencies (IAs). Presently 09 Implementing Agencies (IAs) have been finalized for formation and promotion of FPOs viz. Small Farmers Agri-Business Consortium (SFAC), National Cooperative Development Corporation (NCDC), National Bank for Agriculture and Rural Development (NABARD), National Agricultural Cooperative Marketing Federation of India (NAFED), North Eastern Regional Agricultural Marketing Corporation Limited (NERAMAC), Tamil Nadu-Small Farmers Agri-Business Consortium (TN-SFAC), Small Farmers Agri-Business Consortium Haryana (SFACH), Watershed Development Department (WDD)- Karnataka & Foundation for Development of Rural Value Chains (FDRVC)- Ministry of Rural Development (MoRD).

Implementing Agencies (IAs) will engage Cluster Based Business Organizations (CBBOs) to aggregate, registered & provide professional handholding support to each FPO for a period of 5 years. CBBOs have been empanelled & engaged

by IAs. CBBOs will be the platform for an end to end knowledge for all issues related to FPO promotion.

During 2020-21, a total of 2200 FPO produce clusters have been allocated for formation of FPOs, which also include specialized FPO produce clusters such as 100 FPOs for Organic, 100 FPOs for Oil seeds etc. Of these, 369 FPOs are targeted for formation during current year for formation in 115 aspirational districts in the country.

Financial assistance

- a. Under the scheme, financial support to Farmer Producer Organization (FPO) @ up to maximum of Rs. 18 lakh / FPO or actual, whichever is lesser is to be provided during three years from the year of formation. The

financial support is not meant for reimbursing the entire administrative and management cost of FPOs, but it is to provide the financial support to the FPOs to the extent provided to make them sustainable and economically viable.

- b. In addition to this, provision has been made for matching equity grant up-to Rs. 2,000 per farmer member of FPO with a limit of Rs. 15.00 lakh per FPO.

The objectives of Equity Grant are to (i) enhance viability and sustainability of FPOs; (ii) increase credit worthiness of FPOs; and (iii) enhance shareholding of members to increase their ownership and participation in their FPO.

- c. A dedicated Fund of up to Rs. 1,500.00 crore will be

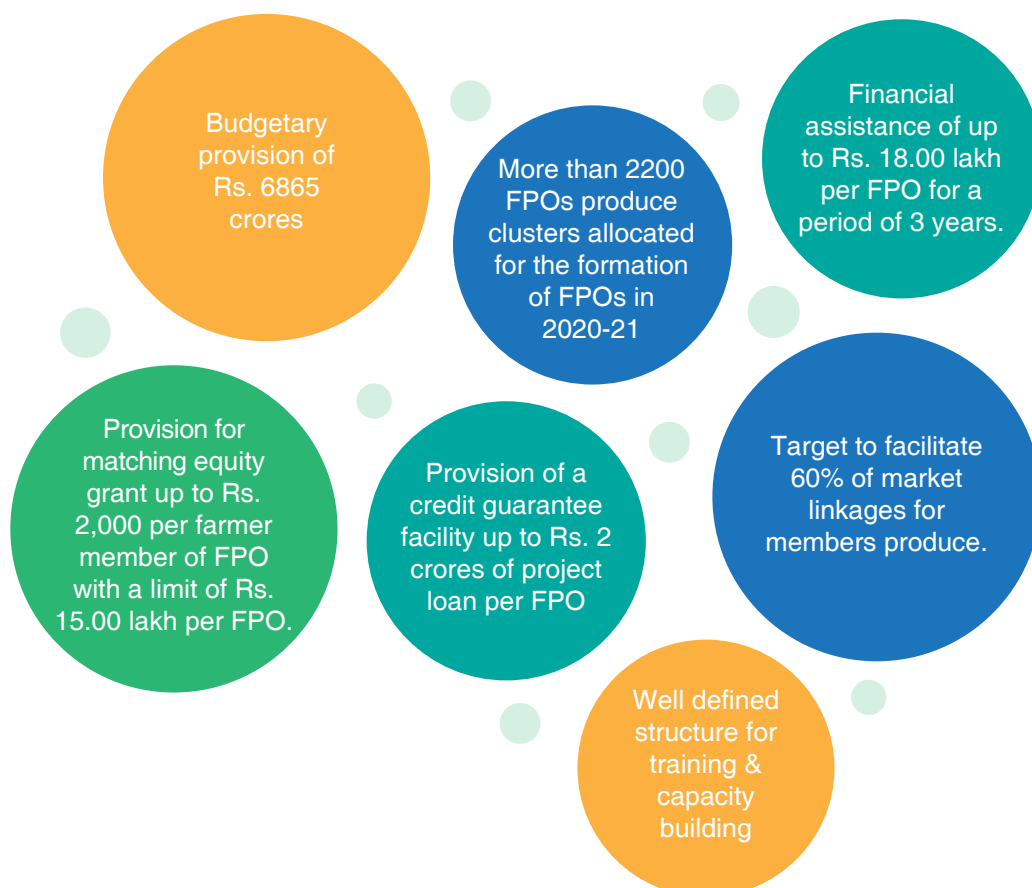
created as CGF and a credit guarantee facility upto Rs. 2 crore of project loan per FPO will be accessible to FPOs.

Focus on training & capacity building

There are well defined training structures in the scheme and the institutions like Bankers Institute of Rural Development (BIRD), Lucknow and Laxmanrao Inamdar National Academy for Co-operative Research & Development (LINAC), Gurugram have been chosen as the lead training institutes for capacity development & trainings of FPOs. Training & skill development modules have been developed to further strengthen the FPOs.

Center Sector scheme - Formation and Promotion of 10,000 Farmer Producer Organisations

Key highlights



Other key Central Policies for FPOs

Apart from the policies and funds detailed above, there are several policies of the state and the central government which can be leveraged. These include:

a. Agri infrastructure

development Fund (AIDF):

The Central Sector Scheme of Financing Facility under Agriculture Infrastructure Fund provides a medium - long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and financial support.

Under the scheme, Rs. 1 Lakh Crore will be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies, Farmer Producers Organizations (FPOs), Self Help Group (SHG), Farmers, Joint Liability Groups (JLG), Multipurpose Cooperative Societies, Agri-entrepreneurs, Start-ups and Central/State agency or Local Body sponsored Public Private Partnership Project.

b. Operation Greens: A Centrally Sponsored Scheme (CSS) started by the Government of

India. Its total budgetary allocation is ₹ 500 Crores and is implemented by the Ministry of Food Processing Industries (MoFPI). The scheme is aimed at capacity building of FPOs through their professional development, reduction of postharvest losses, creation of preservation & processing infrastructure, provision of agri-logistics for supply chain, price stabilisation for consumers and producers and preventing distress sale

c. PMKSY Scheme: Pradhan Mantri Kisan Sampada Yojana (PMKSY), under MoFPI, has sub-components, enabling setting up of storage and processing infrastructure.

d. Tax Exemption: As of FY 17-18, Farmer Producer Companies, registered under the Companies Act, having an annual turnover up to ₹ 100 Crore are exempt from tax on profits derived from farm-related activities for a period of 5 years 21.

e. Inclusion in Priority sector lending - Funding to Farmer Producer organizations covered under priority sector lending for Agriculture.

There are similar policies at the state level, including:

a. Odisha Farmer Producer Organisations (FPOs) Policy, 2018

- A FPO Fund with an initial corpus of Rs. 100.00 Crore per year shall be setup to support FPOs, RIs, POPIs and PMU in all sectors. The maximum timeline for promotion of FPO will be 7 years.
- FPOs will be eligible for all the existing investment promotion subsidy of the Government of Odisha. Further, FPOs will be eligible for Investment promotion subsidy @ 50% of the value of fixed assets (VFA) for purposes not specified and if relevant for development of FPOs.
- Interest subsidy of 6% per annum on term loans will be provided to FPOs for a period of 7 years

b. Centre of Excellence for FPOs, 2017, by the Government of Karnataka

c. Rythu Kosam, Andhra Pradesh Farmer Producer Organisations Promotion Policy 2016

d. The Punjab FPO policy

e. Promotion of Collective Farming by organising small/marginal farmers into Farmers Interest Group (FIG)/Farmers Producer Group (FPG) of Tamil Nadu

REVIEW OF FPOs

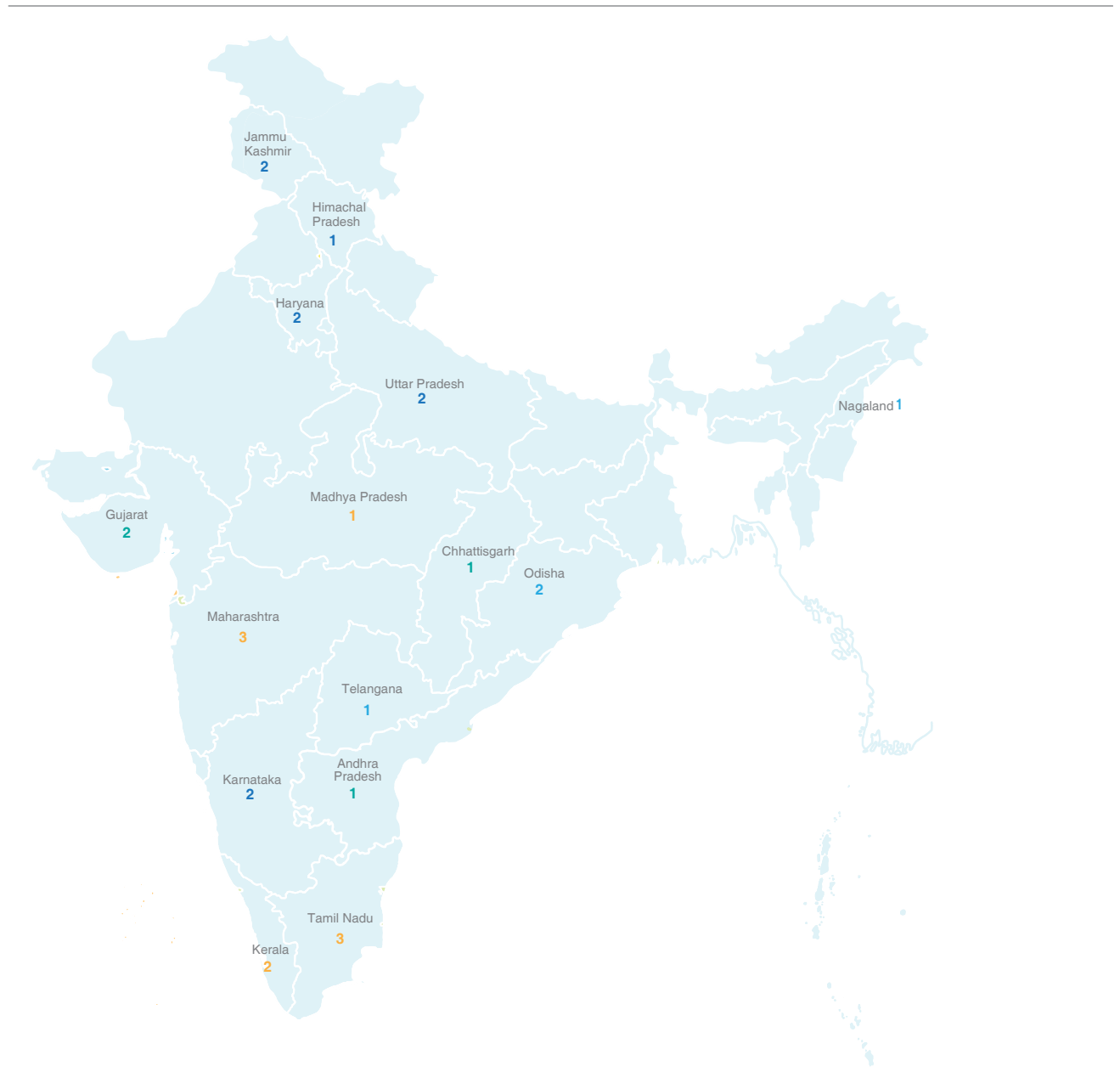


KEY FINDINGS FROM THE CASE STUDIES

Part II of this report covers an assessment of the business model of 25 successful FPOs. 23 of these are promoted by NABARD and its subsidiaries while 2 are promoted by other agencies.

- The idea is to create references for nascent stage as well as upcoming FPOs to understand successful business models and draw learnings from the same in their own space.
- Focus is also on contributing to policy planning by helping identify what some of the gaps and recommend how they can be bridged.

Geographical spread of the FPOs covered in part II



In terms of maturity most of these FPOs have been operational for 4-5 years.

The business models of FPOs covered include-



Key findings

a. FPO management: Farmer Organizations are required to be efficiently managed by experienced, trained and professionally qualified CEO and other personnel under the supervision and control of democratically elected Boards of Directors.

The CEO needs to be clear on his roles and responsibilities, Importance & type of record maintenance, book-keeping, Management Information System & internal assessment tools for FPOs; Statutory and regulatory compliances as per the legal forms of FPO. Further he should be equipped to conceive & draft a business

plan; assess business opportunity for FPO; build pricing and marketing strategy as well as manage financial of the FPOs. The Board of Directors on the other hand should be equipped to collectively take the right decision for growth of the FPO.

- All the 25 FPOs analysed in part-II of the report have a

professional management structure in place with a CEO and minimum 5 Board of Directors.

- All the 23 FPOs promoted by NABARD reported that they have received grant towards salary of CEO and staff for a period of 3 years.
- The CEO & Board members are also reported to have undergone extensive trainings on aspects of running and managing the FPO as a result the FPOs were faring well on this aspect.

The experience of the 25 FPOs reiterated that FPOs can perform as expected, only when its management systems, governance and capital structure are strong.

On managerial aspect a key challenge faced by FPOs is that the Board members in most of the cases are coming from farming background, head of village committees, or holder of other leadership positions within the village or at Gram Panchayat level etc; and thus lacking financial and managerial skills. Further finding and retaining an externally hired professional CEO is another challenge faced by FPOs.

It is understood that while availability of trained manpower in the rural landscape to manage FPO business professionally is a challenge the issue needs to be overcome by training & capacity building and proper handholding. While initial training is done for the BoDs and CEO when the FPO is formed, it is equally

important to update their skill set on a regular basis to help them develop their business skills.

b. Training & capacity building:

Apart from managerial trainings, all the 25 FPOs have a framework in place for training and capacity building on the production side – agronomic practices, crop management, mechanization, animal health and nutrition management etc.

These trainings are being provided in partnership with KVKs, Agri Universities, State Agriculture, Horticulture and Animal Husbandry Department as relevant. In some inhouse extension teams are leveraged by developing local resources. Also, where institutional linkages for inputs are established private sector partners are also extending agronomic advisory. The trainings are provided in every production cycle to keep the members abreast with latest technology developments.

On the agronomy side, the private sector extension network can further be leveraged to strengthen agronomic advisory for the FPOs particularly on advanced technology solutions.

Gaps are largely identified in terms of trainings on post-production side. FPOs have clearly indicated need for trainings on processing & value addition, branding & marketing and handling processing plants.

For other FPOs also while some primary sorting grading is happening there is much more

scope for primary value addition. Institutional linkages with private buyers is one way to scale primary value addition. With these linkages being established FPOs are informed about the quality and grade specifications to help them undertake primary value addition and in turn fetch better price for the produce.

- c. Compliance:** All the 25 FPOs were reported to be compliant as per the requirements. The necessary certificates and licenses were available. The AGMs are being conducted within the stipulated time. Some discrepancies were seen in conducting the AGM last year given the disturbance due to the pandemic but they are all planned for this year by September 2021.

On book-keeping the FPO were largely doing it manually and have now started the transition process of feeding data into the NABARD portal. Only 2 FPOs were reported to be keeping books digitally and other two were aiming to go fully digital in this year.

Digital bookkeeping is therefore definitely an area which needs improvement.

d. Access to finance:

FPOs are mostly represented by small & medium farmers with poor resource base which limits their access to affordable credit for want of collaterals and credit history.

To overcome this challenge initial financial support is being provided by NABARD, SFAC under various schemes. In our analysis, of the 23 FPOs promoted by NABARD all had received assistance under NABARD's Producers Organizations Development Fund (PODF) which is sanctioned for a period of 3 years.

Additionally, 4 FPOs reported to have received additional support from NABARD under business development. The SFAC equity grant was availed by 4 of 23 FPOs and 3 more have applied for the same.

As is mostly documented, FPO lending is majorly led by Non-Banking Finance Companies (NBFCs), in the case of the FPOs analysed in this study also >50% FPOs had received funding from NBFCs, mostly NABKISAN and Sammunati. What is interesting to note is that institutional credit from banks was also accessed by 14 FPOs.

Of the 23 FPOs under NABARD only one FPO mentioned that they are planning to distribute dividends to members from this year, rest all the reinvesting the profits to strengthen the FPOs. This indicates that there is a huge need for capital to sustain and strengthen the FPOs.

This highlights that for **FPOs with a robust business plan and operating model funding through multiple sources is flowing in. Thus, it becomes imperative for the Producer Organization Promoting Agency (PoPI) to develop a robust business plan for the FPO in the initial 3 years, of handholding.**

- e. Risk Mitigation through insurance** – Production losses due to adverse weather conditions or due to pest/ animal attack are major risks faced by farmers. In addition, post production losses that occur during storage and transportation add to the concerns. The COVID pandemic also resulted in several incidences of losses to farmers due to lack of access to markets given the movement restriction.

Despite awareness on the Pradhan Mantri Fasal Bima Yojana (PMFBY) voluntary enrolment of the farmers under the scheme is limited. While insurance would be beneficial for

the farmers, there is lack of awareness on the claims process.

Previous experiences of some farmers also suggests significant delays in receiving payments. These gaps need to be bridged and the FPO model offers a reliable solution.

The FPO model offers an opportunity to cover a larger group of farmers under the insurance umbrella however, the uptake has been limited. The uptake of crop/weather insurance for risk mitigation in the 25 FPOs analysed was also found to be miniscule. This is definitely an area of improvement and requires focus.

The collectivization model can help overcome issues of low awareness, knowledge and trust of agricultural insurance among farmer groups. Distribution can also be easier and more cost-effective. Consultative engagements with FPOs to understand localized and specific risks faced by its farmer members can be beneficial in developing customized insurance products relevant to the risks faced by the farming members. This would also help them in instances where they wanted to diversify their crop production, introduce new and improved methods of cultivation, and promotion of best practices among member farmers.

- f. Infrastructure:** Easy and affordable access to postproduction infrastructure is

critical for FPOs to develop robust market linkages. The absence of reliable and robust infrastructure and logistics increases their dependence on local aggregators and intermediaries—and hampers direct access to markets – in which case FPOs are no better off than individual farmers.

The above was reiterated in case of the 25 FPOs analysed, all of them had access to required infrastructure under ownership or rental model. This was helping them provide the right quantity and quality of produce as per the buyer's requirement so that there is assured offtake at the best price.

Availability of infrastructure also becomes important if an FPO wants to leverage technology platforms like eNAM, exchange platform etc.

Thus, adequate infrastructure creation should be an integral part of the business activity.

- g. Convergence with existing schemes:** Apart from the policies and funds earmarked for FPOs, there are several policies of the state and the central government that can be converged with FPOs for fund flow, infrastructure creation etc.

The uptake of such schemes at FPO level so far is limited, for the 25 FPOs analysed also the convergence with existing schemes of center/state government for infrastructure creation was reported by only 4 FPOs.

The opportunity here needs to be communicated to the FPOs for efficient utilization towards bridging the infrastructure gaps.

Other findings - Business models

- a. Seed production** - a rewarding business model Scope for FPOs as Seed production partners for both public and private sector seems to be very promising as it offers advantage of a reliable supply of quality seeds.

Under National Food Security Mission (NFSM) to promote new varieties/ hybrids and to augment the availability of seed and to make the cost affordable to the farmers, an incentive of Rs. 3,000/- per quintal HYVs is provided to farmers. It is found that seed production under Government program is helping FPO member farmers gain subsidy as a result of which cost of production is coming down and also the seed is being procured by the State seed corporation thus facilitating assured market linkages.

Given the multiplier effect, uptake of existing government scheme on seed production is happening and there is huge scope for further scaling the convergence.

For seed production avenues are also open to undergo contract farming with private players.

Interestingly, seed industry is among the few in agriculture sector which has already standardized Contract farming type of arrangements and partnership with FPOs with right skill development and capacity building will become a natural progression in Indian seed sector.

Amongst the 25 FPOs covered in this study 5 FPOs are undertaking seed production of which 4 namely, Rushiwar Farmer Producer Company Limited, Maharashtra; Bhimpahad Krushak Producer Company, Orissa; Nilokheri Farmers Producer Company Limited, Haryana and Vindhyanchal Crop Producer Company Ltd., Madhya Pradesh are undertaking seed production mainly in paddy, wheat and pulses under government program since 2016. The breeder seeds are largely being procured from State seed corporations or Agri Universities; the certification cost is being borne by the state government and the produce sold to state seed corporation.

All the FPOs have reported an increase in profitability owing to reduction in cost of production and benefit of seed production subsidy.

On an average 10-15% increase in profitability is reported. Also, there was a quantum jump in

membership and subsequent expansion of area under seed production identifying the opportunity.

While all these FPOs are engaged in seed production under Government program there is also huge scope for FPOs to explore cereal as well as vegetable seed production for private companies.

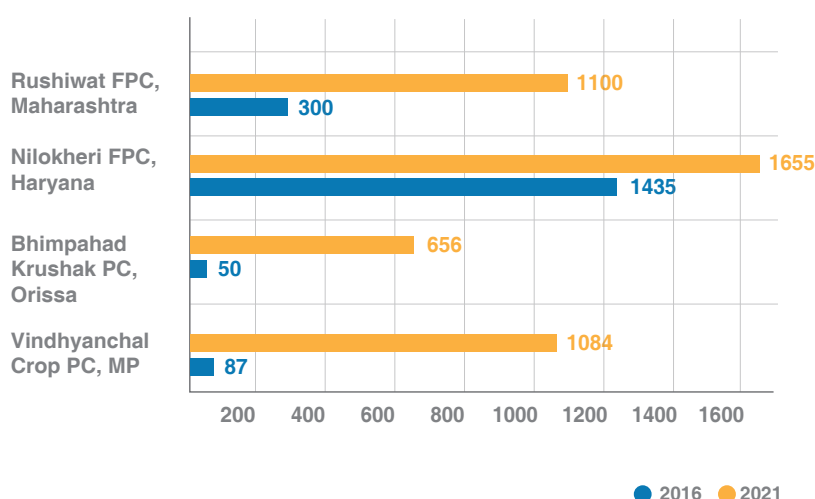
- b. Input aggregation – leveraging economies of scale**

Every farmer requires inputs for crop production and input aggregation and marketing is another business model which is gaining traction amongst FPOs. Marketing of agriculture inputs by FPOs have several success stories documented. The model offers the dual advantage of access to quality and affordable inputs at the right time for member farmers as well as an added revenue stream for the FPO by catering to the larger farmer base.

Of the 25 FPOs analysed in this report, around 75% indicated institutional linkages on input side. While in some cases the aggregation was limited to providing member farmers subsidized inputs – seed, fertilizer etc, around 8 FPOs reported to be leveraging the benefits through input retail outlets as well as custom hiring centres.

- Indervelly FPC reported around 15% reduction in cost of production owing to procurement of inputs as well as machinery from the FPCs Custom Hiring Center at a subsidized rate.
- Gaukaran FPC facilitated access to cattle feed at

Membership growth



around 24% lower price when compared to market price

- Invictus FPC reported that large portion of the revenue, almost 75-80% comes from the input business and the Pig Rearing business while the rest is generated from feed and crop produce sale.
- There are FPOs like Okhamandal Farmer Producer Company Limited that has dealership of around eight (8) input companies and is selling a wide range of agri inputs to farmers - seed, fertilizers, agro chemicals, irrigation solutions etc. The tie-ups are helping farmers source quality inputs at the right time at a lower cost. As reported by the FPO the efforts have resulted in reducing cost of production by 10-15%. In terms of financial contribution, the agri input business forms the larger share of the pie. In 2019-20 75% of the turnover came from this business while in 2020-21 it contributed 60% to the FPC turnover.

Thus, **input aggregation is emerging as an effective element of business model for FPOs.**

c. Allied activities – added avenues for maximizing farmer returns

While agro produce aggregation and marketing is the arena where most of the FPOs operate allied activities viz Dairying, Poultry, Goatery, Piggery as well as Floriculture are other avenues that are helping farmer collectives reap better returns for the member farmers.

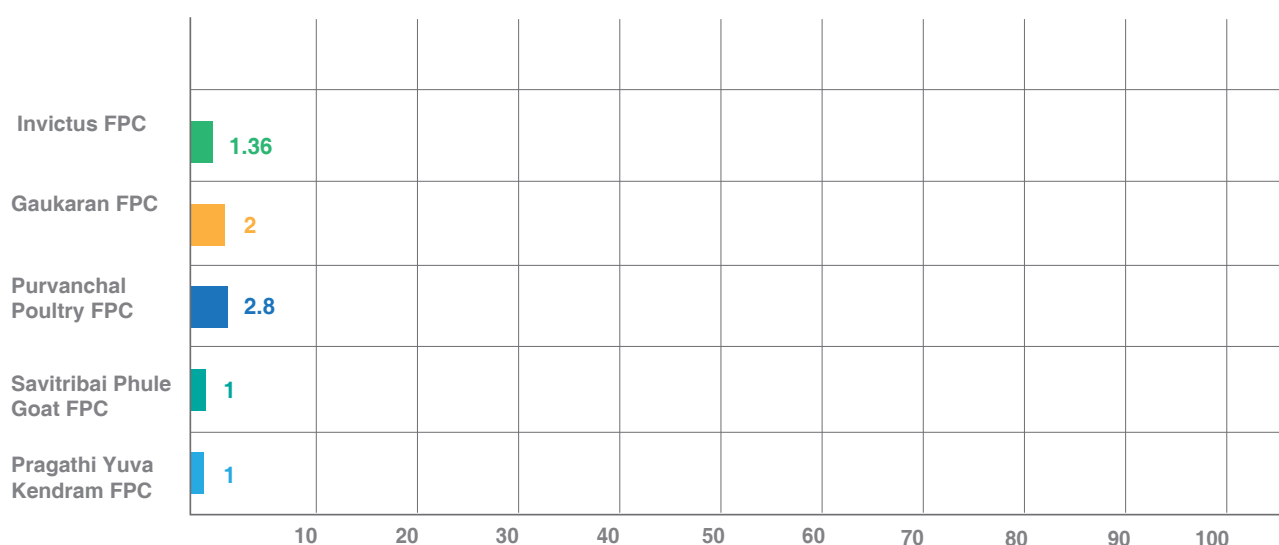
Regarding Livestock Sector the Economic Survey also highlights that “The livestock sector grew at CAGR of 8.24 per cent during 2014-15 to 2018-19. As per the estimates of National Accounts Statistics (NAS) 2020 for sector wise Gross Value Added of Agriculture and allied sector, the

contribution of livestock in total agriculture and allied sector GVA (at Constant Prices) has increased from 24.32 per cent (2014-15) to 28.63 per cent (2018-19). Livestock sector contributed 4.19 per cent of total GVA in 2018-19.”

Of the 25 FPOs covered in this report 6 FPOs were operating in these segments and all of them reported turnover of >1crore. The profit in 2020-21 was expected to be a little low owing to the impact of Covid pandemic.

A key advantage is that these are high value niche segments with huge scope for value addition. The challenge however can be that there are large organized players operating in this segment and the FPC needs to have a full value chain approach to ensure maximum benefit.

Turnover reported (crore)



All the FPOs in the allied segment covered in the report focused on creating a unique value proposition for themselves to succeed in the segment.



Key findings – Marketing channels

a. Leveraging multiple marketing channels

Improving market access and maximizing farmer returns is a key objective of the aggregation of farmers into FPOs. Towards ensuring some of the FPCs are leveraging multiple models of market access. This helps them diversify the risk portfolio as well as engage in varied commodities as compared to the restriction with opting for only one channel of marketing.

The strategy however needs to be backed up with strong infrastructure support so that supplies can be seamlessly maintained.

Illustrations from the FPCs analysed

Marketing mix - Okhamandal Farmer Producer Company Limited



Key findings – socio economic impact

a. Socio economic impact for women

Women play a significant and crucial role in agricultural development and allied fields. As per Census 2011, out of total female main workers, 55 per cent were agricultural labourers and 24 per cent were cultivators. However, only 12.8 per cent of the operational holdings were owned by women, which reflect the gender disparity in ownership of landholdings in agriculture. Moreover, there is concentration of operational holdings (25.7 per cent) by women in the marginal and small holdings categories. This highlights the current disparity in the socio economic demographics when it comes to agriculture.

The FPO model is creating a huge socio-economic impact particularly noteworthy is the economic empowerment of women and increased say in decision making. The aggregation model has helped bring women into the mainstream financial system.

For example, Invictus Farmer Producer Co. Ltd, in addition to its piggery business, is helping women augment family incomes, by engaging them through self-help groups in packaging and marketing of Assam tea/pickle/jam/jelly etc which has helped in strengthening her stature in the family and has helped in improvement of overall living standard.

Similarly, Savitribai Phule Goat Farming Producer Company Limited, which is Maharashtra's first women's Goatery-based producer company has helped improve financial literacy amongst women farmers.

Jaunsar Kissan Producer Company Ltd with almost 50% women membership has created avenues for employment of rural women in value addition

Key findings - COVID 19 impact

b. Covid impact

The impact of covid has been high on FPOs, particularly for those dealing in perishables like fruits and vegetables, meat, poultry, milk etc. With availability of transportation impacted as well as limited operations in processing plants some FPO have borne heavy losses. There has been a huge financial impact over the last 1 year, also, the impact may be seen in the longer term given that balance sheet will reflect reduction in profit that will impact access to loans etc.

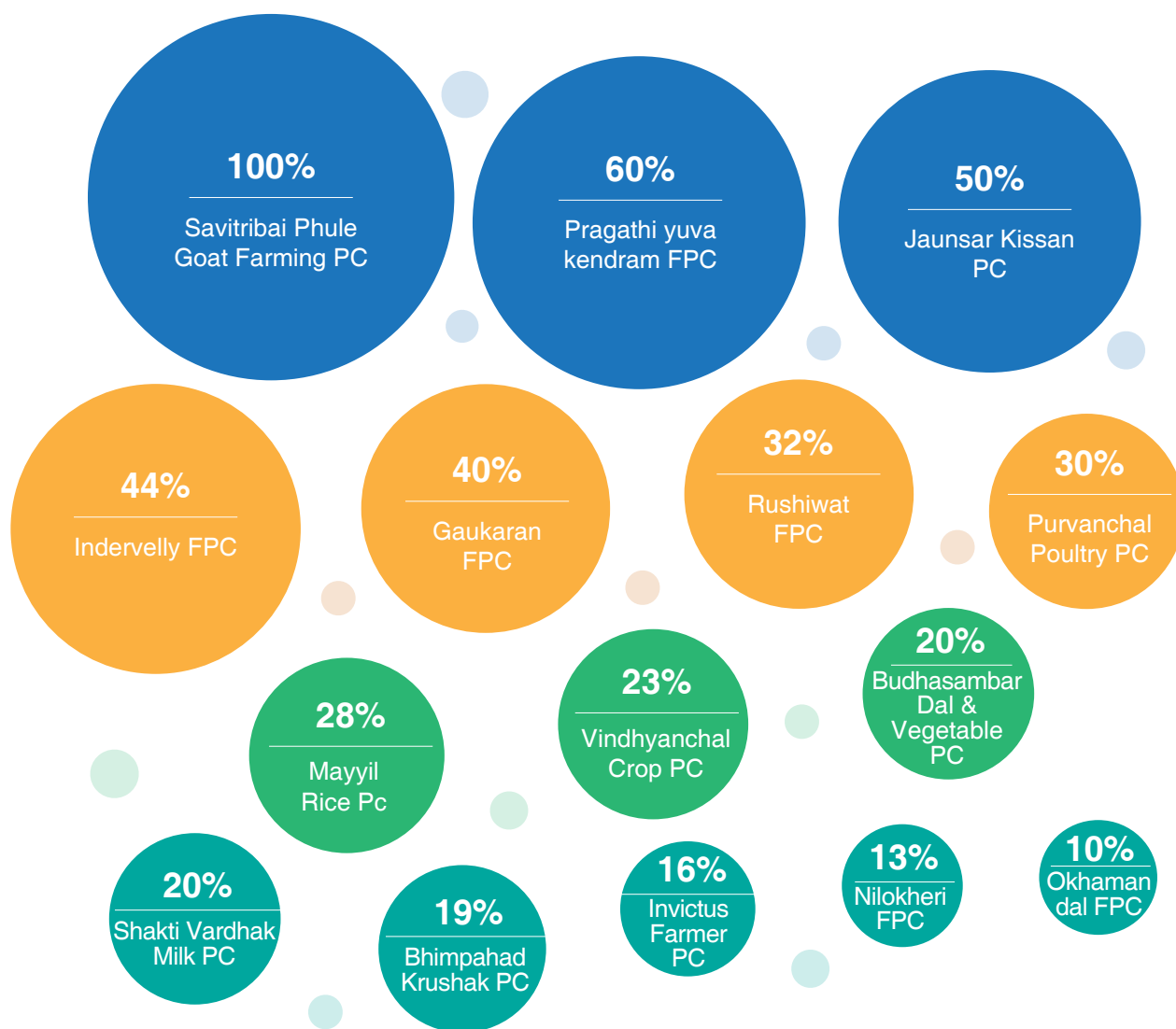
However, there are also some innovative models a few FPO have developed. Shejaar Vegetable Producer Company Limited turned the COVID challenge into an opportunity by exploring various channels to sell their products. The FPC has tied up with the government designated departmental store in Habak, Srinagar. Shejaar has done a business of around 2.57 lakhs in April itself. In addition to building an inventory of products which their members can supply the FPC also started

marketing other rural products as their potential sale products to provide market access to larger number of farmers.

Okhamandal Farmer Producer Company Limited had a retail outlet 'Farm to Home'. Given the pandemic, the FPC adopted a Direct-to-Consumer model for perishables- fruits, vegetables & dairy products. For this purpose, WhatsApp is being leveraged. The daily status of commodity available and prices are posted, and orders are received directly from consumers through WhatsApp. The orders are then delivered to customer doorstep.

To overcome the marketing challenge posed by Covid19, Pragathi yuva kendram Farmer Producer Company created 'Fruits & Vegetable kit'; every kit had 7 fruits and was marked at Rs 100/- through the FPC's social media platform. at Rs. 100/- during covid and sell it through social media.

Overall, the impact on FPOs were varied, some were less impacted given the nature of business, some innovated and adapted to the challenges however there were few that incurred huge losses. Going forward there is a need to assess the impact of covid on various FPOs and planning policy support based on the requirement of majority of them.



BROAD POLICY RECOMMENDATIONS FOR SCALING FPO MODEL IN INDIA

Given the policy thrust and opportunities offered by the FPO model there has been substantial increase in the number of FPOs. However, the growth of FPOs across states has not been uniform which has limited the success. Also, there are challenges and policy gaps in the ecosystem which are hindering sustainable growth of FPOs. As a result, after the initial handholding by the resource institution the FPOs find it difficult to sustain in the long run.

The Central Sector Scheme "Formation and Promotion of 10,000 Farmer Produce Organizations (FPOs) aims at overcoming some of the challenges with a clear strategy and committed resources.

Some overall policy reforms and other measures to scale and strengthen FPO model in the country, are as under:

a. **Ease of doing business:**

The challenges for the development of the overall ecosystem are the lack of professional management, weak internal governance in FPOs, under-capitalisation to take up activities and also absorb credit, inadequate credit linkages, access to market and inadequate access to infrastructure.

The FPOs analysed in the report are success stories with support of strong resource institutions however, there have been some instances wherein the need for ease of doing business was highlighted by them especially in terms for approvals for projects, grants etc.

Overall, for FPOs ease of doing business is a concern given that they have to run and manage a business enterprise with minimum skill set. As far as legal compliances are concerned, it may be mentioned that the scheme guidelines necessitate the need for five professionals in each CBBO, including those with knowledge of legal compliance. This is aimed at ensuring adequate handholding support to FPOs.

One recommendation would be to provide suitable relief to FPOs from various complex statutory compliances at least during initial 10 years to help them adjust with the regulatory business environments and stabilize business operations under "ease of doing business".

FPOs also face a challenge given the requirement of multiple licenses for them to operate. The system of issuing

various licenses required for undertaking business activities by FPOs, may be simplified to make it a single window state-wide license.

b. **Enabling ecosystems for easy access to finance**

While banking institutions are coming forward to lend to FPOs, close to 90% of the lending to FPOs is still by NBFCs. To further scale access to institutional credit two basic recommendations are-

- Get the RBI to issue a directive requesting banks to report their lending to FPOs
- Get NBFCs, who have shown that FPOs are bankable to get priority sector lending status, thereby enabling them to scale and provide their innovative financial products to more FPOs. Similarly, clearer directives on CSR funding to incubators and institutions supporting FPOs can go a long way in addressing some of the capital inadequacies of the FPO model.
- The credit guarantee cover being offered by SFAC for collateral free lending is available only to Producer Companies (other forms of

FPOs are not covered) having minimum 500 shareholder membership. Due to this, large number of FPOs particularly those, which are registered under other legal statutes as also small size FPOs are not able to access the benefits of credit guarantee scheme.

The benefits of the SFAC schemes may be extended to all forms of FPOs as also to smaller FPOs having shareholder membership of less than the existing limit of 500 farmers.

- Apart from finance scaling uptake of crop insurance at FPO level needs to be focused upon as well.

c. **Support from state Governments**

It is witnessed that states with supporting FPO policy have greater traction under the model. In line with the focus/ policy framework of the Govt. of India, the State Governments may introduce appropriate flexible policy to scale up FPO promotion and to strengthen them so as to become a self-sustaining commercially viable business enterprise of the farmers' particularly small producers

d. **Training & capacity building**

While there is a lot of focus on managerial trainings under BIRD and LINAC as

well as agronomic side trainings for FPOs focus also needs to be on post- harvest handling protocols to ensure quality of produce is maintained and the farmers are able to fetch a better price. These trainings will also help the FPOs leverage technology platforms like exchange for marketing of produce as well as forge partnerships with private buyers by meeting their quality specifications.

At the same time the pandemic has also highlighted the need for technology support to FPOs with online capacity building models.

FPO CASE STUDIES



Bhimpahad Krushak Producer Company

BhimpahadKrushak Producer Company promoted by Reliance Foundation and NABARD is working with the main objective to provide member farmers with better market access opportunities. The FPC has been ranked as Grade "A" organisation by NABARD.

ADDRESS

Guchipali, Gaibahal, Deogaon,
Balangir-767067

STATE

Odisha

DATE OF INCORPORATION

3rd November 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1655

SHARE CAPITAL

INR 924740/-

% OF WOMEN MEMBERS

19%

MEMBER CONTRIBUTION

INR 550/- (average)

NO OF DIRECTORS

6

NO OF EMPLOYEES

1

KEY BUSINESS ACTIVITY

Seed production & Marketing;
agro produce aggregation
& marketing



Business Model

Identifying the need for market linkages the FPC was promoted in 2016. The objective largely is to help farmers avoid distress sale.

The main crops the FPC deals in are Paddy, green gram and mahua. The agronomic support on production and improved access to markets have helped the FPC members make targeted efforts towards improving production as well as gain better price for the produce.

a. Intervention on production side

The interventions on the production side mainly include training & capacity building on better agronomic practices, access to inputs and seed production.

The agronomic trainings are facilitated by Reliance Foundation in partnership with experts from KVK and State Agriculture Department.

Seed production is largely done for paddy wherein access to subsidized seed is facilitated from Odisha State Seeds Corporation Ltd and both foundation as well as certified are procured from the corporation. Also access to subsidized fertilizers is facilitated from the state Government department. The access to subsidized inputs is helping reduce cost of production by 5-7%.

b. Intervention on market linkages

On marketing front for paddy, the foundation seed is multiplied and sold back to Odisha State Seeds Corporation Ltd. for distribution as certified seed. This assured market linkage helps the FPC member farmers' gain a better price'

For pulses and mahua produce is aggregated and sold to traders, given scale of produce FPC is able to fetch a better price. In case the market prices are low the produce is stored in rented warehouses and liquidated when prices are better. In case of Mahua since the FPC does not have a license on need basis license is taken from gram panchayat.



Benefits Accrued on Account of Aggregation



Financial gains

The FPC turn over in 2019-20 was reported at INR 1.21 crore with a net profit of INR 3.33 lakh. It was mutually agreed that for 5 years the profit made by the FPC will be reinvested for growth. Next year onwards distribution of profits to members will be started.



Input linkages

FPC model helps member farmers with access to inputs – seeds and fertilizers at subsidized rates, thus helping lower production related costs by 5-7%.



Market linkages

The member farmers are able to avoid distress sale and ensure better returns for their produce. For seed production buy back linkages are established with Odisha State Seeds Corporation Ltd. This assured market linkage helps the FPC member farmers' gain a better price compared to when they were selling paddy in mandi.

Similarly, for pulses and mahua produce is aggregated and given scale of produce FPC is able to fetch a better price from buyers.



Access to infrastructure

The member farmers benefit from access to basic storage, infrastructure. Going forward the FPC plans to add a seed processing plant to its assets to further add value to the output.



Improvement in access to finance

The FPC has received NABARD grant of INR 9.6 lac over the past 3 years which have been for salaries and overheads. This year INR 5 lakh was sanctioned from NABARD for infrastructure creation. Also, the FPC has a loan of 25 lakh from NABKISAN and has also received a grant on 1.25lakh for marketing infrastructure.

The FPC also benefitted by matching equity grant from SFAC in 2019 and has accessed another loan from Samunnati towards meeting working capital requirements.



Training & capacity building

Another core benefit drawn by member farmers is access to handholding on crop production, marketing as well as FPO management. The agronomic trainings are facilitated by Reliance Foundation in partnership with experts from KVK and State Agriculture Department at regular intervals.

Going forward, the FPC has clearly indicated need for processing and market related trainings.

Swot Analysis

S

Strength

- Farmer Responsiveness to Training and Capacity Building

W

Weakness

- Lack Of Infrastructure, Office Space Also Rented
- Limited Institutional Linkage

O

Opportunities

- Seed Processing
- Diversifying Product Portfolio
- Exploring Alternate Market Channels, Enam, Commodity Exchange etc

T

Threat

- Vulnerable to Fluctuations in Supply
- Absence of Institutional Linkages, Presently are Leveraging Economies of Scale and Selling in Mandi

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- Both Manually and Digitally bookkeeping is done. Also feeding data into NABARD portal. Plan to go fully digital this year onwards

Impact Assesment

- Farmer returns: As reported by the FPC average benefit of INR 1550-1600/- per acre made per farmer on account of reduced cost of production and better market price.

Future Plans to Scale up

Going forward the FPC plans to add a seed processing unit to its asset portfolio.

Budhasambar Dal & Vegetable Producer Company Ltd

Budhasambar Dal & Vegetable Producer Company Ltd (BDVPCL) works towards promoting the livelihoods of the small and marginal land holding Farmers through production, processing, value addition on pulses and vegetables. Major stress of the Company focus is on vulnerable households like Scheduled Tribes, Scheduled Caste. The FPC started with an acreage of < 200 acres and over the years have grown to 1500-2000 acres.

The region was heavily dependent on agriculture however, seasonal production, small land holdings, poor infrastructure facilities and challenges in access to credit were some of the key challenges. As a result, farmers were not able to leverage economies of scale, maximize productivity and exercise greater bargaining power in the market. The adoption of modern agronomic practices such as multi-cropping or intercropping was also low. The positives however were, naturally fertile and highly responsive soil and a huge, ready, and lucrative market for pulses and vegetables.

ADDRESS

Kendubhata, PO-janutpali,
Padampur, Dist-Bargarh

STATE

Odisha

DATE OF INCORPORATION

28 Jan 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1123

SHARE CAPITAL

INR 15,00,000/-

% OF WOMEN MEMBERS

20%

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

9

NO OF EMPLOYEES

11

KEY BUSINESS ACTIVITY

Production, processing &
Marketing



Business Model

Identifying the opportunity, Budhasambar Dal & Vegetable Producer Company Ltd (BDVPCL) was formed with support from NABARD to mobilize farmers into collective and harness the power of aggregation and scale.

a. Intervention on production side

On the production side focus in on providing climate friendly activities of Pulses & Vegetable Cultivation with purely organic methods.

To begin with the planting material has been upgraded with 100% seed replacement and use of improved varieties of local seeds. Institutional linkages have been forged with VNR seeds, Odisha Seed Corporation amongst others

Towards reducing cost of cultivation, the FPC promoted use of vermicompost, centralized purchase and distribution of seeds,

bio-fertilizers, bio pesticides and use of indigenous technology.

On agronomic practices, appropriate technology in case of vegetable crops has been identified from the KVKs (Krishi Vigyan Kendra) and promoted using successful and experienced local farmers. Treatment of acidic soils, early transplanting, land development, use of vermicompost, crop rotation & inter cropping along with mechanization of operations related to for land preparation, seed bed etc making are few appropriate technologies adopted in the village as a result of the trainings and capacity building.

Going forward the FPC has also forged partnership for training & capacity building with Sammunati (NBFC), they will extend on farm, marketing as well as financial management related expertise to the FPC members.

b. Intervention on market linkages

On marketing front the farmers bring their produce to collection centers wherein the commodities are purchased as per prevalent market rates. The aggregated produce is sold to middleman who in turn sell it to market. 3 collection centers are established by the FPC.

Given aggregation and scale the FPC is able to fetch a better price for the output instead of individual farmers trying to sell to the trader/market.

Going forward, BDVPCL plan for special brand development and brand promotion as a pilot. The products will be packed in the non-plastic covers with a simple printed label with information for customers. Tie up shall be made with local traders for marketing at the main towns.

Benefits Accrued on Account of Aggregation



Financial gains

The FPC reported a profit of INR 1.2 crore in 2019-20 and INR 1 crore in 2020-21. The net profit in 2019-20 was reported to be INR 70,000/- on account of asset purchase. For 2020-21 the net profit is INR 2 lakh. So far, the profits were largely reinvested into company but going forward some disbursement to members as dividend is planned.



Input linkages

It is a core component of the business plan and the FPC has forged institutional tie-ups with public as well as private sector. Centralized purchase and distribution of seeds has helped farmers with timely access to quality seeds at the right time.



Market linkages

Given aggregation and scale the FPC is able to fetch a better price for the output instead of individual farmers trying to sell to the trader/market. It is reported that the net income of 636 poor farmers increase by INR20000/- during the year 2019-20.

Going forward the FPC also plans to trade on ENAM thus helping expand outreach.



Access to infrastructure

The member farmers benefit from access to basic storage, sorting/grading and packaging infrastructure at present.

Going forward the FPC plans to add cold storage, large godown as well as a processing unit to its portfolio, land for some of which is already acquired.



Improvement in access to finance

The FPC has received NABARD grant of INR 9.6 lac from NABARD over the past 3 years. This year INR 5 lakh was sanctioned from NABARD as business development assistance and another INR 5 lakh was sanctioned towards training & capacity building.

Further the FPC has a INR 26 L loan from SBI towards managing capital for input supply to farmers.



Training & capacity building

It is a core component of the FPOs growth strategy as they are focusing on strengthening production. The training partners include NABARD, SFAC, State Govt, KVK, Agri University as well as private sector.

Swot Analysis

S

Strength

- Naturally Fertile and Highly Responsive Soil
- Huge, Ready, and Lucrative Market For Pulses And Vegetables
- Farmer Responsiveness To Training And Capacity Building
- Financial Support From Nabard

W

Weakness

- Need For Creation of Post-harvest Infrastructure

O

Opportunities

- Processing and Value Addition
- Branding and Market Development

T

Threat

- Highly Perishable Produce
- Vulnerable to Fluctuations in Supply

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- Book keeping done both Manually and Digitally. Also feeding data into NABARD portal. Plan to go fully digital this year onwards

Impact Assesment

- **Farmer returns:** it is reported that the net income of 636 poor farmers increase by INR20000/- during the year 2019-20.
- **Employment generation:** Young Farmers are trained and skilled with Government Institutions, to work as Community Facilitators on agriculture, horticulture etc.
- Further, youth are provided with alternative, through employment in the vegetable cultivation activities, curbing down the migration trend.
- **Social impact:** it is reported that 636 poor and marginal household experienced synergy and convergence with Government entitlements to increase Agriculture productivity.
- **Financial literacy:** Farmers mobilized to open Bank accounts linked to national schemes taken up in all villages.

Future Plans to Scale up

Going forward the FPC plans to add cold storage, large godown well as a processing unit to its portfolio, land for some of which is already acquired. The FPC is also selected by the state Government to work under the millet mission and will be taking it forward.

Gaukaran Farmers Producer Company Ltd

Gaukaran Farmers Producer Company Ltd incorporated in 2017 aims at upliftment of farmers through dairy activities. Starting with a small base of 10 farmers in 2017 the FPC demostarted the impact of organized dairying on livelihoods and has today grown to 520 members covering 32-35 villages.

ADDRESS

Village & PO Namhol, Tehsil
Bilaspur Distt Bilaspur

STATE

Himanchal Pradesh

DATE OF INCORPORATION

3 April 2017

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

520

SHARE CAPITAL

INR 5.25 crore

% OF WOMEN MEMBERS

40-45%

MEMBER CONTRIBUTION

Average contribution
around INR 90,000/-

NO OF DIRECTORS

7

NO OF EMPLOYEES

25

KEY BUSINESS ACTIVITY

Milk aggregation & marketing



Business Model

Surrounding the area of Namhol, Bilaspur most of the families are engaged in and dependent on agriculture and dairy activities as main source of livelihood. Given the small land holdings and rainfed agriculture the need to enhance income from dairying was identified.

The milk producers were largely dependent on private contractors for the same of their milk, however the model was not very profitable to farmers. Also, the collection centers were far away so transportation was a problem and the payments were also not regular.

To overcome these challenges, support milk farmers to get better market linkage, and uplift farmer livelihoods in the region Gaukaran Farmers Producer Company Ltd was incorporated.

Interventions on milk collection

The FPC follows a door-door milk collection model. 5 vehicles collect milk from farmers doorstep every morning and evening.

As a quality check, sample is taken at the time of collection and tested at the plant. In case any quality concerns are flagged they are communicated through a message to the member farmer and the milk collected is discarded. To continue supply farmers needs to get the animal

tested by a veterinary doctor and give milk samples for testing to the FPC. Only once the quality is assured collection from the farmer is reinstated.

The farmer is paid minimum INR 30/liter for 3.6% fat and 8% SNF and maximum up to INR 40/liter. The average price for April – May 2021 was INR 34/liter. This is much higher than the average price of INR 20-22/ liter that the farmer gets in open market.

Support to member farmers: In addition, the farmers are also extended regular advisory support for animal health management, breed improvement etc. by the inhouse team of experts in partnership with local government veterinary doctors. The advisory is extended to farmers free of cost.

For feed and fodder management the FPC is running a cattle feed plant and proving quality feed to the dairy farmers at a reasonable price. While the price varies depending on cost of raw material the average cost of a 50 kg bag is between INR 900-1000, which is lower than the feed price in the market which ranges from INR 1200-1300 for 50kg.

Also, for advanced animal health management linkages are facilitated with companies

like Zydus AHL, Indian Immunological, that help dairy farmers access best solution for the milch animals at minimum cost.

Interventions on processing side

The milk collected comes to the FPCs plant where it is pasteurized and packaged for distribution. The pasteurization plant with a capacity to handle 15,000-liter milk per day became operational from Oct 2020, prior to that the FPC was equipped with a bulk milk chiller with a capacity to handle 2,000-liter milk per day. The BMC was funded by the FPC itself.

With addition of the pasteurization plant the FPC is diversifying its product portfolio and has already forayed into manufacturing and marketing of paneer and curd. Full hygiene protocols are followed, and the workers undergo periodic health checks to ensure milk and milk products safety

Interventions on marketing

The FPC is currently marketing its produce under the 'Vyas Kamdhenu' brand in the solan and Chandigarh market through product placement on shelves of the existing retail channel and no institutional linkages have been forged.

Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of INR 2 crores in 2019-20 with a net profit 12-15 lakh. The profit is low owing to high operating costs. The profit is currently being reinvested into the FPC.



Input linkages

With support of better animal health management services and animal nutrition facilitated by the FPC the productivity has reportedly increase from INR 3.5-4 litre per family to almost 7-8 lit per family



Market linkages

The FPC members have access to quality cattle feed generated by the FPC, linkages with companies for advanced nutrition solutions facilitated by the FPC as well as access to animal health management related information. The average feed cost at INR 900-1000/50kg is much lower than the feed price in the market which ranges from INR 1200-1300 for 50kg.



Access to infrastructure

Doorstep milk collection helps farmers save on the transportation costs also quality based pricing helps them maximize their returns.



Improvement in access to finance & Insurance

The FPC has huge working capital requirement and has raised finance of INR 2crore from Central bank.

In terms of infrastructure the FPC is equipped with INR 7.5crore pasteurization plant with features for producing value added products like paneer, curd, flavored milk, lassi etc. INR 3.5crore for the plant is financed by Department of Industries, Himanchal Pradesh and the remaining is capital put in by the Producer Organization Promoting Institution (POPI) and members.



Training & capacity building

In terms of funding from NABARD of the INR 11 lakh sanctioned in 2018-19, the FPC has received the first tranche of INR 1.55 lakh.

Swot Analysis

S

Strength

- Regular Increase in Membership & Share Capital
- Strong Infrastructure Build up
- Integrated Approach on the Input Side

W

Weakness

- Need to Meet Strict Quality Compliance

O

Opportunities

- Expanding Value Added Products Portfolio

T

Threat

- Highly Competitive Market

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically in September every year.
- Book-keeping is digital using tally software.

Impact Assessment

- **Productivity improvement:** 20-30% increase in productivity is reported (on an average the milk production per family has doubled from 3.5-4 litre per day to almost 7-8 lit per day)
- **Increase in farmer incomes:** a 56% increase in farmer incomes is achieved (from avg INR 21/litre to avg INR 34/litre)
- **Employment Generation:** local youth is getting employed in milk collection, processing plant
- **Socio- economic impact:** The farmers socio economic status has improved after joining the FPO as a shareholder. The shareholder is getting due identification at Government offices. Also owing to better returns the living standards have raised. increased.

Future Plans to Scale up

Going forward the FPC plans to continue strengthening its membership base and increase coverage to at least 100 villages over the next 2 years. The other aspiration is to enhance market capture within the existing geographies of Solan and Chandigarh as the opportunity is huge. The FPC is also looking at adding more value-added products to its portfolio like flavored milk, lassi, butter etc.

Godavari Valley Farmers Producer Company Limited

Godavari Valley Farmers Producer Company Limited popularly known as Goda Farms is a FPC started in 2016 out of a commitment to build a socially conscious and successful business that cultivates good food in the farms. The company helps farmers who support organic and sustainable farming. In return, it helps farmers for Packaging Practices, right inputs and the technical know-how to enhance earning opportunities. The FPO has already achieved a landmark by crossing INR 10 crore in turnover in the very first year of its inception.

ADDRESS

Survey No.193/194, Sainagar,
Near Petrol Pump, Kalamnuri,
Dist. Hingoli - 431702

STATE

Maharashtra

DATE OF INCORPORATION

26th Jan 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

15000+ Farmers

SHARE CAPITAL

Authorized capital
INR 10.0 lakhs with 100%
paid-up capital

% OF WOMEN MEMBERS

NA

MEMBER CONTRIBUTION

Varies

NO OF DIRECTORS

5

NO OF EMPLOYEES

NA

KEY BUSINESS ACTIVITY

Aggregation and marketing of
agro produce - Bengal gram,
Onion, Turmeric,
Pomegranate



Business Model

Goda farms, is a success story which started four years back at Kalamnuri and is now spread across Hingoli, Nanded, Washim, Akola, Yavatmal and Aurangabad districts in Maharashtra. The core objective is to help farmers in select right input, good agriculture practices and adopt sustainable practices.

The FPC focuses on an integrated approach for crop management, that entails

- i. Minimizing cost of production
- ii. Maintaining ecological balance
- iii. Creating farm level infrastructure support for procurement
- iv. Establishing transparent processes that help the farmers get appropriate value for their produce

Current crops under cultivation include Soybean, Yellow Gram (Chana), Turmeric, Onion and Pomegranate.

To begin with the FPC surveyed around 4000 farmers that were connected to the organization's activities on agronomy, market linkages etc through mobile messages. Once the community was created interventions on

input linkages, value addition and marketing linkages were initiated

Intervention on production side

Goda Farms has developed an extension wing where classroom training sessions are conducted at village level on Good Agriculture Practices (GAP). Goda farms is also conducting awareness campaign for introducing clean practices in farmer community which will enhance their net realization. These trainings are conducted in partnership with experts from the local KVKs, local agriculture University as well as in tie up with Ganna Masters Pvt Ltd a private consultancy firm.

For input linkages tie-ups have been forged with multiple companies some of which are Green Gold Pvt. Ltd., Eagle Seeds Pvt. Ltd.; Vanita Agro; Sulphur Mills Limited.; Vijay Agro Machinery Pvt. Ltd.; Jain Irrigation Etc.

As a result of concentrated the efforts the farmers are able to increase their production.

In addition to training farmers,

sessions are conducted for staff towards quality management.

Infrastructure support

Goda farms has created world class infrastructure for procurement and primary processing of material at farm level which is readily available to be used by member farmers. The FPC currently has a material handling capacity of 250 MT per day.

With internal resources the FPC established a pulveriser, 5 machines for polishing with capacity of 1 MT per hour and a grader with capacity of 3 MT per hour for turmeric. Similarly, a polishing unit was established for Chana and a cleaning unit was established for soybean.

The FPC has also introduced QR code-based traceability system.

Intervention on market linkages

Goda farm is using a mix of marketing channels for its produce. Compared to mandi sales if farmer sell their produce to Goda Farms their net realization is at least INR

200 Per Qtl more.

a. Linkages with private companies

Goda farm is selling polished chana, turmeric powder, clean & graded Soybean to various buyers in India. For example, Soybean is being sold to private companies like ADM at the company's collection centers.

b. Leveraging technology:

Goda Farms is leveraging technology for maximizing returns for member farmers. The FPC finds a buyer offering the best price on the NCDEX exchange, it then send a message to all producer of that commodity,

the member farmers come and use the processing infrastructure without any cost to enhance product quality and then sell it to the FPC. In case of marketable surplus, the stock is stored in the warehouse and liquidated at a future favorable price.

In 2017, the FPC traded around 700MT of turmeric on the exchange platform. The FPC sold the quantity at an average rate of around Rs 7,300/- whereas the average rate for turmeric in local mandi was around Rs 7,000 in the season. Of the profit made Rs 100 per quintal was distributed to the

turmeric farmers who made the transaction, in case of member farmers the benefit was INR 150 per quintal.

Similarly, FPC traded 2500 MT of soybean on the exchange platform between Oct 2017 to March 2018. Here again the farmers gained Rs 100-150/quintal more than the market rate.

c. Exports:

Goda farms have started supply of turmeric figures to GULF Country to though Mumbai based exports houses - OM Shree International (571 MT) and Ankai International Pvt. Ltd. (- 115 MT).



Benefits Accrued on Account of Aggregation



Financial gains

The FPC has institutional tie-ups with a range of companies so the member farmers are offered one stop shop for all their requirements. Further the benefit is accrued in terms of lower cost thus helping reduce overall cost of production for member farmers.



Input linkages

Assured market linkage is helping farmers avoid distress sale in the hand of intermediaries. The FPC has a well thought through strategy for marketing of different kind of agri produce. The FPC is bringing to its member farmers the benefit of direct procurement by private players, innovative marketing platforms like NCDEX exchange as well as opportunity to tap export markets. Compared to mandi sales if farmer sell their produce to Goda Farms their net realization is at least INR 200 Per Qtl more.



Training & capacity building

It is a core component of the FPOs growth strategy as they are focusing on capacity building of members and establishing systems like traceability that would help enhance market linkage.

Swot Analysis

S

Strength

- Strong Membership Base
- Strong Training Support to Farmers
- Diversified Models for Marketing
- Innovations along Value Chain Like Traceability System
- Infrastructure Support

W

Weakness

- Lack of Convergence on Government Schemes

O

Opportunities

- Expanding Footprint in Export Market

T

Threat

- Competitive Landscape

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is using manual as well as digital processes

Indervelly Farmers Producer Company Limited

Indervelly Farmers Producer Company Limited incorporated in 2016 falls under tribal agency area. It is one of the 75 FPOs sanctioned under NABARD's Producer Organization Development Fund (POFD) during 2015 in Telangana state and one of the most successful ones. The FPO started with a base of 293 farmers across 24 villages in Telangana and the membership base more than doubled to 837 members across 34 states over 3 years.

ADDRESS

6-82, Indervelly, Adilabad
504346

STATE

Telangana

DATE OF INCORPORATION

3 March 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

837

SHARE CAPITAL

INR 25 lakhs

% OF WOMEN MEMBERS

44%

MEMBER CONTRIBUTION

INR 2000/-

NO OF DIRECTORS

5

NO OF EMPLOYEES

18

KEY BUSINESS ACTIVITY

Agri inputs business, marketing
of cotton & pulses



Business Model

Farmers in the tribal and backward region were challenged by frequent crop failures, indebtedness in the hands of local money lenders and distress selling of agri produce in the absence of transportation and marketing facilities. This became a cyclic tendency in this area.

Identifying the challenges in 2016, Indervelly Farmers Producer Company Limited (IFPCL) was promoted with the objective to enhance farmer competitiveness and leverage emerging opportunity in the market.

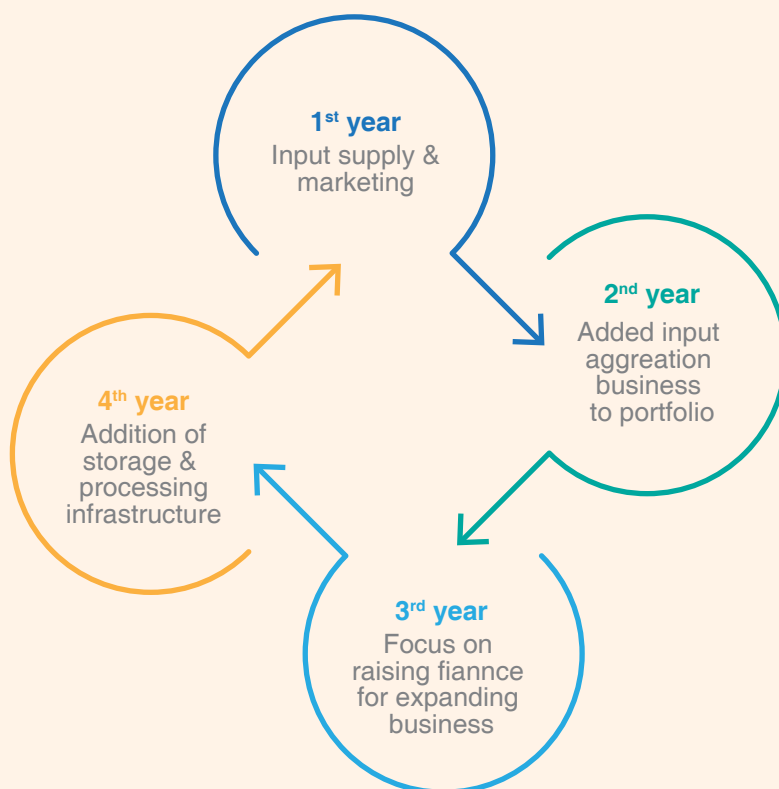
When the initiative began there was no awareness amongst the community on the FPO concept. The promoting agency DHAN Foundation undertook a major awareness creation drive with help of existing institutions in the region like Village Watershed committees (VWCs), Farmer clubs which were promoted with the support of NABARD previously and Farmers federation promoted by the NGO itself.

In November 2015, farmer mobilization and share capital

collection was initiated and the FPO was registered under Indian Company's Act 2013 on 3rd March 2016 with founder shareholders of 293 and the share capital of Rs.5.86 Lakhs.

- In the first year (2016-17), the shareholder farmers were supplied cotton seeds, fertilizers, and millets five bags each at right time and at affordable rate. The harvested crop was marketed by the FPC and the turnover was INR 49 Lakhs. The farmers got direct benefit of 10% compared to outside market.
- During the second year (2017-18) the shareholders increased to 374 by witnessing the benefits of the company and the share capital amount increased to Rs.17.14 Lakhs. During the year the company also got license of seeds, fertilizers and pesticides from the Government and introduced life insurance product for the shareholders. The total turnover of the company for the second year was INR 2 Cr.
- Based on the performance, in the third year (2018-19) the FPC was able to raise support of INR 1.54 crore from Adilabad district Co-Operative Central Bank Ltd for agriculture inputs business and marketing. Also, the number of shareholders increased to 837 and share capital was raised to Rs.24.93 Lakhs. The IFPCL supplied inputs of Rs.1.75 Cr to its shareholders during this third year and the turnover was INR 3.5 Cr.
- In 2019-20 and 2020-21, the IFPCL was focused on Custom hiring center, construction of 1000 MT godown, construction of own building, mass business of inputs supply and, establishment of own cotton ginning mill with 5000 MT capacity. Indervelly FPO has the distinction of being amongst the first of farmers' organizations to have established a functioning Ginning Mill. Today the company has a turnover of more than INR 10 Cr.

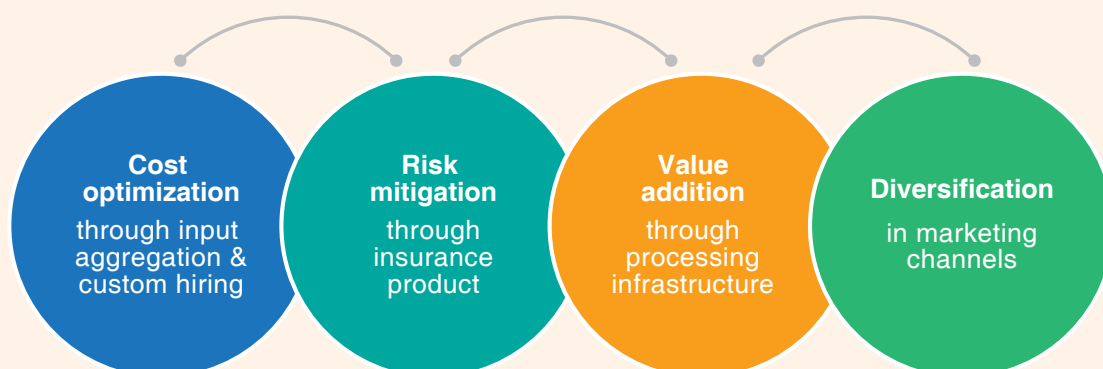




The key business activities for IFPCL include agriculture inputs supply to its shareholders on credit and cash credit basis during the kharif season and marketing of cotton, soya bean, red gram, green gram and black gram.

- The FPC is doing the input supply business for the last four years with support from Adilabad District Credit and Cooperative Bank (ADCCB Ltd). The activity has freed farmers from money lenders and have ensured availability of quality inputs at right time.
- On marketing front, the FPC is directly selling cotton to Cotton Corporation of India (CCI) and pulses to markfed situated at Adilabad district headquarters.

Elements of success



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of 10 crores with a net profit of INR 51,000/- in 2017-18; INR 3.50 lakh in 2018-19 and INR 5 lakh in 2019-20.

The profit is partly paid out to the members and partly reinvested into the FPO.



Productivity increase

Timely access to inputs has increased yield up to 20-30%.



Input linkages

Owing to bulk agri input business of the FPC the shareholder members are able to procure inputs at a subsidized rate thus reducing the cost of cultivation by around 15%.

Additionally, access to mechanization is facilitated by a custom hiring center under the FPC.



Access to infrastructure

The FPC members had access to storage infrastructure of 1000 MT.

The members were earlier selling raw cotton but now with the ginning mill infrastructure are able to sell cotton bales to institutional buyers like Cotton corporation of India, creating more value for the farmer member.



Market linkages

Direct sale to authorized buyers has helped reduce unnecessary involvement of the middlemen in the process and the farmers or the shareholders are getting good prices for their produce.



Improvement in access to finance & Insurance

The FPC availed loan of INR 1.54 crore from Adilabad district Co-Operative Central Bank Ltd for agriculture inputs business and marketing.

The FPC was provided grant amount of INR.36 Lakhs by Tribal welfare Department (TRICOR), to establish the Godown to procure the agri produce of the shareholders of the company.

The custom hiring center under the FPC was financed by NABKISAN a subsidiary of the NABARD. NABKISAN provided a loan of Rs.18 Lakhs to purchase three tractors to the company. The remaining Rs.6 Lakhs was the shareholders contribution.

All the shareholder members were enrolled in an insurance scheme for a minimal annual premium of Rs.200/-. The spouse was also eligible to be enrolled under the scheme by paying additional Rs.200 as annual premium.

Swot Analysis

S

Strength

- Regular Increase in Membership & Share Capital
- Convergence of Government Schemes
- Creation of Need Based Infrastructure
- Strong Market Linkages
- Risk Mitigation

W

Weakness

- Limitation of Working in Tribal Area

O

Opportunities

- Expanding Mechanization and Technology Uptake

T

Threat

- Volatility in prices

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically in September every year.
- Book-keeping is digital using tally software.

Impact Assessment

- **Productivity improvement:** 20-30% increase in productivity is reported.
- **Increase in farmer incomes:** 25% increase in farmer incomes is reported. Earlier farmers were paying almost 70% of their income to the money lender and aggregation has helped farmers save this amount.
- **Employment Generation:** 5 field level staff, 2 accountants and 7 drivers are getting employment under the FPC from the local population.
- **Socio- economic impact:** Economic growth in the region from 36-76%. The farmers socio economic status has improved after joining the FPO as a shareholder. The shareholder is getting due identification at Government offices. Also owing to better returns the living standards have raised. increased.

Future Plans to Scale up

The FPO plans to increase capacity of the ginning mill from 50 mt/day to 200 mt/day. Also, it is planned to create infrastructure of 6 godowns at cluster level with a capacity of 500 mt each.

Invictus Farmer Producer Co. Ltd

Invictus Farmer Producer Co. Ltd operates in a niche segment and is counted amongst the leading and well growing Livestock farms which are specialized in Pig farming. The FPC started in 1 village with 51 farmers and has today extended to 35 villages with a membership of 625 farmers.

The FPO provides a one stop platform to the pig farmers, providing all required support – Piglets of improved breed / Consultancy for setting up pig farms / Logistics , viz., transportation for sale of produce, Direct purchase, Processed meat products, Feed, Veterinary services, Training & capacity building, awareness creation, facilitating banking services, removal of intermediaries etc.

ADDRESS

S-22, MIG-2, UGF, Shri Ganesh Complex, Vrindavan Garden, Sahibabad, District- Ghaziabad-201005

STATE

Uttar Pradesh

DATE OF INCORPORATION

15 February 2016

LEGAL FORM

Registered under Companies Act 2013

TOTAL MEMBERS

625

SHARE CAPITAL

INR 1465000/-

% OF WOMEN MEMBERS

16%

MEMBER CONTRIBUTION

Varies
(1000-2000/member
|10,000/ board member)

NO OF DIRECTORS

5

NO OF EMPLOYEES

8

KEY BUSINESS ACTIVITY

Pig farming



Business Model

For many years, the traders were buying the live pigs through bidding process without taking into consideration the quality/weight parameters of the livestock, resulting in financial loss to the farmer.

Invictus Farmer Producer Co. Ltd brought a major change in the marketing system wherein FPO started purchasing pigs according to the weight of animal and at a price higher than the market. Now, the Pig farmers are able to sell their pigs according to its weight and thus earning the proper price for their produce. This has changed the market and made Pig farming a profitable business.

Intervention to strengthen production

- Over the last four years of its journey, IFPCL has succeeded in setting up approximately 30 new Pig farms, thus adding about 25000 new Pigs to the existing livestock pan India.
- The FPC is producing cattle feed and providing to member farmers at rate lower than the prevalent market rate thus helping reduce input cost. The prevalent market rate is INR28-30/kg while the FPC sells to its members at INR 22-24/kg.

The low cost is sustainable as IFPCL has a processing plant for agri produce and the Cattle feed is produced through the waste of

processed items. This reflects that the FPC has established integrated value chain.

- The FPO is extensively engaged in regular training and capacity building of the pig farmers on animal health management, nutrition etc with help of private consultants as well as the experts of promoting agency Rudra Agro livestock. Some of the training modules are also focused on value chain and processing.

Interventions on marketing

- On marketing front the FPO is leveraging multiple channels. Live animals are being sold to North Eastern states primarily Mizoram and Nagaland given market for pig meat in these states. This forms the larger share of the FPCs revenue model.
- For marketing of processed meat products, three marketing outlets, with the brand name “Boucherie – Farm Foods” have been started by the IFPCL in in Ghaziabad and GB Nagar which are being managed by IFPCL shareholders.
- The 1st outlet was opened in 2017 with grant of INR 2,54,000/- from NABARD. 2 more outlets were added over the course of next 2 years.
- Up till 2019 the retail sale turnover was around 33Lakh, however over the past one year owing the Covid pandemic the retail

chains are shut, and the business is incurring loss. Going forward also given the uncertainty around the pandemic situation the FPC is not relying heavily on retail sales.

Intervention to strengthen value addition

The interventions on value addition are not only focused on enhancing returns but are also strategically directed towards reducing costs.

For example, instead of investing in processing infrastructure IFPCL has entered into MoU with the Indian Veterinary Research Institute (IVRI)-ICAR, Bareilly for using their Processing Unit for the processing of FPO meat products. The processing units are rented for INR 4000/day, there is no cap on quantity processed and processing is done by IFPCL staff so the operating cost is minimal.

Similarly, before opening the retail store in 2017 IFPCL entered into an MoU with National Research Center on Meat (NRCM)-ICAR, Hyderabad for technology transfer on processed meat products. This helped the FPC save on cost as well as time involved in product research.

Alternate income source

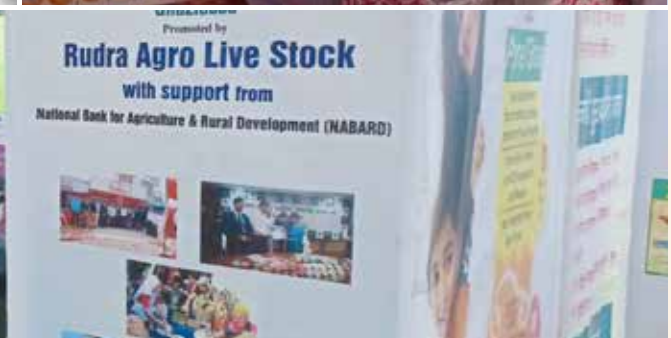
Apart from pig farming IFPCL also has diversified business operations.

- IFPCL has established a plant at Village- Luharli, Block-Dadri, GB Nagar in which Farmers can process their produce like Paddy, Wheat, Mustard, Dal, Masala etc. In the same plant, the FPO is producing Cattle feed through the waste of processed items and providing to our farmers in very less rate.

- IFPCL has also indulged into the packaging & marketing of - Rice, Wheat flour, Mustard Oil, Pulses, Spices etc.
- The FPO is running authorized IFFCO e Bazar Agency at Village-Dhari Pur, it helps us to supply all type of input (Fertilisers/

Pesticide/ Seed) to the farmers on their own location, and it saves their transport cost and time.

IFPCL also has been started importing equipments / accessories of animal husbandry from overseas market.



Benefits Accrued on Account of Aggregation



Financial gains

As a result of various business initiatives, the IFPCL had a turnover of approx. INR 84 lakhs during 2018-19 and turnover of approx. INR 1.36 Crore during 2019-20. Large portion of the revenue, almost 75-80% comes from the input business and the Pig Rearing business while the rest is generated from feed and crop produce sale.

The net profit in 2019-20 was INR 3,21,935/- and this was reinvested into the company. The shareholder profits are largely on account of reduced input cost, better returns owing to weight-based pricing and better bargaining power owing to scale.

In financial year 2020-21 the turnover is expected to be below 1 crore owing to heavy setback to the pig farming on the market side given the impact of the covid 19 pandemic.



Productivity increase

Traditionally the pigs were largely reared on kitchen waste which was a malpractice. With availability of quality feed at lower prices farmers are now rearing export quality animals. Training & capacity building around farm management has also helped in remarkable improvement in quality of pigs being reared. Aggregation model also facilitated access to piglets of improved breed, low cost feed as well as Veterinary services which have resulted in productivity increase.



Input linkages

Apart from benefits of inputs for pig farming the farmers are also benefitted with access to authorized IFFCO e-Bazar Agency which helps in timely access to all farming related inputs. The inputs are delivered at farmer doorstep thus helping save on transport cost and time.



Access to infrastructure

Member farmers are able to access a range of processing infrastructure viz Oil expeller / rice mill / ata chakki at minimal cost. Further the storage infrastructure of 20 tons is available for storing food grains etc. IFPCL also has its



Market linkages

Farmers are benefitted by ensured and adequate remuneration for farm produce to the farmer. Purchase of pigs according to the weight of animal and at a price higher than the market has resulted in



Improvement in access to finance & Insurance

Collectivization of farmers in to FPO facilitated funding from multiple sources. The FPC received a 3-year grant (2016-2019) of INR 9.6 lac grant from Nabard for FPO formation. Towards expanding processing capacities, a term loan of INR 25 Lakh has been



own training infrastructure.

Shortly a seed processing plant & warehouse will be added to the FPC with grant support of INR 8 Lakhs.



an increase of market price of animal by Rs. 2500-3000/- per animal.



sanctioned to IFPCL from Bank of India.

Towards facilitating access to purchase farm machinery, a loan of INR 15 Lakh has been sanctioned to IFPCL from Syndicate Bank. Further, regular working capital Loan of Rs. 1 Cr has been sanctioned to IFPCL from Aryadhan Financial Solutions Pvt. Ltd. the FPC has also benefitted from equity grant of 3.8 lakh approved by SFAC in 2019.

What is most important to note is that financial institutions are now coming forward to support pig farming which was not the case before 2016. IFPCL has facilitated loans of >INR2crore for 12 farmers.



Training & capacity building

It is a core component of the FPOs strategy and consultancy is being provided for setting up pig farms, animal husbandry etc by IVRI KVK etc. Also, trainings on export compliances, new

technology & value addition are being facilitated.

Institutions like BIRD are also heavily engaged on managerial trainings for IFPCL including Capacity building of BOD;

Maintenance of account and records; Short term certificate course for CEO; Marketing & management for employees; Import export for Board of Directors to name a few.

Swot Analysis

S

Strength

- Value Chain Led Approach
- Focus on Value Addition
- Diversified Portfolio

W

Weakness

- High Volatility in the Segment

O

Opportunities

- Expanding Retail Base
- Tapping Export Market

T

Threat

- Meeting the Strict Compliance Requirement to Capture Export Markets
- Competition From Larger Organized Players

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is transitioning from manual to digital using the Nabard portal

Impact Assessment

- **Profitability:** As reported, profitability per farmer is up by 30% given pricing innovation of weight-based pricing of animals.
- **Reduction in cost:** Almost 15% saving in input cost is reported due to lower feed rate. Also farm machinery provided by FPO has resulted into saving of Rs. 4000 to 5000 per annum.
- **Social impact:** for helping women augment family incomes, IFPCL is engaging women self-help groups in packaging and marketing of Assam tea/pickle/jam/jelly etc which has enhanced farm productivity, helped in strengthening her stature in the family and has helped in improvement of overall living standard.

IFPCL has also helped break the social taboo around pig farming and has led to uptake of piggery.

Impact of COVID

COVID19 has severely impacted the FPO particularly the pig farming business. With retail channel closed returns have been impacted while transportation related challenges have also impacted sale of live animals to the NE states.

Given the huge financial impact over the last 1 year the FPO is facing severe cash crunch. Also, the impact may be seen in the longer term given that balance sheet will reflect reduction in profit that will impact access to loans etc.

Future Plans to Scale up

Going forward the plan is to set-up a model pig breeding farms in cluster as well as creating support infrastructure, including the Breed improvement through Artificial Insemination Lab, Breeding farm etc. The Project cost is approx. INR 5 Cr, and proposal has been submitted to NABKISAN for consideration of Loan support.

Under the scheme “Sub-Mission on Seed and Planting Material” IFPCL has been sanctioned a Seed Processing Plant and Seed Storage Facility and the file is sent to Director of Agriculture Lucknow on 9th June 2020 for approval. This project will be with the capacity of 5 tonne and help us to increase 8-10% income of farmers.

IFPCL was also focusing on direct sale and purchase and had submitted documents to avail Mandi License for three locations of Ghaziabad and Gautam Budhh Nagar. However, with the marketing reforms the requirement of the license is done away with which is appreciated by the FPC and they are awaiting implementation of the marketing reforms.

Awards

Invictus Farmer Producer Co. Ltd has been awarded a lot of accolades some of which are

- a. Krishi Bhushan Award by Government of Madhya Pradesh
- b. Best FPO Award by Government of Uttar Pradesh
- c. Award in First Pig Expo, Assam

Jaunsar Kissan Producer Company Ltd

Jaunsar Kissan Producer Company Ltd is a nascent stage FPC incorporated in 2019. Over a short span of 2 years the FPC has seen a 201% increase in membership. The FPC is primarily engaged in procurement of organic farm products like spices, pulses & vegetables and marketing the same after grading, value addition, and processing activities.

ADDRESS

Block Chakrata, District
Dehradun

STATE

Uttarakhand

DATE OF INCORPORATION

28 August 2019

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

226

SHARE CAPITAL

INR 2, 31,000/-

% OF WOMEN MEMBERS

Around 50%

MEMBER CONTRIBUTION

Varies (minimum INR
500/- maximum 5000/-)

NO OF DIRECTORS

10

NO OF EMPLOYEES

3

KEY BUSINESS ACTIVITY

Production, collection and
marketing of agro produce



Business Model

The region has a high tribal population and the farmers were largely practicing subsistence agriculture producing avg ½ kg or 1 kg produce. The key challenges faced were access to inputs & markets - they had to go 20km away to purchase seed and to sell their produce.

Identifying the need of small holder producers, the FPC was formed FPO to help farmers increase production, access markets and improve returns.

In spite of being incepted in August 2019, the FPO has managed to establish some strong forward, and backward linkages

Interventions on production side

Access to inputs: During the initial phases, the farmers have been made aware of the importance of organic farming as well as given training to make vermin compost. Many members are now successfully making vermin compost and using it in their fields, which has helped reduced transportation and input cost related to purchase of fertilizers. Approx. 25 inclusive SHGs are formed under the project called Formation & linkages of SHGs through NABARD in the project area, in which total 252 marginal farmers are associated. The unique feature of these groups

is that the person with disabilities are also included in the SHGs. The linkage of SHG & FPO is giving strength to the FPC.

In addition, the FPO has been collecting traditional seeds from member farmers, and till now it has collected, and distributed around 55 kg of such seeds to the members of FPO.

Further access to several tools, seeds, manures is facilitated through convergence with schemes of the state horticulture department.

Training & advisory: Largely done in partnership with State agriculture & horticulture department. The farming community in the target area has been provided guidance, and support for producing manure to be used in organic farming, they were made aware about the benefits of organic farming and increasing demand of such produce in urban areas.

Besides, technical guidance has been provided for diversification of their incomes. For example, trainings for pickle making, nuances of pulse, and spice production, dairy farming, production of high-value vegetables like mushrooms, creation of poly houses for vegetable production, camps for mobilization of members, and

creating awareness about significance of collectivization of farmers into groups, awareness about the benefits of joining FPO etc. have been organized from time to time. These programs have helped the organization create value and build trust in the community.

Interventions on value addition

10 collection centers have been established at village level. The produce collected from members is stored at the dedicated office space of the FPC as well as at the FPCs retail outlet. The grading, processing, value addition and packaging is done in the same space mostly by women members of the FPC.

Besides, value addition is being done by processing spices into spice powder, pickles from locally grown vegetables etc.

Interventions on marketing

There are various marketing linkages established by the FPC in a short span of time. The products are marketed under the brand 'Dev Van' created by the members of the FPC. The brand logo symbolizes the purity, and holiness of the hills in Uttarakhand. The marketing of

the products is majorly done through an 'Agri- Business Centre'/ Outlet at Chakrata market.

Apart from this, there are institutional sales to hotels (at Mussoorie, Dehradun), different banks at Mussoorie, boarding schools at Mussoorie

& NABARD state office.

The FPC has also been participating in exhibitions and fairs-

- a. FPO took part in "Uttistha Summit 2019" at Kashipur, in which a sale of Rupees

19350.00 of local produces was successfully done.

- b. FPO participated at Nabkraft Mela at Chandigarh, in which a sale of Rupees 39,200.00 of local produces was successfully done.



Benefits Accrued on Account of Aggregation



Financial gains

The FPC has reported turnover of INR 9.6 lakh in its first year of operation and a net profit of INR 2.6 lakh.



Input linkages

The farmers are benefitting from various government schemes that help in accessing inputs and tools. Also cost of production has reduced with access to traditional seed, preparation of organic manure etc.



Access to infrastructure

The FPC members had access to storage and processing infrastructure. Individual farmers were earlier selling fresh produce to market but now with access to processing infrastructure they are able to produce pickles, jams, jellies etc. in the first year of operation itself the FPC sold 123 kgs of pickle and 240 liters of juice.



Market linkages

The retail channel and institutional tie-ups in nearby towns is helping the FPC members fetch better price for their produce.



Access to finance & insurance

The FPC received grant from NABARD for 3 terms. In addition, availed loan of INR 7.48 lakhs towards working capital requirement from Nabkisan Finance Limited, Mumbai. The loan was completely repaid in Nov 2021. In addition, also received grant of INR 75,000 from NABKISAN for capacity building of BoDs and shareholders.

Another grant of INR 75,000 was received from CDM India trust for purchase of grinding machine.



Training & capacity building

Member farmers have drawn benefit of trainings on production, value addition and marketing related aspects. In addition, capacity building of Board of Directors, shareholders, management, and staff of FPC is also being focused upon with the support from NABARD & NABKISAN Finance Limited.

Since 2019 to till date, FPO Board of Directors & CEO has been continuously taking training on FPO management and are well aware about FPO management & other compliances etc.

Swot Analysis

S

Strength

- Convergence Of Government Schemes
- Creation Of Need Based Infrastructure
- Focus On Capacity Building And Market Linkages

W

Weakness

- Small Scale and Limited Market Outreach

O

Opportunities

- Expanding Mechanization and Technology Uptake
- Diversifying Product Portfolio

T

Threat

- Competition from established players

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically in September every year.
- Book-keeping is digital

Impact Assessment

- The FPC has been in operation for around 2 years and no impact assessment has been undertaken however farmers have seen clear benefit in terms of reduction in cost of production and increase in net returns.
- Further the FPC has created huge social impact particularly in the livelihoods of women farmers. For example, a lot of opportunities have been created for employment with value addition.
- Also, around 30% of the FPC members is of disabled members from the community so the socio-economic impact is huge.

Impact of COVID

Hugely impacted by the pandemic as the FPC faced a loss of around INR 5 lakh due to transportation related challenge and movement restriction.

Future Plans to Scale up

The FPC plans to scale infrastructure for processing and storage in near future. Also, in terms of market linkage there are plans to explore hotels in Delhi for institutional tie-ups. The plans are on hold as of now owing to the COVID pandemic but will resume as normalcy is reinstated.

Awards & Recognition

Jaunsar Kissan Producer Company Limited was selected as one of best FPO by NABARD in the year 2020 and was awarded at the State Credit Seminar by the honorable Chief Minister of Uttarakhand.

Kalmeshwara Farmers Producer Company Limited

Kalmeshwara Farmers Producer Company Limited (KFPCL) is Karnataka's first Farmer Producer Organization to produce certified seeds. This is important as the scope for FPOs as Seed production partners for both public and private sector seed companies is very promising. In the coming future, more and more public and private sector seed companies shall engage in seed production with FPOs given the advantages of collectivization for ensuring a reliable supply of quality seeds.

The seed industry is among the few in agriculture sector which has already standardized Contract farming type of arrangements with respect to seed production and partnership with FPOs with right skill development and capacity building will become a natural progression in Indian seed sector.

ADDRESS

Barker Building, Basti Plot, near
APMC, Annigeri Road, Navalgund,
Dharwad-582208

STATE

Karnataka

DATE OF INCORPORATION

25 May 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1200

SHARE CAPITAL

Authorized share capital
INR3,000,000 and paid up
capital INR 1,000,000.

% OF WOMEN MEMBERS

NA

MEMBER CONTRIBUTION

Variable

NO OF DIRECTORS

6

NO OF EMPLOYEES

6

KEY BUSINESS ACTIVITY

Seed production



Business Model

Non-availability of timely adequate inputs like seeds, fertilisers, pesticides, etc, losses in marketing due to dominance by middlemen, dependency on moneylenders for credit requirements, lack of storage facilities forcing sale of harvested produce in the field itself and non-accessibility to price information were some of the key challenges that led to the formation of Kalmeshwara Farmer Producer Company in Navalgund.

The FPC initially started with imparting member farmers soil and water conservation techniques, pre and post-production interventions including input supply, construction/ hiring of warehouses, market linkage, etc.

The FPC enabled construction of 2,500 farm ponds and forayed into input business providing farmers input supplies. Credit linkage of INR 85.00 lakh through NABKISAN was facilitated for setting up of a 'Resource Center' with storage and processing units. The FPC also rolled out procurement center for green gram and established direct market connectivity for green gram and

Bengal gram. The FPC added to its portfolio a Farmers' Mart in 2018 where in the FPC produce was sold. The various initiatives led to a net increase in farmers' income by 18%.

More recently, in 2020 identifying the need for good quality seeds in the region and the FPC took the first step towards mass seed production by taking up seed cultivation across 50 acres, with the help of its member farmers. The aim is to facilitate seed growers to earn more and to meet the quality seed demand even to unreached areas.

This makes Kalmeshwara Farmer Producer Company Ltd., the first FPO in Karnataka to become a Certified Seed Producer. The step is of business interest as seed production is considered among the higher revenue generating activities for FPOs as per the operational guidelines for promotion of FPOs in 2020.

Intervention on seed production

In the pilot, few farmers have been given foundation and

breeder seeds of green gram (variety DGGV-2) which is being grown for seed production on 50 acres (Foundation seeds were sown on 30 acres and breeder seeds on 20). The seed is procured from UAS Dharwad and distributed to member farmers for seed production. The plan is to produce around 200 quintals of green gram seeds in the first attempt.

For advisory support scientists from UAS Dharwad as well as officials of the Karnataka State Seed and Organic Certification Agency (KSSOCA) will be connected with the farmers. Subsequently, quality testing will be done, the crop will be tested for germination and other processes at the university. Once it gives expected results, the university will help to produce the seeds which can be used for sowing in the next monsoon.

As a pilot project, the farmers are growing green gram, after its success, there are plans to produce seeds of onion, groundnut, millets, bengal gram, vegetable seeds and more.



Benefits Accrued on Account of Aggregation



Increased use of quality inputs

While the FPO members have access to quality inputs under the input aggregation model, the seed production is completely being supported by experts from UAS Dharwad as well as officials of the Karnataka State Seed and Organic Certification Agency (KSSOCA).



On marketing side

The farmers benefit from assured market linkage provided under the procurement center established by the FPC for green gram as well as direct market connectivity for green gram and Bengal gram. Once the seed production business is established the FPC can facilitate linkages with public/private seed companies for sale of produce.



Access to finance/insurance

Credit linkage of INR 85.00 lakh through NABKISAN was facilitated for setting up of a 'Resource Center' with storage and processing units. The seed production program is also supported by NABARD and once institutionalized the member farmers will be eligible for seed production subsidy. Going forward the FPC also plans to trade on ENAM thus helping expand outreach.



Access to infrastructure

The member farmers have access to storage and processing infrastructure as well as a Farmers' Mart wherein the produce is sold.



Training & capacity building

FPO members benefit from regular trainings based on crop season by the State Govt and Agri University on agronomic practices etc which helps increase their capabilities

Swot Analysis

S

Strength

- Crop Diversification
- Working Closely With Government Department
- Strong Capital Base Given A Established Business Over Last 3 Years

W

Weakness

- Working Capital Primarily Raised With Member Support

O

Opportunities

- Contract Farming for Seed Production for Public as Well as Private Sector

T

Threat

- Competition from Organized Seed Industry

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically and the last one was conducted virtually given the COVID pandemic crisis.
- On book-keeping most of the work is being done manually at present and this is one area where improvement can be made by moving to digital bookkeeping.

Awards & Recognition

- Awarded FPO Impact Award in the small FPO category at Livelihoods India Summit 2021

Impact Assessment

- Total turnover ~ Rs.1.97 crore with Net profit Rs.9.25 lakhs
- It is the first Certified Seed producing FPO in Karnataka
- KFPCL is empaneled with 3 major institutional buyers in Karnataka State Cooperative Marketing Federation, Reliance Retail & Roquette Ridhi Siddhi

Krushikmitra Farmers Producer Company Ltd

Krushikmitra Farmers Producer Company Ltd incorporated in 2016 with the idea to facilitate better market linkages for farmers to help scale adoption of farming technology. What started with a small base of 10 farmers has today grown to a scale of 500 members.

ADDRESS

GG Sadalagi,A/P Harugeri,
Raibag Taluq,Belgaum-591220

STATE

Karnataka

DATE OF INCORPORATION

19 Dec 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

500

SHARE CAPITAL

INR 10 Lakh

% OF WOMEN MEMBERS

Negligible

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

10

NO OF EMPLOYEES

3

KEY BUSINESS ACTIVITY

Agro produce aggregation and
marketing



Business Model

The agro producers in the region had limited knowledge on advanced agronomic practices and were mostly dependent on traditional practices which impacted quantity and quality of output. More importantly on the marketing front there was dependence on traders private which impacted returns of farmers.

To overcome these challenges Krushikmitra Farmers Producer Company Ltd was formed with the aim of strengthening farmer capacity through agricultural best practices for enhanced productivity; ensuring access to and usage of quality inputs and services for intensive agriculture; facilitating access to fair and remunerative markets.

The FPC members are dealing in Sugarcane, Turmeric, Maize and Whole Wheat.

Interventions on production side

So far focus has largely been on imparting trainings on good agronomic practices as well as mechanization solutions in partnership with the KVK and the State Agriculture Department. To facilitate timely access to quality inputs the FPC has applied for input licenses for seed and fertilizer business.

Interventions on market side
The FPC presents a classic case of highlighting the benefit of direct procurement by private sector. While the FPC members are dealing in Sugarcane, Turmeric, Maize and Whole Wheat, the most profitable transactions are happening in case of maize given the procurement by and maize aggregation and marketing is the key business activity for the FPC at present. This is primarily given direct

procurement by Roquette group. The FPC is facilitating sale of maize for its member farmers with Roquette group by meeting the requirements of the company in terms of quality specifications.

The farmers bring their produce to the company's procurement center, the documentation requirements as needed are taken care by the FPC and quality based transparent trade is facilitated. The FPC only charge INR 20/quintal as the administration charge and rest is farmers income. IN @ 200-250/ quintal variation is reported in the price offered by Roquette and that by the local trader.

Also, the FPC has a small storage facility which is leveraged by member farmers to store produce in case they want to wait and watch the market price before sale.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of INR 1.43 crores in 2019-20 with a net profit of 52 thousand. The profit is low as the FPC only takes a small administrative charge and transfers the rest of the benefit to the member farmer.



Productivity increase

With support of better advisory services farmers have been able to access advanced crop management techniques and solutions.



Input linkages

The FPC has applied for licenses for seed and fertilizer towards facilitating access to these inputs.



Market linkages

FPC is facilitating linkages with private procurers which is helping farmers gain better returns. At the same time knowledge sessions are being conducted in partnership with the private procurer to create awareness about the benefit of the partnership.



Access to finance & insurance

The FPC has received SFAC equity grant of 5L and Nabard support of 5Lakh. The FPC has got approval of INR 37lakh from NABKISAN for business expansion.

Swot Analysis

S

Strength

- Linkages With Private Procurer
- Strong Advisory Support to Farmers
- Finance Approved for Business Expansion

W

Weakness

- Financial Constraint
- Infrastructure Support Needs To Be Scaled (Under Active Consideration)

O

Opportunities

- Facilitating Better Linkages for Other Produce of the FPO
- Exploring Convergence With Government Schemes

T

Threat

- Low Farmer Base
- Challenge from Local Traders

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically in September every year.
- Started using NABARD software for Book-keeping.

Impact Assesment

- Increase in farmer incomes: on an average a 5% per acre increase in farmer incomes reported

Impact of COVID

Going forward the FPC plans to scale its storage infrastructure to benefit farmers. Also, the plan is to extend benefit of warehouse receipt system to farmers.

To diversify into value added products the FPC also plans to set up a processing plant and has applied for loan towards the same.

The FPC is also trying to get covered under the 'One District-One Crop' initiative of the Government.

► KYASC Agro Farmers Producers Company limited

KYASC Agro Farmers Producers Company limited promoted by NABARD is currently working with 514 active shareholders comprising 45 farmers clubs from different districts of Jammu & Kashmir like Kathua, Samba, Udhampur, Ramban, Kishtwar, Doda etc. The FPC has been providing technical support, credit support and marketing support for the members.

ADDRESS

Ward No. 2, Behind PDD power house Changran, Kathua

STATE

Jammu & Kashmir

DATE OF INCORPORATION

19 Dec 2016

LEGAL FORM

Registered under Companies Act 2013

TOTAL MEMBERS

514

SHARE CAPITAL

INR 5,14,000/- (approx.)

% OF WOMEN MEMBERS

40%

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

2

NO OF EMPLOYEES

4

KEY BUSINESS ACTIVITY

Aggregation & marketing



Business Model

The primary crops dealt in are Mushroom, walnut, honey, saffron, vegetables.

The FPC is organizing farmers in clusters mode towards doubling their income by providing them input and marketing facility.

Since 2012 farmers were being organized into Farmer club but the benefit of better price was not visible due to lack of required scale. It was suggested by NABARD to mobilize the farmer clubs into an FPO so that scale is enhanced and also benefit of various government schemes can be leveraged.

Interventions on production side

Regular trainings are conducted for farmers on agronomic practices in partnership with State Govt, KVK, Agri University as well as Private sector. Focus is on enhancing uptake of sustainable production practices by promoting judicious use of inputs. A 10-25% increase in production has been reported for farmers who have joined the FPC.

The FPC is also facilitating access to quality inputs and bulk purchase is helping farmers access the inputs at a lower price thus saving on cost.

Interventions on aggregation & marketing

The FPC is directly procuring produce from the farm gate, aggregating it, undertaking primary value addition – cleaning, sorting, grading, packaging- and branding. The FPC has established 4 processing units of 5 quintal per hour capacity. Value addition is further helping them fetch a better price for the farmers produce.

A newly added product to the FPCs portfolio is honey and focus is on processing, branding and sales.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO reported a turnover of around INR 15 lakhs in 2019-20. The profit is being reinvested into the company for scaling it.



Input linkages

Aggregation as well as primary processing has helped member farmers benefit from economies of scale and increase returns. It has been reported that post aggregation the farmers are gaining 20-25% higher rate for their output.



Access to infrastructure

The FPC has received NABARD grant of 4.5 lakhs towards meeting salaries and overheads.

The FPC has also taken loan from SBI Kathua for establishing processing infrastructure and 30mt cold chain infrastructure. For cold chain infrastructure construction is underway.



Training & capacity building

Farmers are benefitted by regular training and capacity building on package of practices. This has also helped reduced cost of production by 5-8%.

The FPC has clearly indicated need for technical harvesting and post-harvest training for vegetables

Swot Analysis

S

Strength

- Focussed on High Value Organic Segment
- Focus on Necessary Infrastructure Support
- Focus on Value Addition and Branding
- Diversification of Product Portfolio

W

Weakness

- Lack of Convergence With Government Schemes
- Lack Of Institutional Market Linkages

O

Opportunities

- Organic Certification

T

Threat

- Scaling Production

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is using manual as well as digital processes

Impact Assesment

- Farmer incomes: farmer incomes are reported to have increased by 20-25% owing to better returns for value added processed products.
- Cost of production: reported to have reduced by 5-8% adding to the net incomes

Future Plans to Scale up

Future focus is on expanding membership and scaling procurement of vegetable.

Mahamaya Bahudeshiya Sahakari Samiti Maryadit

Mahamaya Bahudeshiya Sahakari Samiti is a cooperative society incorporated in 2014. This Sahkari Samiti is working towards upliftment of livelihoods in the tribal area. The membership base for the cooperative society has grown from less than 50 farmers at the time of formation to more than 800 farmers today. The tribal community has clearly seen benefit of aggregation and scale the model brings to them.

ADDRESS

Navapara, Korba

% OF WOMEN MEMBERS

negligible

STATE

Chhattisgarh

MEMBER CONTRIBUTION

INR 500/-

DATE OF INCORPORATION

31 Dec 2014

NO OF DIRECTORS

11

LEGAL FORM

Cooperative societies act

NO OF EMPLOYEES

12

TOTAL MEMBERS

882

KEY BUSINESS ACTIVITY

Production and marketing of WADI products, Aggregation and marketing of Non-timber forest products (NTFPs), Input supply

SHARE CAPITAL

INR 6,50,000/-



Business Model

Korba falls in tribal area of Chhattisgarh, 95% tribal population, and the people were largely engaged in sourcing forest produce and selling to middlemen at very low rates. Given the absence of knowledge about crops that can be grown, agronomic practices etc. agriculture in the area was limited.

However indigenous crops like Black rice, mango - kesari, ground nut, jamun, mahua and vegetables had huge potential in the region.

Identifying the opportunity, Mahamaya Bahudeshiya Sahakari Samiti was formed to help the tribal farmers improve their incomes.

Interventions on production side

The tribal farmers in the region were largely dependent on forest produce and were not undertaking much of agriculture. For capability building, trainings were granted to them on crops that can be grown, cultivation methods and good agronomic practices in partnership with KVK.

Also inputs like fertilizer and pesticide were made available to the farmers at minimum costs. Organic manuring was promoted using crop waste and cow dung.

As a result of concentrated efforts, the farmers in the region over the years have taken up farming on larger scale and are able to cultivate around 80,000 kg of rice, 1lac kg vegetable, 80,000-90,000

kg Ground nut and around 1.50 Mt mango annually.

Interventions on marketing

The cooperative society aggregates the farmer produce and sells it to the market, benefitting farmers with better returns owing to scale of output. For niche products institutional linkages with private companies are also forged, for example for Black Rice tie up is done with a Kolkata based company. Around 60MT of Black Rice was sold to them last year.

The cooperative society is also undertaking processing of cashew and have a cashew processing unit of capacity of 250 Kg per day. Value addition here again is helping farmers fetch a better price for the produce.

Benefits Accrued on Account of Aggregation



Financial gains

The FPC reported turnover of INR 92 lakh in 2019-20. The profit is largely reinvested into the FPC.

The farmers are benefitted in terms of better returns on the agro produce. For example, in Jamun the farmers are getting INR25/kg as compared to the price of INR 5/kg before aggregation. Similarly, for Black Rice they are getting INR 28 /kg compares to INR 25/kg before aggregation. This has helped improve the farmers' incomes.



Productivity increase & Input linkages

Timely advisory support and input linkages are helping farmers adopt crop production as well as increase their productivity. Also, assistance on access to fertilizers, pesticides etc is helping farmers manage their crop better.



Market linkages

Before aggregation the farmer produce was only going to the middlemen but now under the cooperative society the farmers are able to leverage demand in faraway markets as well.



Access to infrastructure

The farmers were earlier selling output to the middlemen in throwaway prices but now under the aggregation model they have created scale that is benefitting. Also access to infrastructure related to processing is helping them reap better returns.



Improvement in access to finance

The FPC has received the funding from NABARD towards CEOs salary and some operating costs but any other larger financial tie-ups are missing.



Training & capacity building

It has been a key component of the journey and has helped farmers adopt agriculture. Going forward as the group plans to diversify to value added products, need for training related to operating processing unit and cold storage have been highlighted.

Swot Analysis

S

Strength

- Regular Increase in Membership
- High Value Products Like Black Rice

W

Weakness

- Low Convergence of Government Schemes
- Limited Infrastructure

O

Opportunities

- Diversifying into Value Added Products

T

Threat

- Strong Market Linkages

Impact Assesment

- The aggregation model has helped improve livelihood of the tribal population and also helped mainstream them into agriculture.

Future Plans to Scale up

Going forward to diversify into value addition the plan is to set up a pulp plant with capacity of 50-60 kg per day for mango and jamun.

Also, the cooperative society plans to set up a solar cold storage of 5mt-10mt capacity with assistance from horticulture department.

▶ Mayyil Rice Producer Company Limited

Mayyil Rice Producer Company Limited promoted under NABARD, was incorporated in 2017. The FPO started its operations with 10 members and have today scaled to 382 shareholder members across six villages. The membership growth was result of demonstrated impact of the value chain led business model.

ADDRESS

PO Mayyil 6700602, Kannur District

STATE

Kerala

DATE OF INCORPORATION

8 June 2017

LEGAL FORM

Registered under Companies Act 2013

TOTAL MEMBERS

382

SHARE CAPITAL

INR 25 lakhs

% OF WOMEN MEMBERS

28%

MEMBER CONTRIBUTION

Varies (INR 1000- INR 10,000/-)

NO OF DIRECTORS

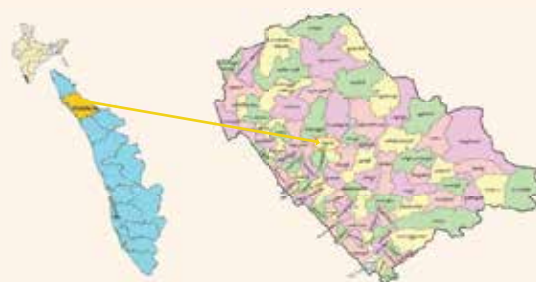
11

NO OF EMPLOYEES

6 (CEO, Accountant, Manager, Salaried staff (3))

KEY BUSINESS ACTIVITY

Aggregation, Value addition, Branding



Business Model

Mayyil is a traditional paddy growing belt however, paddy cultivation was declining because of high production costs and low returns on rice. On the market side while selling to Government procurement and payment were mostly delayed. As a result, in absence of storage infrastructure, the farmers were compelled to sell to rice mills at a lower price.

Identifying the problem, in August 2016 the Mayyil gram panchayat took the first step and launched Sampoorana Nallu Krishi (Total Rice Campaign) to revive paddy farming. The campaign aimed at encouraging farmers to undertake rice cultivation by counselling them on farming techniques and technology.

As second step, in June 2017, Mayyil Rice Producer Company (MRPC) Limited was formed to take forward the total rice campaign, find market linkage and help increase paddy farmer incomes.

c. Intervention on production side

Taking forward the total rice campaign, MRPC worked on enhancing awareness on good agricultural practices with the help of KVK Kannur. Extensive training and farmers interactions were facilitated. The key interventions included,

- Promoting application of dolomite instead of lime to neutralise soil acidity.

- Promoting tilling with a tractor instead of tillers for deeper ploughing and more aeration.
- Ensuring timely availability of quality seeds for the member farmers in tie up with the local KVK and Agriculture Department
- Promoting more spacing between plants and shallow planting through transplanters
- Building healthy soil with nutrients and growth promoters and avoiding chemical insecticides.
- Lastly mechanization was introduced for harvesting & transplanting.

As a result of concentrated efforts by MRPC a 15-20% increase in productivity is reported in the region. Farmers saw the benefit in terms of increased productivity and more and more farmers came under the umbrella of the FPC.

The movement on creating awareness amongst farmers continues and today paddy farmers are organized into 25 paddy farming committees or padasekaras. Each padasekara oversees 25 to 175 acres and strives to improve productivity with the help of the panchayat, the Krishi Vigyan Kendra, and the MRPC.

d. Intervention on value addition and market linkages

In October 2017, MRPC began procuring paddy at Rs 23 per kg and paying farmers on the spot. While the price was at par with what the government procurement agency would pay the on-spot payment was what benefitted the farmers. Also, the price was much higher than the Rs 17 per kg that local poha mills in Mayyil would pay them.

To ensure better prices local milling was crucial and towards this end Mayyil Rice Producer Company introduced 'Maruthi', a mini rice mill that could convert 120 kg of paddy into rice in an hour. Introduction of the rice mill was an important technological intervention in the journey of the FPC that helped free the farmers dependency on local millers. Also, the cost of milling which was INR 3/kg- or more was reduced to INR2/kg.

- Presently, seventy-two (72) mini rice mills, including a mobile one, are operating in the Mayyil panchayat area of which two (2) are run by women under a women's empowerment program. To aid the mini rice mill, MRPC has also designed a low-cost parboiling unit made with a 200-litre barrel which costs Rs 10,000.

Further, MRPC branded the rice as 'Mayyil Samriddhi Rice' and started retail sales from December 2017, from their Mayyil office and two (2) retail outlets in nearby cities. The State

Government network of 'eco shop' is also being leveraged to sell the FPO produce.

Another step was taken towards improving farmers' incomes in 2018 with introduction of 'Mayyil Samriddhi Poha and Mayyil Samriddhi Rice Powder. The value-added product gained better price in the market.

The paddy procurement price currently is Rs 24/kg, while

'Mayyil Samriddhi Rice' is currently being sold at Rs 50/kg, Mayyil Samriddhi Poha is being sold at Rs 60/kg and Mayyil Samriddhi Rice Powder is being sold at Rs 70/kg. While selling prices are at par with other variants available in the market the value proposition is 'chemical free' produce.

MRPC has so far procured 2,35,000kg of paddy and the average monthly sales are

around 20,000kg. However, impact of pandemic is visible, and sales have reduced to around 8000kg.

e. Alternate income source

MRPC also has the dealership of the mini rice mill across Kerala and so far, has sold 1083 units in the state. The mini rice mill is priced INR 33,000/-, including GST, and has a 60% subsidy by agri machinery department.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of more than INR 2 crores over the last 3 years with a net profit of INR 28L in 2020-21.

20% of net profit is paid up to members based on shareholding amount.



Input linkages

Aggregation model facilitated access to subsidized seeds from the state department.



Market linkages

Assured market linkage is again helping farmers avoid distress sale and at the same time ensuring timely on spot payment of their produce. With focus on value addition and branding the FPO is able to gain better price for the farmer's output.



Access to infrastructure

FPO members have access to common infrastructure – mini rice mills and mini flour mills as well as infrastructure for sorting, grading, and packaging.

Further, earlier farmers faced the challenge of distress sale given lack of storage infrastructure however under aggregation model infrastructure for storage is rented, mostly from Government sources, by MRPC based on the requirement thus helping member farmers reduce wastages and avoid distress sale.



Access to finance & Insurance

Collectivization of farmers in to FPO facilitated funding from NABARD. The FPO has received funding of INR 3,95,000 /- from NABARD towards CEOs salaries and other operating costs in 3 tranches

Year	Funding
2018-19	85,000
2019-20	1,10,000
2020-21	2,00,000

The FPO members have also benefitted from insurance extended by the State Agriculture Department.



Training & capacity building

It is a core component of the FPCs strategy and the FPC has forged institutional tie up with KVK Kannur for training of their member farmers.

Focus is on enhancing awareness on good agricultural practices and as a result of concentrated efforts by MRPC a 15-20% increase in productivity is reported in the region.



Productivity increase & Input linkages

With concentrated efforts by MRPC on promoting better agronomic practices, paddy yield rose to almost four-fold and farmer families were not only food-sufficient, but they also had increased marketable surplus. A 15-20% increase in productivity is reported in the region.

Swot Analysis

S

Strength

- Value Chain Led Approach
- Diversification To Value Added Products
- Focus On Branding Of Fpo Produce
- Dealership Model As Alternate Source Of Income

W

Weakness

- Limited Geographical Spread

O

Opportunities

- Expanding Retail Base

T

Threat

- Continuous Need to Increase Uptake of Total Rice Campaign

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO has recently transitioned from manual to digital using the Nabard portal.

Impact Assesment

- **Productivity improvement:** 15-20% increase in productivity is reported.
- **Crop intensification:** The area under paddy has almost doubled from 300 hectares to >600 hectares — the highest in Kerala. Also, around 300 hectares of fallow land have been diverted to paddy production.
- **Doubling of farmer incomes:** The pre aggregation farmer income reported was INR 26,000 per acre which almost doubled to INR 64,000 per acres post aggregation. While the cost of production also demonstrated marginal increase, it was mainly due to use of better-quality inputs to increase production volumes.
- **Impact on migration:** Though not quantified it is reported that migration has reduced, and some trends of reverse migration are also witnessed.

Future Plans to Scale up

Over the next two years the FPO plans to expand outreach to 1000 members. The FPO also plans to set up a new retail unit with help of funding received from NABARD. There are also plans to create storage infrastructure.

▶ Nilokheri Farmers Producer Company Limited

Nilokheri Farmers Producer Company Limited promoted by Indian Society of Agriculture Business Professionals (ISAP), a resource institution under NABARD, was incorporated in 2016. With a current membership base of 656 share holder farmers spread over 130 villages, the FPO is primarily engaged in contract farming of vegetable seeds.

What began with a small farmer base of 50-55 farmers saw an incremental increase in membership over years with 75-80 members being added to the FPO every year.

The increase in membership was a result of dedicated efforts put in by the Promoters and Board of Directors, in creating awareness on benefits of aggregation and mobilizing farmers as well as ensuring collection of the annual membership fee on INR 1000/-.

ADDRESS

Mannat Palace, Indri Road,
Ramba, Karnal 132041

STATE

Haryana

DATE OF INCORPORATION

9 March 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

656

SHARE CAPITAL

INR 6,56,000/-

% OF WOMEN MEMBERS

13%

MEMBER CONTRIBUTION

INR 1000/year

NO OF DIRECTORS

6

NO OF EMPLOYEES

8 (CEO, 5 field staff, 1 driver,
1 store supervisor)

KEY BUSINESS ACTIVITY

Contract farming of vegetable
seeds



Business Model

The opportunity for aggregation of farmers was identified 4 years back given the focus on diversification and sustainable agriculture. Karnal is a part of the rice belt of Haryana and ground water depletion as well as concerns around stubble burning prompted the farmers to explore opportunity in vegetable seed production as a separate viable economic activity.

Presently the FPO is focusing on contract farming of vegetable seeds of Lady Finger, Garlic, Onion and Peas.

f. Intervention on production side

Certified vegetable seeds are procured from the State Agriculture University (SAU) and distributed

amongst the member farmers for multiplication. For farmers working on the seed multiplication program a subsidy of Rs 6000/acre is facilitated under the MIDH project through the District Horticulture office. The subsidy helps cover the cost of production per acre.

To ensure only one member from a family gets the benefit of subsidy copy of Aadhar card, ration card, land record is to be submitted by the farmer. Based on the documentation, the subsidy amount is transferred directly to the beneficiary farmer account from the Government.

g. Value addition & Branding

In terms of value addition, FPO undertakes manual sorting, cleaning, seed treatment and packing of seeds for distribution. The seeds are branded as "NIFCO" seeds and sold. For storage the FPC rents a cold store in Sonipat at a minimal cost of Rs 10 for a 50 kg bag/ month.

h. Intervention on market access

On the market side the FPO has established connect with the District Horticulture Office (DHO), the seed produced by the FPO members is collected and sold to the DHO for dissemination in the geography. The profits are equally distributed amongst the shareholder.

Presently the FPO is focusing on contract farming of vegetable seeds of Lady Finger, Garlic,



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of INR 2 crore over the last 3 years with a net profit of 8.5 lakh in 2020-21. The shareholder gain has been around INR 10,000/acre/season. The profit is partly reinvested and partly paid out to the members in cash /kind (pesticide kits etc).



Increased use of quality inputs

Capability building by the FPO in partnership with local KVKs increased awareness amongst farmers for use of better-quality inputs– pesticides and fertilizers. While this resulted in increase in cost of production from Rs 4/kg to Rs 7/kg the increase was offset by the subsidy. Alternatively, the use of better inputs helped farmers improve production volumes.



On marketing side

The farmers benefit from assured market linkage provided by District Horticulture Office.



Access to infrastructure

Aggregation has also helped FPO members access common infrastructure for storage, processing (sorting/grading) and packaging at minimal cost which was not possible for individual farmers.



Access to finance/ insurance

The FPO receives the support towards CEO's salary from NABARD. The FPO has applied for insurance cover for its members from Punjab Sindh Bank which will be an additional benefit going forward. FPO has also applied for equity grant and the necessary documentation for the same is submitted.



Training & capacity building

FPO members benefit from regular trainings based on crop season by the State Govt and Agri University on agronomic practices etc which helps increase their capabilities

Swot Analysis

S

Strength

- Crop Diversification
- Branding of FPO Produce
- Working Closely With Government Department

W

Weakness

- Working Capital Primarily Raised With Member Support

O

Opportunities

- Diversification to Value Added Products
- Dealership of Agri Inputs As Alternate Source of Income

T

Threat

- Competition from Organized Seed Industry

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically and the last one was conducted virtually given the COVID pandemic crisis.
- On book-keeping most of the work is being done manually at present and this is one area where improvement can be made by moving to digital bookkeeping.

Impact Assesment

While a formal impact assessment is not undertaken by the FPC it is reported that the farmers are earning approximately INR 10,000 per acre per season which is more than what was gained pre aggregation. This is on account of improvement in production, reduction in cost of production and better returns.

Future Plans to Scale up

- Going forward the FPO plans to expand outreach to 300 villages over next 2 years. Also, there are plans to install a processing unit for seed soon.
- The FPO has also submitted a proposal to the state government department for a Soil testing lab which is expected to be approved shortly. This will be run by the FPO for member farmers and will also be a source of income from non – members farmers.
- The FPO is also planning to diversify into processing and wants to establish a dehydration plant for onion/garlic. They are in discussion with the Horticulture department for the same.

► Okhamandal Farmer Producer Company Limited

Okhamandal Farmer Producer Company Limited is a nascent stage FPO promoted by Tata Chemicals Society for Rural Development (TCSR) in partnership with NABARD. With a membership of around 1000 farmers the FPO is currently focusing on strengthening the governance system for running the company, capacity building of members and establishing systems that would help enhance market linkage of the agricultural products of the farmers.

ADDRESS	% OF WOMEN MEMBERS
Devbhoomi Dwarka	10%
STATE	MEMBER CONTRIBUTION
Gujarat	INR 1000/-
DATE OF INCORPORATION	NO OF DIRECTORS
5 March 2019	8
LEGAL FORM	NO OF EMPLOYEES
Registered under Companies Act 2013	6
TOTAL MEMBERS	KEY BUSINESS ACTIVITY
1170	Input marketing and agro produce aggregation & marketing
SHARE CAPITAL	
INR 11,70,000/-	



Business Model

Middlemen were very active in the region aggregating farmers produce at a low rate and sell the same in market at much higher price. Further the middlemen were reported to be selling seed and fertilizer to farmers at a high margin. So, the farmers were doubly impacted with lower price realization and higher cost of production.

Identifying the challenge, the FPO was formed with the objective to maximize farmers returns by leveraging the power of scale that aggregation brings in.

The key business activities for the FPO involve input marketing and agro produce aggregation & marketing.

i. Intervention on input marketing

OFPC is selling a wide range of agri inputs to farmers - seed,

fertilizers, agro chemicals, irrigation solutions etc through its input retail outlet at Dwarka. The FPC has dealership of around eight (8) input companies some of which are-

- Micro irrigation – Jain Irrigation and Paragon Irrigation
- Seed - Gujarat state seed corporation Ltd
- Fertilizer - IFFCO
- Solar fencing - Fieldmaster Innovation Limited
- Organic & non-organic bio fertilizer - Vikas crop care
- Organic products - Gujarat life science pvt ltd
- Water soluble fertilizer - Vanita crop care

The FPO is also procuring inputs from the Agri Business Center in the region. The tie-ups are helping farmers source quality inputs at the

right time at a lower cost. For example, certified seed is available to farmers at subsidized rates from Gujarat state seed corporation Ltd. The efforts have resulted in reducing cost of production by 10-15%.

In terms of financial contribution, the agri input business forms the larger share of the pie. In 2019–20 75% of the turnover came from this business while in 2020-21 it contributed 60% to the FPC turnover.

j. Intervention on market linkages

The member farmers grow a variety of crops ranging from fruits & vegetables to ground nut, cumin, coriander, and pulses. The FPC aggregates the produce and sells it through multiple channels based on the product.

Marketing Channels



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of 45 lac in the 1st year of operation (2019-20) and 1.62 crore in the 2nd year of operation (2020-21). Net profit reported was 1.48 Lakh in 2019-20 and 4.5 lakh in 2020-21 (final audit pending).

As of now dividend & bonus is not given to the farmers given that a lot of working capital is required to establish the FPC. To ensure shareholders are benefitted the rate of share is increased from INR10/- to INR11.66/- in the 1st year. Post this year's financial audit in august the share rate will further be increased so that member farmers reap benefit in the longer term.



Input linkages

It is a core component of the FPCs business plan and contributes the larger share to the turnover. The FPC has institutional tie-ups with a range of companies so the member farmers are offered one stop shop for all their requirements. Further the benefit is accrued in terms of lower cost thus helping reduce overall cost of production for member farmers.



Market linkages

Assured market linkage is helping farmers avoid distress sale in the hand of intermediaries. The FPC has a well thought through strategy for marketing of different kind of agri produce. The FPC quickly adapted its marketing approach when the pandemic hit helping farmers with undisturbed market linkage. This was really beneficial as else the farmers would have incurred huge losses on account of perishable produce.

Also, the FPC is bringing to its member farmers the benefit of innovative marketing platforms like eNAM, NCDEX exchange etc which would be difficult for individual farmers to cater to.

The institutional tie-ups are also strategically forged keeping in mind export potential and going forward with value addition and adequate certification the FPC plans to bring to the farmers the benefit to expanding to the export markets.



Improvement in access to finance

The FPC has received two tranches of the NABARD grant approx. INR 9.5 lakh and also an additional grant on INR 10 Lakh from the promoting agency TCSR. The NABARD grant is towards salaries etc and INR 5lakh was used to purchase machinery. TCSR grant was more towards the working capital.

Further the FPC has an INR 25 Lakh loan sanctioned from net kisan-capital fund to meet working capital requirements. The loan is taken based on requirement, in 2019-20 a loan of INR 10 lakh was taken and in 2020-21 loan of INR 5 lakh is taken.

OFPC was also sanctioned Rs.9.56Lakh of Equity Grant from SFAC in March 2021.

The FPC has also applied for bank finance (which is under progress) for Groundnut Processing Unit to Central Bank of India.



Training & capacity building

It is a core component of the FPOs growth strategy as they are focusing on strengthening the governance system for running the company, capacity building of members and establishing systems that would help enhance market linkage of the agricultural products of the farmers. The training partners include NABARD, SFAC, State Govt, KVK, Agri University as well as private sector. The FPC has specifically highlighted the need for training on marketing and handling processing unit and value addition.

In tough time of COVID-19 farmers trainings was provided through digital platform benefitted 520 farmers.



Swot Analysis

S

Strength

- Support of Strong Resource Institution
- Diversified Models for Marketing
- Need Based Innovation on Marketing front
- Focus on Strengthening Processes During Initial Stage of Growth

W

Weakness

- Slow Implementation of Some Government Schemes
- Some Criteria of Schemes Didn't Match With our Project.

O

Opportunities

- Primary Value Addition on Groundnut, Spices for Increased Returns
- Tapping Export Potential in Groundnut & Spices

T

Threat

- Competitive Landscape

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is using manual as well as digital processes

Impact Assesment

- Farmer returns: As reported by the FPC 43 farmers income increased by ~10-15% selling farm produce
- Reduction in cost of production: As reported by the FPC 367 farmers reduced to 10-15% input cost
- Technology uptake: As reported by the FPC 35 farmers are connected with Micro irrigation System which covered 175 acres of land
- Market linkage: As reported by the FPC they linked 227 Farmers with Farm to Home initiative

Future Plans to Scale up

To ensure better returns to member farmers via value addition the FPC plans to set up a Ground nut processing unit. This is a good opportunity for expanding to export markets and the FPO is also in the process of applying APEDA certificate for export of ground nut.

In the medium term the FPC plans to establish a 'Agri Hub' which will be a single window center for all the requirements of the farmers. Towards this end the FPC has already purchased 3 acres of land in Mudavasara Village and to begin with a soil testing lab is being set up under the scheme for establishment of soil testing projects at village level by local entrepreneurs under soil health management (SHM) an intervention under National Mission for Sustainable Agriculture (NMSA).

Going forward the plan entails establishing

- 'Agro Mall' for supply of inputs, irrigation, fencing systems and other supplies
- Farm machinery bank for meeting mechanization requirements
- Procurement center for agro produce
- Processing center for groundnut as well as sorting grading infrastructure for other produce
- Demo farms for training & extension

Awards & Recognition

The FPO was awarded as Gujarat's Best Progressive Farmers Producer Company from NABARD.

Pragathi yuva kendram Farmer Producer Company

Pragathi yuva kendram Farmer Producer Company incorporated in 2016 is largely engaged in floriculture. From a small base of 100 farmers in 2016 the FPO increased its membership many folds, 1559 members at present, and has also expanded the geographical spread which has grown from 100 acres to >2000 acres.

Membership
growth



ADDRESS

MACTS, Podupulakshmi bhavan,
Leguntapadu Village, Kovur
Mandal, SPSR Nellore District
- 524316

STATE

Andhra Pradesh

DATE OF INCORPORATION

25 July 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1559

SHARE CAPITAL

INR 23 lakhs

% OF WOMEN MEMBERS

60%

MEMBER CONTRIBUTION

INR 1000/year

NO OF DIRECTORS

10

NO OF EMPLOYEES

4

KEY BUSINESS ACTIVITY

Floriculture



Business Model

Floriculture was extensively practised by the farmers in the region, approx. 600 farmers in 350 acres cultivated rose, jasmine and marigold. However, the sector was completely unorganized, with heavy intermediation by middlemen. Even if farmers wanted to sell in the nearby Nellore mandi it was a 20kms distance they had to travel early in the morning with the produce with no assurance of better price. Further the purchase of inputs in retail escalated the cost of production and the farmers further faced the challenge of absence of formal credit.

The FPO was formed to provide end to end value chain support to these farmers to ensure better output and maximum value realization for the output.

Interventions on production side

To begin with the FPC members started lily and jasmine cultivation on 100 acres of land. To improve quality of flowers improved varieties of the crop were introduced. Field visits of horticulture officers and KVK scientists were arranged for advisory on good agronomic practices, water management, mechanization etc. since floriculture has high infestation of weeds and manual weeding is labour and time intensive to

promote mechanized weeding technology demonstrations with the horticulture department were facilitated. The FPC forged institutional tie up with Amruthaphala FPC LTD for procuring fertilizers.

Further the State Horticulture Department gives a subsidy of INR 6000/acre which was facilitated for the member farmers.

With these concentrated efforts towards improving production over the years the production per acre increased from 2-2.5 tons of lily and Jasmine to 4-5 tons, also area coverage under floriculture increased to >350acres. With judicious use of inputs, reduction in labour cost due to uptake of mechanized solutions for operations like weeding, a reduction in cost of production was reported from INR 1Lakh per acre to INR 60-70 per acre.

Interventions on post-harvest and marketing

The harvested flowers are brought to the collection center where they are sorted, graded, and packed for sale to the market. The farmers are assured of transparent weightment and also save on transportation time and cost as the produce goes to market in the company vehicle.

Horticulture departments,

Government of Andhra Pradesh sanctioned assistance of INR 7.5 lakh under APMIB to the FPO for purchase of implements/equipments to facilitate easy and timely movement of produce from farmers farm to market.

Given the scale and quality farmers are fetching a better price. For example, the farmer was earlier paid INR 30/ton, while now he is paid INR 80/ton, so the price has improved, also the increase in production is further adding to the returns. Also, during wedding/festival season the price realization is going as high as INR150/ton.

To support marketing operations the FPC is equipped with appropriate infrastructure-

- a. A packhouse was established with 50% subsidy from State Horticulture Department.
- b. To avoid distress sale and let farmers explore avenues for better price a Solar cold storage of 5 mt capacity was established supported by 75% subsidy from State Horticulture Department. The cold storage helps farmers store their produce for 3-5 days without the fear of losses.
- c. Also, the FPC is equipped with a solar dryer which is

again supported with 75% subsidy from State Horticulture Department.

- d. The FPC also rents 10 Portable cold storage at a minimum rental to help framers market flowers in the local area.
- e. Other infrastructural support includes solar traps, vapor air cooler, power weeder etc. that is available for farmers on minimal rental. A soil testing center is also managed by the FPC.

The above demonstrates that the FPC is investing heavily on the technology side of the floriculture value chain and equipping farmers with advanced solutions.

Exploring alternate source of income

The FPC is producing and marketing lily bulbs which is another source of revenue for farmers.

More recently the FPC has diversified into horticulture and

is growing banana, mango and several vegetables. The marketing model for horticulture is mostly B2C – direct home delivery – with orders being taken through Facebook/ WhatsApp. The FPC has developed a brand ‘Greenbliss’ for its horticulture produce.

Also, through NABARDs ‘New Enterprise Development Program’, the FPC farmers are engaging in producing ‘Banana fiber’ and generating additional incomes.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported turnover of INR 1 crore in 2020-21. The net profit reported is INR 3 lakhs as a lot of infrastructure related investments are undertaken.

It is clearly established that at present farmers are not looking for dividends but better opportunities for growth and the FPC is focusing on that. Farmers are on the other hand are deriving clear benefits of increased production, better price and access to advanced technology.



Input linkages

The FPC members are clearly drawing benefit of technology interventions. Also, IOT based solutions are given to 50 farmers on a pilot basis to help save water and power.



Market linkages

While the market channel still remains the mandi the power of scale has helped farmers improve their returns drastically.



Access to infrastructure

Packhouse, solar cold storage, solar dryer, custom hiring center, mini tractor, mobile rural vehicle, electric vehicle, packing machine etc are all helping FPC members fetch better price for their produce. Majority of the infrastructure has subsidy support highlighting the convergence of FPC with Government schemes



Improvement in access to finance

Farmers are directly benefitted by way of subsidy support for floriculture by the State horticulture Department. Additionally, the State Horticulture department has provided subsidy for a lot of infrastructure viz packhouse, solar cold storage, solar dryer etc.

The FPC has got support of INR9.06 lakh under the Producer fund. Also, NABARD has facilitated funding of INR 5 lakhs for rural mobile vehicle this year.

Further to the support from State horticulture Department for purchase of equipments the FPC raised funding of INR 2.5 Lakh from the local Grameen bank.



Productivity increase

Supported by better planting material and advisory the farmers have reported productivity gains. Over the years the production per acre increased from 2-2.5 tons of lily and Jasmine to 4-5 tons, also area coverage under floriculture increased to >350acres.

Swot Analysis

S

Strength

- Dealing In High Value Commodity
- Strong Convergence With Government Schemes
- Heavily Invested Into Technology
- All Need Based Support Infrastructure Present

W

Weakness

- -

O

Opportunities

- Expanding The Product Portfolio
- Tapping Export Markets
- Value Addition Opportunities For High Value Products Such As Perfumes, Essential Oils Etc

T

Threat

- Competitive Landscape

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically in September every year.
- Book-keeping is both manual and digital

Impact Assesment

- Productivity improvement: W production per acre increased from 2-2.5 tons of lily and Jasmine to 4-5 tons, also area coverage under floriculture increased to >350acres.
- Increase in farmer incomes: the FPO reported a 20% increase in income, as the farmers are producing more, getting better price as well as government subsidy.
- Employment Generation: the FPC is primarily a woman based one and creates income opportunity for the women farmers. Apart from floriculture activities like banana fiber are helping the women farmers gain additional incomes. Especially since the flowers are harvested and marketed early morning the farmer members are free during the day to look at alternate income opportunities.

Covid Innovation

To overcome the marketing challenge posed by Covid19, the FPC created 'Fruits & Vegetable kit'; every kit had 7 fruits and was marked at Rs 100/- through the FPC's social media platform. at Rs. 100/- during covid and sell it through social media.

Future Plans to Scale up

The scaling of technology interventions will continue. The FPC plans to invest in low cost greenhouses especially for vegetables cultivation.

Awards / Recognition

Pragathi Yuva Kendram was awarded Best FPO by State Horticulture Department in 2018

Purvanchal Poultry Producer Company Limited

Purvanchal Poultry Producer Company Limited was incorporated in October 2015 with an authorized capital of Rs.10.00 lakh and paid capital of Rs.6.00 lakh. The FPO started its operations with a small membership base of 18 members across 4 villages and have today scaled to a membership base of >600 farmers across 22 villages. The FPO is a successful example of benefits of aggregation in the agriculture allied sector.

Trajectory of membership growth	18	250	350	500	615
	2015-16	2016-17	2017-18	2019-20	2020-21

ADDRESS

Deoria Hata Road, Harriya
Basantpur, Dist-Deoria-274001

STATE

Uttar Pradesh

DATE OF INCORPORATION

30 Oct 2015

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

615

SHARE CAPITAL

INR 19.2 lakh

% OF WOMEN MEMBERS

30%

MEMBER CONTRIBUTION

Varies (INR 1000 –
INR 50,000)

NO OF DIRECTORS

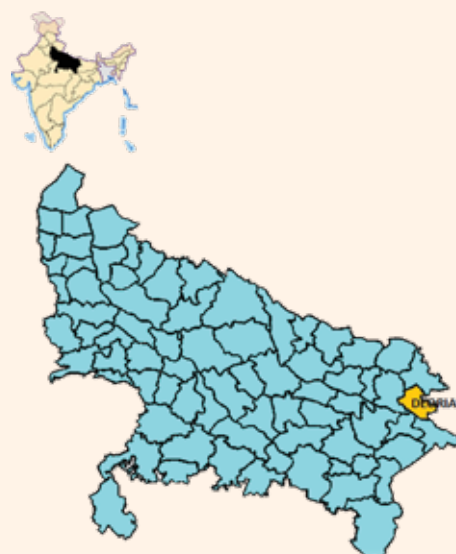
5

NO OF EMPLOYEES

6

KEY BUSINESS ACTIVITY

Input management, value
addition and marketing



Business Model

Poultry sector in the district had high potential however the sector was facing bottlenecks in availability of inputs (costly & low-quality feed), high mortality rates, lack of medical facilities and profitable marketing of the eggs and broilers.

The baselining conducted before the FPO formation highlighted that the region had demand of 16lakh egg per day of which only 6lakh was being met locally and the rest was coming from outside.

Identifying the huge opportunity and the existing challenges, aggregation model was focused upon and through an organized mobilization process, 18 interested farmers were brought under the umbrella of the Purvanchal Poultry Producer Company.

The objective behind the establishment of this company is to obtain an economic size of poultry layer units in Eastern Uttar Pradesh.

When the FPC was initiated the key components of the business model were – Aggregation of inputs (feed ingredients); Value addition (feed processing) and Marketing of finished products (supply of finished feed to poultry growers / egg into retail market). The company started with aggregate marketing of eggs in January 2016 and aggregate feed production was initiated in June 2016.

k. Interventions for aggregation of inputs

When the FPC initiated operations, there were 150 poultry layer units and 1200 small broiler units operating in the district. Total business of the poultry sector was about 313.47 crore, of which, feed business segment captured approx. 113.52 crore. It was thought that if PPPCL was able to undertake 4% of the feed business then estimated turnover of the company would be around Rs. 4.5 crore per annum.

For poultry feed manufacturing raw material - maize, rice, wheat, oat, barley etc - was a key requirement and procuring these from the market was cost intensive. The solution was found in a mixed bag strategy-

- Direct procurement from the local farmers- Maize is a key component of poultry feed, almost 50%. To begin with 400 maize farmers were contracted for maize production and procurement at MSP was assured. Under the model farmers were assured of procurement at MSP while the FPC was assured of timely raw material availability at competitive price.
- Utilization of milling by products - Rice bran is another key component of

poultry feed, almost 20%. For cost efficient procurement of rice bran, the FPC established a rice mill which was established by taking a secondhand rice mill after repair and maintenance. While rice milling brought revenue to FPC the wastage in form of broken kernels etc. that are usually discarded at the mill were used for feed manufacturing.

These thoughtful interventions helped reduce the cost of Input drastically and made the FPC competitive to large organized players.

l. Intervention on value addition

The FPC started feed manufacturing in 2016. Initially, a small feed unit of one of the directors was taken on custom and hiring basis for processing and storage of the feed. As business grew to meet increased demand, a new feed mixing unit with a processing capacity of 5 tons per hour was established with a financial outlay of Rs.14 lakh financed by IDBI. The FPC is on an average producing feed for 1 Lakh birds every day.

m. Intervention on marketing

For feed marketing, the FPC supplies to the growers on credit up to amount of paid up

capital contribution and grower has to pay the credit amount before subsequent purchase. This cycle is generally of 15 to 20 days.

Poultry feed is being provided to the farm owners at the rate of INR20/kg. Even a small poultry farm has around 2000 birds and requires 200 kg of feed so on an avg INR 2Lakh feed is sold every day.

On marketing of egg, the farmers were already selling in the local wholesale market, the company planned to open retail centers for marketing of the

eggs, at prominent points in coordination with Agri-Clinic and Agri-Business Centers (ACABCs) in District Deoria and Kushinagar. First such outlet was opened by Rishika ACABC, Sonughat-Barhaj Road, Deoria which started business on 27 February 2016.

Currently the FPC has 22 outlets run by members farmers in the region. These outlets sell egg, poultry feed as well as agri inputs as the FPC also has dealership of IFFCO.

n.Alternate source of income

Over the years, the FPC has also diversified to procurement and marketing of cereals. The FPC is running MSP procurement center for wheat & rice for the state government and is reported to be one of the largest procurement partners.

Focusing on branding & marketing PPPCL is also selling branded rice locally. In 2021, the FPC also added a mustard oil mill to its portfolio.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has clocked a turnover of INR 13 crore 20 lakhs since inception with an annual profit of around INR 2.8 crore in 2020-21. So far, the profit was reinvested into the but from financial year 2019-20 the FPC has decided to distribute a fixed percentage of the profit amongst shareholders.



Input linkages

Aggregation of feed ingredients, processing, and distribution among the growers enabled reduction of feed cost and improved feed quality.



Market linkages

Efficient retail of eggs through the FPCs retail channel has helped farmers gain better price. Also MSP procurement for a host of commodities Maize, Rice, Wheat is facilitated.



Access to infrastructure

On the value addition front the member farmers benefit from access to quality feed from the feed unit, fully automatic rice mill, fully automatic oil processing mill. The FPC also meets their requirement for farm machinery through the farm machinery bank as well as agri inputs



Improvement in access to finance

Farmers are directly benefitted by way of subsidy support for floriculture by the State horticulture Department. Additionally, the State Horticulture department has provided subsidy for a lot of infrastructure viz packhouse, solar cold storage, solar dryer etc.



Training & capacity building

NABARB & BIRD are engaged in trainings, largely on legal compliance and business planning. As a result, the FPC has developed a trained set of board of directors assisting in informed decision making



The FPC has got support of INR9.06 lakh under the Producer fund. Also, NABARD has facilitated funding of INR 5 lakhs for rural mobile vehicle this year.

Further to the support from State horticulture Department for purchase of equipments the FPC raised funding of INR 2.5 Lakh from the local Grameen bank.



Productivity increase

The FPC has been able to enhance productivity which is evident in being able to bridge the demand gap by >50% by meeting demand for 13L eggs every day.

Initial source of fund

- Paid up capital of Rs.12.02 lakh
- Rs. 0.50 lakh from "Produce Fund"

Subsequent source of fund

- Incremental paid up capital
- Reserves and surplus on account of profits
- Invest credit from IDBI Ltd.
- Invest credit from DCCB, Deoria
- Subsidies from CSS and State Sponsored Schemes
- Equity grant from SFAC

Swot Analysis

S

Strength

- Value Chain Approach
- Business Diversification To Hedge Market Risk
- Strong Demand for Feed as well as egg
- Strong Infrastructure Support
- Focus on Branding and Marketing

W

Weakness

- Need to add and Retain Members

O

Opportunities

- Expanding Retail Base
- Expanding Branded Sales

T

Threat

- Competition in the Segment

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- Book-keeping is being done manually as well as digitally

Impact Assesment

- Doubling of farmer incomes: The pre aggregation farmer income reported was INR 3000-3500/month which almost doubled to INR 6000-7,000/month, mainly due to reduction in input cost

Future Plans to Scale up

The FPC has a seed processing unit approved under the Central Sector Scheme 'Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds'.

Under the scheme assistance is being provided at the standard rate of Rs.22.25 lakh for a 1000 MT seed processing plant (including construction of building and machinery/equipment). For construction of seed storage godown, assistance is being provided at the standard rate of Rs.25 lakh for a 1000 MT capacity godown.

In the near future the FPC is committed to the program and is targeting to sow 500 ha to meet the production requirement. The activities undertaken will include seed production, seed processing, seed storage and seed marketing.

Rajeshwar Farmers Producer Company Limited

Rajeshwar Farmer Producer Company Ltd was established in 2017 with the aim of better price realization for farmers through aggregation. The FPO membership base has doubled over the past 3 years from 320 to 900 members and the acreages have also increased from around 250 hac to 500 hac. This FPO gains its distinction from the fact that is leveraging NCDEX's Futures platform to maximize farmer returns.

ADDRESS

Near Primary school, Kolava,
385566

STATE

Gujarat

DATE OF INCORPORATION

30 Sept 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

900

SHARE CAPITAL

INR 10,00,000 L

% OF WOMEN MEMBERS

Negligible

MEMBER CONTRIBUTION

Varies (INR 100/-
per share)

NO OF DIRECTORS

10

NO OF EMPLOYEES

10

KEY BUSINESS ACTIVITY

Aggregation & marketing
of agro produce



Business Model

Farmers in the Banaskantha district, owing to the arid climate, were restricted to cultivating a few kharif crops like Bajra, Guar and some Pulses. With access to irrigation under Narmada canal the farmers in the region were empowered to explore cultivation of a range of crops such as Cumin, Castor seed, Mustard, and many other types of pulses even during the Rabi season. However, soon the farmers faced the challenge in terms of marketing the produce.

Around the same time, an awareness program was initiated by IFFCO on benefits of aggregation and sensing the opportunity the farmers formed a Kisan Club encompassing 10 villages in the Vav block of Banaskantha district.

Shortly realizing the need to focus on the post-harvest management activities, as well as to explore modern marketing solutions the core group within the Kisan Club moved to form Rajeshwar Farmer Producer Company Limited.

Intervention to strengthen production

Given that the FPO is promoted by IFFCO a lot of advisory on good agronomic practices was

available to member farmers through continuous trainings and hand holding. In addition, advisory is also extended by NABARD and the local Agri University.

Towards ensuring timely access to inputs, the FPC initiated input marketing business under dealership from IFFCO. As a result of the concentrated efforts towards training & capacity building farmers have adopted better agronomic practices and are using inputs judiciously thus reporting a 10% increase in production and 5-10% reduction in cost of production over the last 3 years. Mechanization adoption has also increased, and the farmers have started using a thresher for harvesting.

Interventions on marketing

Towards helping farmers fetch a better price for the output the FPO started with imparting training to farmers about quality standards and different strategies to market their produce. Following this in February- March 2017 the cumin crop was harvested and the FPC started procurement from its member farmers and

bought 10 MT of cumin at an average price of INR 167-168/kg, against the market price of INR 160/kg in the Unjha market. After adding various expenditures in handling of the stock, the total cost at Rajeshwar FPC was Rs.184/kg.

The challenge before the FPC was to find a market which could give it a fair price over and above its total costing and the solution to the challenge was sought in an innovative marketing mix. The FPO decided to sell a part of its stock through the agri commodity exchange NCDEXs Futures platform and wait with the rest of the farmers to find a right opportunity in the open market.

Guidance was provided by IFFCO and NCDEX, regarding quality parameters, post-harvest practices, to meet quality of produce traded on the Exchange. Also, NCDEX provided complete handholding for the FPC to be onboarded on the digital platform.

In the first year itself the FPC sold 2 lots of cumin totaling 6 MT (about 2/3rd of the total stock) on the exchange platform. The company was able to make a profit of around Rs.14 per kg over its cost

price. This was around 25% more than the price they would fetch in the local market if they had sold their produce just after harvesting.

For the balance 3.5 MT stock, Rajeshwar FPO planned to sell the stock through retail channel, after packaging and branding under the brand 'Jai Kisan spices.'

The benefit of futures trading made it the marketing mechanism of the FPO. Presently the FPC is procuring from farmers based on crop grade and NCDEX rate and are selling on Futures market. Towards the same the FPC created a storage facility as well as its own grading infrastructure.

Over the years the volumes traded on NCDEX platform have increased to almost 200T. while there have been some instances of rejection on basis of quality, but overall experience has been a win-win for member farmers.



Benefits Accrued on Account of Aggregation



Financial gains

The FPC reported a turnover of approx. INR20L during 2017-18; INR 50L during 2018-19 and INR 2.5crore during 2019-20. The net profit in 2019-20 was between INR12-15L.

At present the profit is reinvested into the company but the farmers are assured of returns given they have shareholding in the company.

Alternatively, the shareholders are gaining on account of reduced input cost, better returns based on quality of produce, farm gate sale of their produce at the best possible price.



Access to infrastructure

The FPC operations are supported by a storage facility and grading infrastructure. The grading infrastructure costed 6L of which INR5.5lakh was provided under IFFCO grant and INR 50,000/- was spent from the FPC's equity.



Input linkages

The FPC has dealer ship of IFFCO and helps farmers access quality inputs in a timely manner.



Productivity increase

A increase around 10% in overall productivity has been reported over a three-year period.



Improvement in access to finance

The FPC has received grant support of INR 9 lakh from NABARD for a period of three years. Further a loan of INR 50 L was raised from NABKISAN loan of 50L towards infrastructure creation. Member farmers are also benefitted in terms of insurance product from Iffco Tokio.



Market linkages

FPC mainly undertakes futures trading on NCDEX platform and also undertakes some retail sale in the local market thus ensuring assured markets to the members at best possible price.



Training & capacity building

An underlying support provided to the farmer is on training and capacity building on the agronomy side as well as the market side.

Given that the FPO is promoted by IFFCO a lot of advisory on good agronomic practices is available to member farmers through continuous trainings and hand holding. In addition, regular advisory is also extended by NABARD and the local Agri University.

On the market side given the FPC is trading on NCDEX exchange, full handholding support was provided by NCDEX on the process flow, quality specification to be met etc.

Swot Analysis

S

Strength

- Effectively Leveraging Ncdex's Futures Platform
- Strong Partnership With Industry, Ifco, Ncdex For Hand Holding

W

Weakness

- Need For Enhancing Digital Literacy Amongst Larger Farmer Base

O

Opportunities

- Scaling Trade on Exchange Platform
- Adding More Crops to the Trading Portfolio

T

Threat

- Maintaining Consistent Supply at the Right Time

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is transitioning from manual to digital using the Nabard portal

Impact Assesment

- Productivity: 10% increase in productivity reported by the FPC over a three-year period along with improvement in quality of output.
- Reduction in cost: 5-10% reduction in input cost reported by the FPC
- Profitability: it is reported that price realization per hectare has almost doubled for farmers from INR 5000/hac to INR 10,000/hac.

Future Plans to Scale up

COVID impacted the business operations for the FPO as transportation was a problem and trade on NCDEX platform was limited. Small quantities were sold in the local markets but largely a loss-making year. Given the ongoing uncertainty around the pandemic the FPC has no expansion plans and will concentrate on providing market linkages for the farmers produce and ensuring good returns.

Awards

Rajeshwar FPC has gained several accolades. They were awarded as Best FPO in Gujarat. They were also recognized by CII Gujarat as a progressive FPO during CII Krishi Sangam 2019.

Rushiwat Farmers Producer Company Limited

Rushiwat Farmers Producer Company Limited (RFPCL) incorporated in 2016 has been manufacturing and supplying a vast array of organically pure products. Supported by robust infrastructure and cutting edge manufacturing facility, the FPC is supplying organic farming products pan India. From a small base of 87 farmers the FPO increased its membership many folds, 1084 members at present, and has also expanded the geographical spread which has grown from 100 hectares to >500 hectares.

ADDRESS

Suvid Foundation Krishi
Vigyan Kendra, Washim
campus, Post. Mothegaon, Tq.
Risod, Dist-washim-444506

STATE

Maharashtra

DATE OF INCORPORATION

28 July 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1084

SHARE CAPITAL

INR 11,92,000/-

% OF WOMEN MEMBERS

32%

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

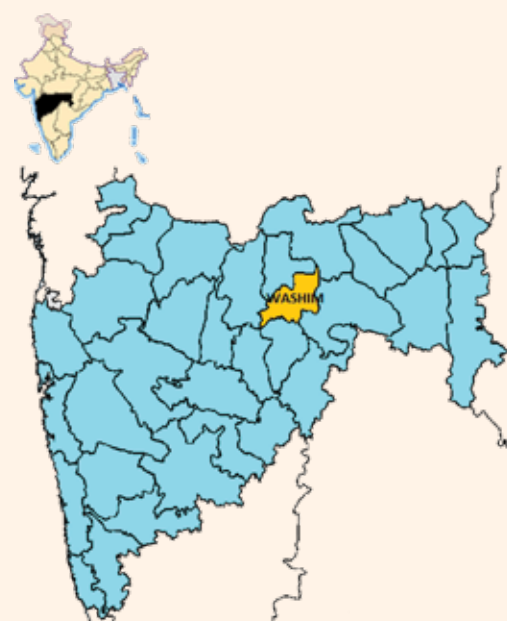
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NO OF EMPLOYEES

5 (additional 8 seasonally)

KEY BUSINESS ACTIVITY

Seed production & processing,
value addition & marketing
of agri commodities



Business Model

The FPO was formed with the purpose to bring farmers together as a group and harness their collective bargaining power while purchasing inputs and to jointly market the harvest after primary processing.

The idea was propagated through NABARD in the year 2012-13, when they provided on ground demonstration for 5 commodities, explaining and showcasing the opportunities in value addition and the benefit of collective farming. Understanding the value proposition, in 2015 a group of 87 farmers approached NABARD to form the FPO.

The key business activities for RFPCL include seed production & processing and value addition & marketing of agri commodities – turmeric, wheat, chana.

Interventions on production side

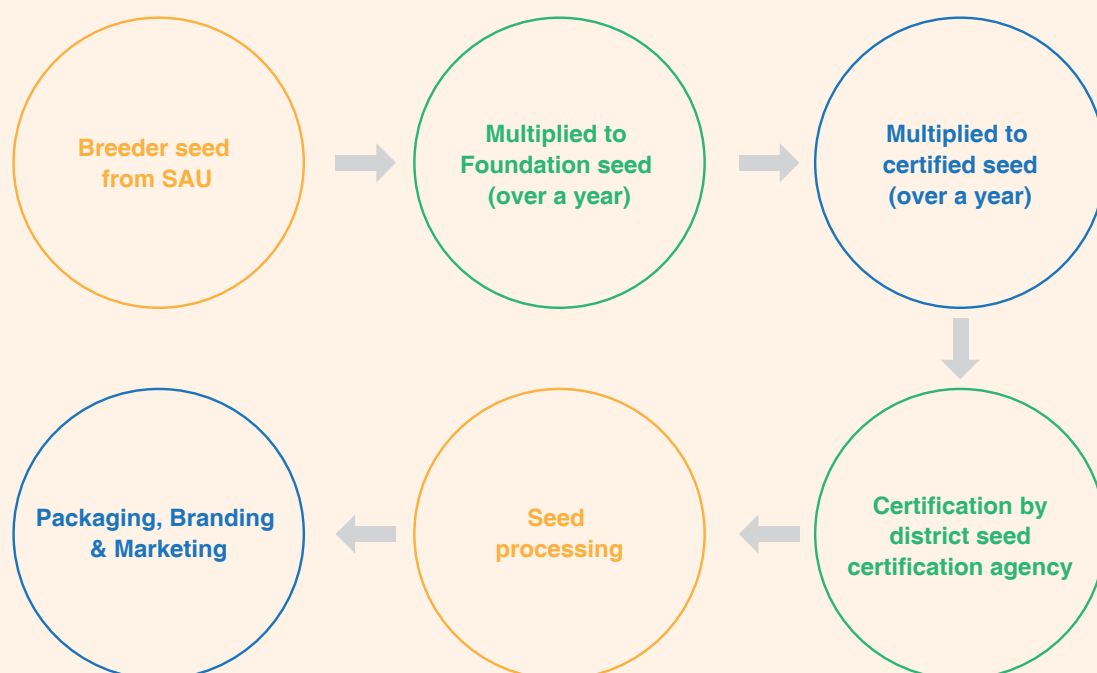
The FPC began operations in 2016 with seed production for Soyabean and Bengal gram. The opportunity was identified as in Washim and surrounding districts of Akola and Buldhana the acreage under these crops were high and so there was a growing demand for seed.

Breeder seeds were procured from the agriculture university and multiplied to foundation seeds. The next year the foundation seed were used to produce certified seed. The produce is aggregated by the FPC and undergoes certification from district seed certification agency. Post certification the seed undergoes seed processing in the FPCs seed processing

plant. It is then packaged and sold to farmers, Agriculture university, Krishi Sewa Kendra, National Food Security Mission under the Rushiwat brand. The cost of seed certification INR 270/acre for foundation seed and INR 165/acre for certified seed is borne by the FPC.

More recently in 2019 there was increase in production of turmeric in Washim district and identifying the opportunity the FPO ventured into production and processing of turmeric. The FPC is selling raw as well as processed turmeric.

Along with planting material the FPC members are also supported with advisory on agronomy, weather etc through the KVK. In addition, NABARD is facilitating input linkages for the FPC through IFFCO.



Interventions on processing side

For seed processing the FPC has established a Seed Processing Plant of 40 quintal/hour in 2017. The plant costed around INR 40 lakhs of which INR 10 lakhs was granted under the National food Security Mission and the rest was put in by the FPO.

For value addition in turmeric the FPC established a processing plant in 2019. For the same INR 13,50,000/- was granted through Maharashtra Agricultural Competitiveness Project (MACP) project under ATMA and the FPC added

another INR 15 lakh. The plant is also used to process gram.

Interventions on marketing

The marketing strategy of the FPC involves domestic sales, selling to traders and exports. The FPC is procuring produce from farmers at a premium over mandi price and selling through alternate channels.

On domestic side the produce is branded under Rushiwat brand and sold through local channel as well as company website.

A lot of the produce goes to traders in Uttar Pradesh, Karnataka and Tamil Nadu

who pay a premium price as they are targeting the export market. Further to ensure the FPC directly taps the export market an export certification has been obtained and the FPC has received some orders. While COVID has disturbed the channel at present this is going to be the focus over the coming years.

Some turmeric growing districts covered by the FPC have come under the Jaivik Kheti project of the State Agriculture University (SAU) and so they will be leveraging the benefit of organic farming in the near future.



Benefits Accrued on Account of Aggregation



Financial gains

the FPC reported turnover of INR 1.32 crore in 2019-20 and is expecting a turnover of 1.90 crore in 2020-21. The net profit in 2019-20 was reported to be around INR 16 lakh. The profit is largely reinvested into the FPC.

The farmers are paid some dividend (INR500-1000/-) that adds to the income plus they get a premium over the mandi price which helps generate additional income.

The farmers are also benefited by way of a seed production subsidy of INR 1000-2500/quintal if they grow varieties which are released by SAU over the past 10 years and the seed produced passes the germination test.



Productivity increase

Timely advisory support and input linkages are helping FPC farmers increase their productivity. As an illustration in Oct 2020 due to untimely rains most of the soybean crop in the region was impacted however farmers if the FPC were able to save most of their produce given the timely weather information by the KVK.



Market linkages

Before aggregation the farmer produce was only going to the mandi but now under the FPC the farmers are able to leverage a variety of marketing channels – digital platform (FPC website); local channel partners, other states etc. Also export market is now opened up for them.



Access to infrastructure

The farmers were earlier selling output in the local mandi but now under the FPC they have access to infrastructure related to processing which is helping them reap better returns.

Also, the farmers have access to storage facility under the FPC so that the produce is not distress sold and the best rate is obtained.



Improvement in access to finance

The farmers were earlier selling output in the local mandi but now under the FPC they have access to infrastructure related to processing which is helping them reap better returns.

Also, the farmers have access to storage facility under the FPC so that the produce is not distress sold and the best rate is obtained.

Swot Analysis

S

Strength

- Regular Increase in Membership & Share Capital
- Convergence of Government Schemes
- Creation of Need Based Infrastructure
- Strong Market Linkages

W

Weakness

- Limited Product Portfolio

O

Opportunities

- Tapping Export Markets

T

Threat

- Competitive Landscape

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically in September every year.
- Book-keeping is digital using tally software.

Impact Assesment

- Increase in farmer incomes: 25-30% increase in incomes owing to premium over mandi, seed production subsidy, reduction in cost of production etc.
- Productivity increase: around 30% increase owing to quality planting material, agronomy and advisory support
- Employment generation: seasonal employment generation for youth in the region. Also, local youth engaged in the processing facilities that is another source of local empowerment.

Future Plans to Scale up

Also, scale up plan for the FPC includes expansion of membership. Also, they plan to diversify more into horticulture and are eying fruits & vegetables export.

Savitribai Phule Goat Farming Producer Company Limited

Savitribai Phule Goat Farming Producer Company Limited is Maharashtra's first women's Goatery-based producer company. The FPOs journey started in 2016 with a small base of 10 women farmers and today has gained the distinction as the only producer company having inventory of more than 15,000 goats.

A key factor to growth of FPC membership was decision making according to the target community. The women that the FPC works with belong to low economic strata, so keeping the financial constraints in mind, the shareholding and membership fees charged was nominal. Also, when non-members come to do transactions, they were offered membership by deducting the membership fee from their payment and they did not need to pay separately. This also helped increase scale membership.

ADDRESS

Manori road, Dodi, Bk. Tq.
Sinnar, Dist. Nashik

STATE

Maharashtra

DATE OF INCORPORATION

16 May 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1400

SHARE CAPITAL

INR 14,00,000/-

% OF WOMEN MEMBERS

100%

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

10

NO OF EMPLOYEES

6

KEY BUSINESS ACTIVITY

Goat milk promotion
and marketing



Business Model

The Sinnar block located around 30 Km west of Nashik, is a drought-prone region as a result agriculture here is seasonal and not very promising. On the other hand, Goat rearing is a significant alternative to farming in the region as goats can sustain them in the difficult environment.

Women were largely engaged in goat farming in the region but there were challenges of high mortality rates of the goats, lack of information on standardized breeding practices, availability of feed & fodder and absence of supporting marketing system. It was identified that if done scientifically, Goat rearing could be made more profitable for the women.

To increase the income of marginalized and asset less goat rearing women through scientific goat rearing practices and collective bargaining power, Savitribai Phule Goat Farming Producer Company Ltd. was established.

The company aims to empower its member goat rearers by providing backend services such as training and capacity building, veterinary services, insurance services and market linkage through weight-based

goat marketing, goat milk marketing and manure selling.

Intervention on the production side

To improve the quality of goats, the FPC in partnership with MPKV, Rahuri is promoting Sangamneri and Osmanabadi breed of goat which is suitable in the catchment area. Bucks of pure quality are provided to members for breeding purpose. The members are made aware about better fodder management with available resources. Women are oriented on correct feeding practices and fodder development through demonstration of fodder crop cultivation and its economics, Silage making, preparing concentrated feed using agriculture waste for combatting summer stress period. Regular vaccination and deworming the goats is also made into a regular practice.

To reduce the mortality rate, a 'Pashu Sakhi' model was implemented wherein one female from each village was trained to undertake primary treatment for the animal. Also, some veterinarians were appointed in the villages to take care of the more complicated procedures like

operations. The interventions helped reduce the mortality rates to 4 percent from the previous rate of 20 percent in 3 years.

Also, an insurance product was created for Goatery, with India Insurance Company which was previously nonexistent. To ensure uptake, members were oriented on cattle insurance and its benefits. Majority of members have been linked to insurance services to protect them against the loss of productive assets in difficult situations. FPC also helps members for quick settlement of claims and documentation process in case of death of goat by negotiating with insurance provider.

p. Intervention on the market side

Before the FPC was formed, the traders who came to buy the goats using visual inspections priced them according to their convenience. Generally, the women sell their goats only in case of emergencies, the traders knew this and took advantage of this fact. Usually, the traders used to buy a goat worth 7000 to 8000 rupees for 4000 to 5000 rupees, but the women didn't have any other option back then.

A new model of goat pricing based on animal weight was introduced to help women get much higher profits. In every village, a weighing bridge 'vajan kata' was established and the women were trained to sell goat only after weighing, also a least a minimum price per kg was established. The model was met with resentment by traders and to overcome the marketing challenge the FPC began buying from the women farmers under the weight-based model and a goat farm (shed) was established in company area. Since the women mostly sold animals at the time of distress it was important to ensure

immediate payment and the FPC committed to that.

While income by selling Goat is one aspect the FPC also forayed into goat milk production and marketing. The FPC has established 3 village level collection centers where farmers bring milk every morning. From the collection center the milk goes to the processing plant some of it is pasteurized to be sold fresh while the rest is processed into goat cheese.

To get premium price for the milk the FPC has forged linkages with private

companies and is selling the milk & cheese under Sahaj brand in Mumbai, Pune & Bengaluru. Given that the farmers are able to cater to the metro cities they are getting a premium price over what they got when they sold to the middlemen in their villages. The scope of scaling milk marketing is huge and the FPC as the FPC is currently processing only 700-800 liter of milk/day as against the installed capacity of 3000liter/day.

Promoting institutional sales, exploring and introducing various value-added products through processing is what the FPC is looking at in the near future.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of around INR 1 crore 2019-20. The profit is reinvested into the company.



Input linkages

The farmers are drawing benefits of breed improvement, advisory on animal health management, access to better nutrition solutions as well as access to animal health related services which were previously nonexistent.

With proper input linkages and services, a reduction in the cost of production is witnessed - from INR 25,000 per year to INR 10,000 per year.



Market linkages

The weight-based animal pricing has helped farmers gain better returns on their animals. Also, power of collectivization has helped farmers gain better price for milk – increased from INR 25/liter to INR 35/liter. The value-added products are also helping sustainably increase their incomes.



Access to infrastructure

Farmers are benefitted under training and capacity building programs for goat rearing on regular basis. This includes technical knowledge regarding improved methods of goat rearing, correct housing practices, fodder and diet management, diseases and its cures etc. this helps them to reduce the risk of goat rearing with high return on their investment. The Goat Resource Center under the POPI is leveraged for demonstrations on the above aspects.



Improvement in access to finance

The FPC has received NABARD grant of INR 9.5 lakh. Further for establishing the milk processing plant funding of INR 75 lakhs was received from NABARD.

Linkages for insurance is also a very important benefit the FPC brings to the member farmers. Another very important development has been improvement of financial literacy amongst the women farmers.

Swot Analysis

S

Strength

- Support of Strong Resource Institution
- Strong Focus on Membership Enhancement
- Innovation in Marketing
- Strong Advisory Support and Input Linkages
- Risk Diversification by Additional Revenue Streams

W

Weakness

- Strong Competition From Established Brands in Value Added Products

O

Opportunities

- Diversified Product Portfolio
- Tapping The Exports Market
- Increasing Processing Capacities

T

Threat

- In The Short Term the Covid Pandemic has Created Volatility in Business

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is using manual as well as digital processes

Impact Assesment

- Impact on incomes: The FPC targeted INR 1 lakh income for every farmer member and has been able to meet the target. The average herd size had also increased and at the same time, the goat mortality rate has come down from 20% to 4%.
- Socio economic benefit: With economic empowerment woman's say in decision making has increased and the women are more confident today. These women were also brought into the mainstream financial system with financial literacy.

Future Plans to Scale up

Going forward the plan entails enhancing processing capacity utilization and diversifying into more value-added products. The plan also is to increase outreach to new markets.

Impact of Covid

The FPC was highly impacted during the COVID pandemic due to closure of processing plant. Also, the supply chain was impacted given the movement restrictions. Going forward also the uncertainty remains however focus will be on ensuring best possible support to member farmers

Shakti Vardhak Milk Producer Company Ltd

Shakti Vardhak Milk Producer Company Ltd incorporated in 2016 is playing an active role in uplifting livelihood of dairy farmers by providing them better price for milk as well as helping them in better animal health management. The FPC started with a small base of 10 farmers but within 3 month membership increased to 300 dairy farmers and today the FPC has a base of 1500 dairy farmers.

ADDRESS

SCO 170, Red Square Market,
Hisar-125001

STATE

Haryana

DATE OF INCORPORATION

9th February 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1500

SHARE CAPITAL

INR 15,00,000/-

% OF WOMEN MEMBERS

20%

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

10

NO OF EMPLOYEES

12

KEY BUSINESS ACTIVITY

Milk aggregation, processing,
value addition & marketing



Business Model

While dairying is a key activity in the region, farmers were not aware of advanced animal health and nutrition management practices, benefit of value addition. As a result, the farmers were selling raw milk at low prices and the animal productivity was also low.

To overcome these challenges and support milk farmers to get better market linkage, and uplift farmer livelihoods in the region Shakti Vardhak Milk Producer Company Ltd was incorporated.

The FPC is presently marketing raw milk as well as value added products viz curd, ghee and paneer.

Interventions on production side

The 'Sahiwal' breed in cow and 'Murrah' in buffalo are mainly

reared in the region and the FPC has developed a robust 'Package of Practices' for management of these animals in partnership with the State Animal Husbandry Department. Extensive training and capacity building in partnership with experts from State Animal Husbandry Department have been undertaken for the farmers on animal health management, nutrition management as well as hygiene management. Focus is on delivering the information on the management practices in simple language, so farmers feel no barrier in adoption.

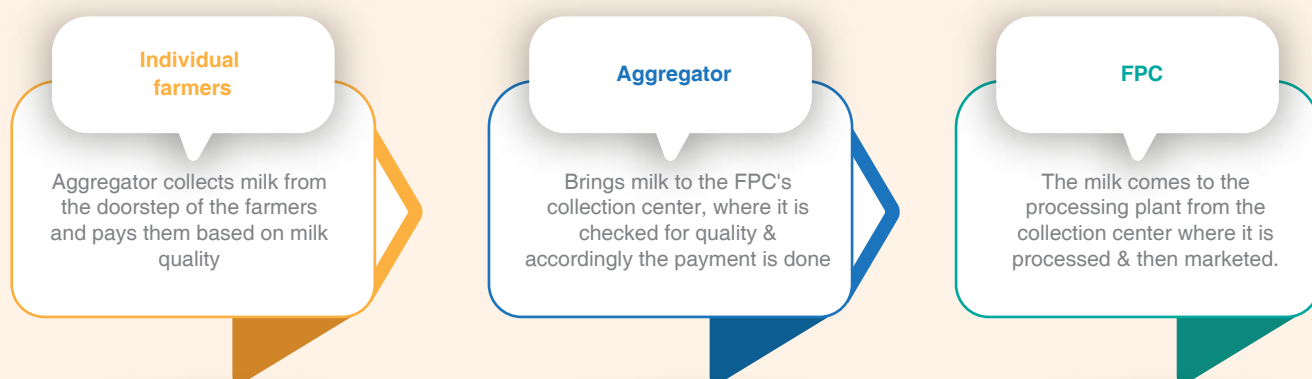
In 2017-18, the FPC also signed an MoU with Lala Lajpat Rai University of Veterinary and Animal Sciences for farmers

training & capability building of company's workforce in their state of art lab for 6 months. This was first of its kind partnership.

Milk collection model

The FPC has an aggregator-based milk collection model. The aggregator collects milk from farmers doorstep and bring it to the FPCs collection center. AT farm level milk quality is ensured by the aggregator and at the collection center the FPC does the required quality checks.

The farmer benefit from doorstep collection as well as a premium of Rs 3/liter over the market price.



Interventions on processing side

The FPO had clear focus on value addition and started processing milk & milk products in the first year of operations itself with establishment of 500 liters per day milk plant.

The milk collected comes to the FPCs plant where it is pasteurized and packaged for distribution under the 'Shakti Vardhak' brand. The FPC was so far using a plant handling

7000 – liter milk per day on lease basis for processing but now have taken over the plant.

The FPC is also preparing processed products curd, ghee and paneer under the 'Shakti Vardhak' brand. Apart from fresh milk, a major revenue for the FPC is contributed by ghee.

Interventions on marketing

For marketing of the produce the FPC has established collaboration with a private

company. The FPC has also forged tie up with another FPC for marketing of its products. The institutional tie-up is helping them scale demand.

Additionally, the FPC is also selling the produce under its own brand – Just Pure.

The FPC is also actively participating in Krishi Mela (Farmers Fair) being organized regularly for direct outreach to consumers.

Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported an average turnover of INR 1.06 crore in 2018-19 and INR 3.50 crore in 2019-20. The numbers for 2020-21 are yet to be finalized it was expected to reach INR 1800 lakh however given impact of COVID especially on value added business the turnover is expected to lesser now.

The profits made are not huge the working capital is high. The profits are largely invested into the company while farmers are benefitted in terms of premium price over market and also discount on purchase of value-added products.



Input linkages

The FPC members have access to quality cattle feed generated by the FPC, linkages with companies for advanced nutrition solutions facilitated by the FPC as well as access to animal health management related information.



Productivity increase

With support of better animal health management services and animal nutrition facilitated by the FPC the productivity has reportedly increased.



Market linkages

Doorstep milk collection helps farmers save on the transportation costs also they are benefitted in terms of premium over the market price.



Improvement in access to finance

The FPC has huge working capital requirement and has received funding from NABARD during formation and also Business Development Assistance of INR 5Lakh in 2019-20. Other than this no other loan availed by the FPC.

In terms of benefit to membership, the FPC has supported member farmers in availing Pashupalan Kisan Credit Card (PKCC). 267 applications have been submitted to different banks so far.



Swot Analysis

S

Strength

- Regular Increase in Membership & Share Capital
- Focus on Training & Capacity Building
- Institutional Tie ups for Marketing
- Focus on Value Addition

W

Weakness

- -

O

Opportunities

- Expanding Value Added Products Portfolio

T

Threat

- Highly Competitive Market

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically, however in 2020-21 the AGM was not done due to pandemic.
- Book-keeping is digital.

Impact Assesment

- Productivity improvement: adoption of good animal husbandry practices has resulted in better yield and extended milking time along with better health of animal with healthy progeny.
- Increase in farmer incomes: FPC is buying milk from farmers at a premium of INR3/- on and above the market rate.
- Employment generation: more than 50 youth are directly or indirectly engaged with the FPC.
- Socio- economic impact: The farmers socio economic status has improved after joining the FPO as a shareholder.

Future Plans to Scale up

Going forward the FPC plans to continue strengthening its value-added products by adding products like flavored milk, and ice cream etc.

Also, the FPC plans to set up a 10000 liter per day milk plant along with fruits & Vegetable processing unit with a total project outlay of 516 lac. The FPC has received approval of INR 228 lakh grant from the States' Industries & Commerce Department for the same in 2019-20. Have approached NABKISAN for loan to finance the remaining requirement.

Awards and Recognition

Rewarded Sarvoch Sahbhagita Puruskar by NABARD for two consecutive year 2018-19 and 2017-18. Awarded as Best FPO in Agriculture Leadership Summit, Sonipat in 2017-18. Also selected to be a member of Regional Advisory Committee of NABARD in off farm sector.

Shejaar Vegetable Producer Company Limited

Shejaar Vegetable Producer Company Limited incorporated in 2019 aims at strengthening farmer capacity through agricultural best practices for enhanced productivity; ensuring access to and usage of quality inputs and services for intensive agriculture enhancing cluster competitiveness; facilitate access to fair & remunerative markets

ADDRESS

Khenpeth pattan, Baramullah,
193101

STATE

Jammu & Kashmir

DATE OF INCORPORATION

2019

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

300

SHARE CAPITAL

INR 2,40,000/-

% OF WOMEN MEMBERS

NA

MEMBER CONTRIBUTION

INR 800/-

NO OF DIRECTORS

14

NO OF EMPLOYEES

15

KEY BUSINESS ACTIVITY

Aggregation and marketing
of agro produce



Business Model

In the year 2019 around 320 farmers from 30 villages came together and incorporated Shejaar Vegetable Producers Company Ltd. The company is in its formative stages and is being supported by NABARD and IGSSS by providing support for capacity building.

The key products the FPC deals in include seasonal vegetable, rice, milk, pulses and honey.

Interventions on production side

Handholding is being facilitated by IGSSS & NABARD on aspects related to production and handling in partnership with experts from KVK and agri universities.

The FPC is also facilitating access to inputs - seeds, fertilizers, agro chemicals to farmers. FPC purchases the inputs in bulk thus helping farmers with accessing them at lower costs.

Interventions on processing side

The FPC is largely engaging in aggregation and marketing and value addition is minimal at present. The FPC is engaging in basic value addition, for example, pulses are cleaned, labelled, and packaged for sale through a processing unit that has been added to the portfolio recently.

Milk is aggregated from members and sold to a local buyer.

Interventions on marketing

Due to the COVID lockdown, the members of Shejaar were in despair given that the agriculture season in Kashmir starts around March. They were apprehensive about the beginning of their new business cycle as in the previous year also they couldn't do much business due to security lockdown in Kashmir.

The directors of the Shejaar Producers Company turned this challenge into an opportunity by exploring various channels to sell their

products. They have not only started building an inventory of products which their members can supply but also started marketing other rural products as their potential sale products. Given that the lockdown has hampered the aggregation of rural products by contractors, middlemen and commission agents, the Shejaar has tried to plug this gap and has tried to help these rural producers to get better price of their products. They are teaming up with various departmental stores to provide healthy rural products like polished rice, local spices, eggs, honey and cereals.

The notable business which Shejaar is doing right now is with the government designated departmental store in Habak, Srinagar. Shejaar has done a business of around 2.57 lakhs in April itself and is working hard to fulfil orders of various other retailers. Apart from doing business, it is also a great service in the trying times of COVID-19 to provide quality supplies.



Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported a turnover of INR 35 lakh in first year of incorporation. The profit is small and is largely reinvested into the company.



Input linkages

The FPC members have access to inputs at lower cost. Also, they draw the benefit of expert advice on crop management.



Market linkages

Given the support of the FPC the members were able to tide over the COVID pandemic and were able to sell produce of members as well other farmers thus helping sustain livelihoods.



Improvement in access to finance & Insurance

The FPC has received funding from NABARD during formation. Other than this no other loan availed by the FPC.

Swot Analysis

S

Strength

- Focus on Training & Capacity Building
- Innovative Approach for Marketing
- Government Support

W

Weakness

- Low Farmer Base
- Need to Scale Production

O

Opportunities

- Expanding Value Added Products Portfolio

T

Threat

- Highly Competitive Market

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically, however in 2020-21 the AGM was not done due to pandemic.
- Book-keeping is digital.

Impact Assessment

No impact assessment has been undertaken as the FPC is a nascent one, however given support of the FPC the farmers in the region were able to sell off their produce even during the COVID pandemic and were able to make some money.

Future Plans to Scale up

The FPC plans to scale membership in the near future. Also, there are plans to add a spice processing unit to the processing portfolio.

Singsi Luh Farmer Producer Cooperative Society

Singsi Luh Farmer Producer Cooperative Society is promoted by NABARD and supported by Better Life Foundation. The FPO was incorporated in 2019 with 220 members and has doubled the membership base to 400 farmers over a period of one year.

ADDRESS

NABARD Rural Haat, Angangba Village, Longkhim, Tuensang-798616

STATE

Nagaland

DATE OF INCORPORATION

2019

LEGAL FORM

Registered as cooperative society

TOTAL MEMBERS

400

SHARE CAPITAL

INR 2,20,000/- (approx.)

% OF WOMEN MEMBERS

50%

MEMBER CONTRIBUTION

-

NO OF DIRECTORS

2

NO OF EMPLOYEES

4

KEY BUSINESS ACTIVITY

Aggregation & marketing



Business Model

The FPO operates in Longkhim block and works pre-dominantly in –

- a. Aggregation of farm produce and inputs
- b. Marketing and sales
- c. Training & capacity building
- d. Value chain intervention

The FPC primarily aims to provide better market access to farmers for their produce which in turn would help increase their incomes.

The primary crops dealt in are cardamom and ginger.

Interventions on production side

Currently the primary focus is on creating and implementing Standard Operating Procedures

for the farmers for various crops to ensure there is consistency in the quality and quantity of agro produce. Regular trainings are conducted for farmers in partnership with State Govt, KVK, Agri University as well as Private sector.

The FPC is also pursuing 'Organic Certification' under the Participatory Guarantee Scheme of Organic certification to help members develop high value organic products for niche markets.

Interventions on aggregation & marketing

The FPO has formed smaller 50 farmer groups and have established point of contact (PoC) for each such group,

area wise. The PoC collect farmer produce from farm gate the produce and aggregates it under the FPC. The aggregated produce is sold to the market to benefit from economies of scale.

The model is benefitting farmers as they are gaining better market returns minimum Rs 300/kg for cardamom against Rs 200/kg before aggregation. Similar improvement is indicated on ginger as well.

Also, logistics so far was a key concern for farmers owing to lack of infrastructure. To address the challenge the FPO is working on improving the value chain for members.

Benefits Accrued on Account of Aggregation



Financial gains

The FPO is a nascent with a turnover of around INR 10 lakhs in first year of operation. The profit is being reinvested into the company for scaling it.



Training & capacity building

Farmers are benefitted by regular training and capacity building on sustainable and organic production.



Market linkages

Aggregation has helped member farmers benefit from economies of scale and increase returns.



Improvement in access to finance & Insurance

The FPC has received NABARD grant and Business development assistance. The FPC is exploring convergence with other schemes and financing facilities for infrastructure creation.

Swot Analysis

S

Strength

- Focussed on High Value Organic Segment

W

Weakness

- Lack of Infrastructure Support
- Lack of Convergence with Government Schemes

O

Opportunities

- Organic Certification

T

Threat

- Pandemic Has Impacted The Nascent Stage Fpo

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is using manual as well as digital processes

Impact Assessment

Impact on incomes: only an year into operations so no impact assessment is undertaken. However, it is reported that aggregation ahs helped improve incomes.

Future Plans to Scale up

Focus on getting organic certification so as to enhance market outreach.

Tamil Nadu Banana Farmers Producer Company Limited

Tamil Nadu Banana Farmers Producer Company Limited was incorporated in 2014 with 860 banana farmers across the State joining hands with the objective of improving revenue, preventing post-harvest losses and identifying organised markets to dispatch their produce at a competitive price. The FPC encompasses 50 banana grower societies.

ADDRESS

SAS Garden, Ganeshapuram,
Thottiam, Trichy 621215

STATE

Tamilnadu

DATE OF INCORPORATION

25 July 2014

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

1065

SHARE CAPITAL

INR 20,01,000/-

% OF WOMEN MEMBERS

25%

MEMBER CONTRIBUTION

INR 1000/-

NO OF DIRECTORS

10

NO OF EMPLOYEES

15

KEY BUSINESS ACTIVITY

Production, aggregation,
value addition & marketing
of banana



Business Model

Tamil Nadu ranks first in banana production in the country. Tiruchi, Tuticorin, Theni, Cuddalore, Erode and Nagercoil are the major banana growing districts housing many banana clusters.

Traditional varieties such as 'poovan,' 'karpoora valli,' 'neipoovan,' 'rasthali,' red banana, 'matti' and 'cavendish' are raised in Tamil Nadu which has surpassed Maharashtra in average yield and productivity to reach the top slot.

However, Banana varieties raised in the State were yet to penetrate north Indian markets in the absence of logistic support. The whole objective of forming the company was to tap huge upcountry markets by proper post-harvest management and perfecting logistics.

Intervention on production side

To begin with focus was on developing quality banana seedlings to sell them to the

farmers to improve productivity. The key steps taken in this direction included sourcing of seed suckers of traditional varieties, quality inspection, and distribution from the Tuticorin and Tirunelveli cluster, as well as distribution of Grand Naine planting material for banana farmers of Theni, Cumbum, and Virudhunagar cluster. The FPC signed an MoU with National Agro Foundation, Chennai, for development and distribution of tissue culture seedlings to rejuvenate the traditional banana varieties grown in Tamil Nadu.

In addition to planting material, focus was on propagating eco-friendly and balanced crop management practices, enhance uptake of drip and fertigation systems, better crop nutrition and regular advisory was extended to member farmers in collaboration with Tamil Nadu Agriculture University (TNAU),

Coimbatore; National Research Center for Banana (NRCB), Trichy; Indian Institute of Food Processing Technology (IIFPT), Thanjavur.

More recently the production has gone more hi-tech to meet requirement of the export markets and focus is now on generating uniform fingers and hands.

Producer groups under the FPC focussing on developing quality planting material is a key strength of the FPC. This helps in ensuring availability to farmers at the right time at the lowest cost possible.

Intervention on value addition and marketing

The farm fresh bananas of all native and cavendish varieties are sourced from member farmers. 6 primary processing centres are leveraged for this purpose which are mainly state of art packhouse across Tamil Nadu under TN-SCM project. These are used on rental basis which varies.

Name of the collection center	Cold storage capacity (MT)	Handling capacity/day
Chinnamanur primary processing center	25	2 containers/day
M. Puthur primary processing center	13	1 container/day
Sulur primary processing center	325	2 containers/day
Kaveripattinam primary processing center	25	—
Pochampalli primary processing center	25	—
Cumbum I multipurpose primary processing center	25	2 containers/day

Under primary processing the harvested bunches are cleaned and de handed and graded as per the SOP. The Ripening of fruits is also done scientifically as per buyer requirements in controlled ripening chambers.

The produce is sold to domestic as well as international markets in fresh as well as value added forms. Here again different Producer groups under the FPC are specializing and focussing on different aspects.

- a. Thottiam Banana Producer Group (TBPG) under the FPC produces various value-added product from Banana under the brand

name Madhur Fruits. TBPG is one of the few operational farm group in Tamilnadu with brand registered, FSSI certified, GS1 bar code, presence in ecommerce (Amazon) and in brick and mortar model. Some of the key value-added products include-

- Solar dried banana
 - Dry banana and Nuts mix
 - Banana powder
 - Soft toffee (Chewty)
 - Banana – Moringa Cookies
- b. Theni Fruits and Vegetables Producer Group is focussed on export markets on is exported banana to Iran,

Dubai, Saudi Arabia and European markets.

- c. The Varadarajapuram Banana Producer Society under the FPC focuses on native Banana varieties like Poovan, Rasthali, Karpooravalli and Ealaki fruits.
- d. Thirunarayanapuram Women Banana Producer Group focuses on Banana Male Bud Flower Pickles. This is a seasonal activity mainly done by women members.
- e. Kattuputhur Banana Producer Group focuses on tissue culture Banana seedlings and Eco-friendly farm inputs

Benefits Accrued on Account of Aggregation



Financial gains

The FPC turn over in 2019-20 was reported at INR 77.7 lakhs and the profit was nominal. The profit is largely reinvested into the company.



Input linkages

The farmers are benefitted with quality planting material as well as timely advisory on crop management practices from experts. The member farmers are also benefitted with technology adoption that improves quality and quantity of produce.



Access to infra

Member farmers have access to better post-harvest infrastructure viz Pack house, ripening facilities etc that help in reducing wastages.



Improvement in access to finance & Insurance

The FPC received Equity grant from SFAC. Also, the State government provided Rs. 45.80 lakh as aid for three years for organisational strength and business plan development.

The FPC facilitated loans upto INR 10 lakh to different producer groups through NABKISAN for necessary infrastructure support. In addition, weather-based insurance extend to producers through ICICI LOMBARD.

Impact Assessment

Farmers' incomes are improving as they are able to earn INR2-3/kg above the market price. Additionally, with proper post-harvest handling the losses have been reduced less than 1%.

Future Plans to Scale up

The FPC plans to foray into fresh fruits Juice production and fiber extraction in near future.

Awards/recognition, If any

The Tamil Nadu Banana Producers Company has been awarded with various accolades. It was awarded NRCB, ICE as well as FICCI for the work done in banana. It was also awarded Best Performing Farmer Producer Company - Business Performance Award by the State Government in 2021.

Exemplary efforts during COVID

- To overcome the marketing related challenge posed by COVID pandemic the FPC prepared 80MT combo kit of fruits and vegetables to be given to slum dwellers at Chennai through Tamil Nadu Horticulture Development Authority's (TANHODA). The effort was recognized and praised by Honourable Prime Minister of India.
- 20 mt of Cavendish banana were given free cost to sanitary workers of Chennai metro by Theni fruits and vegetables producer group
- 5MT banana given free to Thirunelveli corporation by Thirunelveli banana producer group
- 5MT banana given free to Trichy corporation by Thottiam banana producer group
- Around 400MT of native banana varieties were processed and were sold to villagers by mobile vending units (4 nos)

Thodupuza Farmers Agro Producer Company Limited

Thodupuza Farmers Agro Producer Company Limited is an FPO in Kerala promoted by NABARD. The FPO was incorporated in 2016 with 10 members and over the last 5 years have increased membership to 306 shareholder farmers across 20 villages.

ADDRESS

Vannappuram Idukki,
Thodupuzha

STATE

Kerala

DATE OF INCORPORATION

24 March 2016

LEGAL FORM

Registered under Companies
Act 2013

TOTAL MEMBERS

306

SHARE CAPITAL

1,50,000/- (approx.)

% OF WOMEN MEMBERS

0%

MEMBER CONTRIBUTION

Varies (min 500/-)

NO OF DIRECTORS

6

NO OF EMPLOYEES

12

KEY BUSINESS ACTIVITY

Aggregation, value addition
& marketing



Business Model

The FPO was formed with the objective of providing better market access to farmers for their produce which in turn would help increase their incomes. Focus has been on aggregation for scale, value addition for better price and market linkages.

Presently the product portfolio of the FPO includes cattle feed, coconut oil, chilli powder and turmeric powder.

The FPC is basically engaged in aggregating and marketing farmers produce.

Interventions on production side

To help farmers on crop production and management the FPC has

tied up with Gandhiji Study Centre, Thodupuza and is extending regular training and advisory.

Interventions on aggregation and value addition

Farmers bring produce to the FPC's collection center wherein based on weight and quality the payment for the agro produce is done to the farmers. The aggregated produce is sorted/graded, processed (grinding) and packaged at the FPCs processing plant and is stored in the warehouse.

The FPC is handling 1000-2000 kg cattle feed, 500-liter coconut oil and

around 1000 kg spice powder (chilli, coriander & turmeric) every day.

Interventions on market linkages

The value-added produce is marketed through the FPOs retail outlet named-Farm Fresh Mart started in September 2020. Prior to establishment of own retail infrastructure, the FPC was selling the aggregated produce to local buyers.

The FPC also has institutional linkages for example cattle feed is being sold to Milma Cattle Feed and Jeevan Grains & Feeds.

Benefits Accrued on Account of Aggregation



Financial gains

The FPO has reported turnover of around INR 1.90 crore in 2019-20 and are expecting to cross INR 2.50 crore in 2020-21. The profit is largely reinvested into the company given the working capital requirement.



Training & capacity building

Farmers are benefitted by regular training and capacity building on crop production and management.



Market linkages

The weight and quality-based payment are ensuring better returns to farmers. Value-addition is also helping sustainably increase their incomes.



Improvement in access to finance & Insurance

The FPC has received NABARD grant of INR 9.5 lakh and Business development assistance of 5 lakhs. Other than these a loan of INR 50 Lakh has been raised from SBI and Zilla bank towards infrastructure creation. However, the FPC is exploring extending benefit of Government insurance scheme to its members farmers.

Swot Analysis

S

Strength

- Own Retail Channel
- Portfolio of Value-added Produce
- Infrastructure Support

W

Weakness

- Low Membership Base and Low Scale
- Lack of Convergence with Government Schemes

O

Opportunities

- Increasing Processing Capacities

T

Threat

- -

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- On book-keeping the FPO is using manual as well as digital processes

Impact Assessment

Impact on incomes: the FPC has reported an income of INR 25 to 27 thousand per acre for farmer annually. Aggregation helped FPO members access common infrastructure for storage, processing (sorting/grading) and packaging which was not possible for individual farmers.

Future Plans to Scale up

Going forward the plan entails increasing coverage to 500 members over the next two years. The FPC also plans to set up an open market for farmers to bring and sell their produce in their premises and are exploring possible partners for the venture.

► Vindhyanchal Crop Producer Company Ltd

Vindhyanchal Crop Producer Company Ltd promoted in 2016 is largely focusing on seed production towards improving farmers incomes. The FPC began with a membership base of 300 farmers which has more than doubles over the last 4 years. Also, the area coverage in terms of no of villages covered has increased from 10-22.

ADDRESS

Rewa

% OF WOMEN MEMBERS

23%

STATE

Madhya Pradesh

MEMBER CONTRIBUTION

INR 1000/-

DATE OF INCORPORATION

17 July 2016

NO OF DIRECTORS

5

LEGAL FORM

Registered under Companies Act 2013

NO OF EMPLOYEES

6

TOTAL MEMBERS

1100

KEY BUSINESS ACTIVITY

Seed production & Marketing

SHARE CAPITAL

INR 10,00,000/-



Business Model

The FPC focused on seed production given the need to ensure availability of quality seed at affordable rate to larger farming population.

The FPC started with wheat and paddy seed production and has also gram, pulses, oil seeds to its product portfolio.

Intervention on production side

The FPC purchases registered breeder seed from Jawaharlal Nehru Krishi Vishwavidyalaya, Jabalpur, Bisa farm Jabalpur, and Kuthulia farm Rewa. There is no institutional tie-up for seed purchase and procurement based on farmer demand.

The breeder seed is multiplied by the FPC members and the

production cycle is closely monitored to ensure best quality. On the agronomy side full support is extended by KVK Rewa to the FPC member farmers. Also, to ensure reduced cost of production, institutional linkages are forged with IFFCO for input supplies.

The FPC also has convergence with government schemes and farmers are gaining benefit of subsidy for seed production.

Intervention on market linkages

The seed produced under the program is aggregated followed by sorting and grading post which then goes for certification to the state license issuing authority "Madhya

Pradesh State Seed Certification Society". Once certified the seed can be marketed.

The seed produced is procured largely by the Government under its seed production program and is also sold to local farmers and local retailers.

Some of the seed is also retailed by the FPC to help reduce cost of input in the following season.

The support infrastructure for sorting/grading as well as a storage infrastructure of 7000 quintals is owned by the FPC while around 2000 quintals of seed is produced by the FPC annually.

Benefits Accrued on Account of Aggregation



Financial gains

The FPC reported a turnover of INR 65 lakhs in 2019-20. The profits are nominal and are largely reinvested into the FPC.



Input linkages

FPC model helps member farmers with access to inputs – seeds and fertilizers at subsidized rates, thus helping lower production related costs.



Market linkages

Most of the seed produced is procured by the government agency helping farmers with a assured market.



Access to infrastructure

The member farmers benefit from access to storage, sorting grading infrastructure.



Improvement in access to finance

The FPC has received NABARD grant of INR 9.6 lac over the past 3 years. Another INR 5L was received from NABARD towards business development. In addition, a loan of 75 L from NABKISAN and 11 L from SBI has been taken towards infrastructure creation.

The FPC also benefitted by matching equity grant from SFAC.



Training & capacity building

Another core benefit drawn by member farmers is access to handholding on crop production, marketing as well as FPO management. The FPC has clearly indicated need for more marketing related trainings.

Swot Analysis

S

Strength

- Farmer Responsiveness to Training and Capacity Building
- Infrastructure Support

W

Weakness

- Need for Diversifying Product Portfolio

O

Opportunities

- Seed Processing
- Exploring Alternate Market Channels, Enam, Commodity Exchange Etc

T

Threat

- Vulnerable to Fluctuations in Supply

Compliance & Regulatory Requirements

- The FPO is compliant to various regulatory requirements and has all the necessary certificates and licenses.
- AGMs are being conducted periodically.
- Both Manually and Digitally.

Impact Assessment

Farmer returns: while no formal impact assessment has been undertaken, increase in production and reduction in cost of production has helped enhance farmers' incomes.

Future Plans to Scale up

Apart from seed production for the FPC is dealing with wheat, gram, oilseeds and plans to add processing unit for multigrain aata, besan and oils.



About NABARD

We are India's apex development bank that came into existence in 1982. Our mandate is to promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity.

Our journey of nearly four decades has seen us define a clear and purposeful role for ourselves in rural India and serve various facets of nation building.

Headquartered in Mumbai, we have 30 Regional Offices located in the States and Union Territories of India, three training establishments situated in Bolpur, Lucknow & Mangalore and 419 District Development Managers (DDMs) functioning at the district level.

Our major functions include providing refinance support, building rural infrastructure, preparing district level credit plans, guiding the banking industry in achieving credit targets, supervising Cooperative Banks and Regional Rural Banks (RRBs). We also implement Govt's development schemes, train handicraft artisans and provide them a marketing platform for selling their articles, undertake climate adaptation and mitigation measures among others.

India lives in its villages

- Mahatma Gandhi



“ Powering rural India,
Empowering the masses ”



Development Bank of the Nation for Fostering Rural Prosperity

www.nabard.org



[/nabardonline](https://www.youtube.com/nabardonline)



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Further, NABCONS enjoys long standing partnership with various Ministries of GoI, all State Governments, Banks, Corporates and International Agencies such as APRACA, IFAD, JICA, UNDP, GIZ, SDC, etc.

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With 62 offices, including 10 Centres of Excellence in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian Industry and the international business community.

Confederation of Indian Industry

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FACE is CII's Centre of Excellence dedicated to building efficiencies across the agricultural value chain from farm to fork. FACE is charged with the mission of improving competitiveness of India's agriculture and food sector by catalysing innovation, building capacity and enhancing productivity across the value chain. FACE works with farmers, companies, development institutions and the government to

- Improve on and off-farm productivity through the dissemination of best practices & technological innovation
- Invest in capacity building initiatives & skill development for supply chain participants across the value chain
- Strengthen linkages across the value chain through market access initiatives, thereby reducing losses and increasing farmer incomes

FACE's service portfolio comprises commodity specific value chain assessments and supply chain advisory services for food and agri businesses, training and consulting services in the area of food safety, and sectoral research across different market segments.