Fields of Change

Managerial Insights on FPOs in India

Edited by:
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and
Deborah Dutta

IRMA
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Small Farm Incomes

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Foreword

IRMA's action research in the 1990s contributed to refreshingly new knowledge on designing cooperatives for effectiveness. The twenty-first century's demand for newer, actionable, and India-specific knowledge on challenges faced by newer generation cooperatives, or Farmer Producer Organisations (FPOs) however remains unfulfilled. IRMA's work on producer collective has been three-fold – creating knowledge for action, nurturing institutions and through policy dialogues. IRMA has hosted several national workshops in 2015, 2017, 2018, 2019 and 2020 to glean insights and directions for further research.

In this special year for IRMA, the centenary celebrations of our visionary founder, Dr Verghese Kurien, I am happy to share a publication "**Fields of Change: Managerial insights on FPOs in India**" that helps us reimagine producer collectives in India and realising Dr Kurien's vision in India today. The study led by Prof. C. Shambu Prasad and co-edited with Dr Deborah Dutta is part of the Living Farm Incomes project at IRMA. This unique compendium of insights has been curated to present the diversity of managerial challenges that Farmer Producer Organisations (FPOs) face across the length and breadth of India and presents insights on building resilient institutions in rural India. I commend the team for its inclusive approach of involving faculty and doctoral students from IRMA working in a collaborative manner with academia and development practitioners (including IRMA alumni) from across the country. The compendium has 22 short pieces by 29 authors, many of which already featured as blogs in the Living Farm Incomes website with a wide readership. Most of these pieces are part of a collection of case studies that will be discussed during the Kurien centenary celebrations, and the resulting book will be a valuable addition to the literature on producer collectives even as it would inform policymakers through actionable insights from the field. We thank the Ford Foundation for its support to the project and all the authors for contributing to this unique compendium.

Prof. Umakant Dash

Director, IRMA

Flourishing Amidst Complex Challenges: Reimagining Farmer Collectives in India

As new institutional innovations to enable greater market access, especially for small and marginal farmers, the FPO movement in India is a 21st century phenomenon. As, Following the Alagh Committee report in 2000 these, that enabled the registration of producer companies under the Companies Act while retaining the cooperative ideas, there has been a spread of these new generation cooperatives in India. The Ministry of Corporate Affairs database indicates that there were a total of 15,948producer companies in India by March 2021. Nearly one-third of the producer companies were registered during the pandemic, when many companies were closing down. In contrast the number of farmer cooperatives registered in the same period is estimated at around 500.

Beyond these impressive numbers and with the Government of India planning to add another 10,000 in the next few years how are these FPOs faring? How have they been able to integrate with national and global markets? What has been their impact on their members, especially small farmers, women and in remote tribal areas? How have they been able to meet the twin objectives of doing well (financially) and doing good (being inclusive and planet friendly)? Answers to these are difficult to glean from landscape or state of sector reports and anecdotal evidence and would require a deep dive in understanding these complex organisations across the length and breadth of India. According to the State of India's Livelihood (SOIL) Report 2021 only approximately 18% of PCs registered in last two years could reach a paid-up capital of greater than or equal to 5 lakh compared to 23% two years ago. Studies indicate that lack of a supportive ecosystem despite well-intentioned schemes have meant that these organisations are mostly left to fend for themselves.

In continuation of the earlier work in 2019 on 15 cases in the book "Farming Futures: Emerging Social Enterprises in India" by IRMA and the Vikasanvesh Foundation, the Living Farm Incomes team of IRMA chose to focus its attention on understanding the FPO ecosystem in India. These institutions face more complex challenges. Farmers, even if collectivized, have little say in influencing established input and output markets and these nascent institutions face significant capital and capacity constraints.

Getting village leaders to become Boards of Directors of a business organization require significant capacity building over time and mainstream banks are often unwilling to lend to these institutions. Behind the success of building the FPO movement has been the involvement of Civil Society Organizations (CSOs) with good grassroots presence.

What are the lessons to be learnt from the field? Acknowledging the diversity of context and complex issues governing the management of FPOs, we have developed over 20 case studies in collaboration with over 30 academics and development professionals to investigate the growth and management challenges faced by various FPOs. The process of bringing together academics and practitioners began in 2020, even as there was uncertainty due to the pandemic, and subsequently led to choosing specific FPOs, and conducting field visits. Peer feedback and workshops have been a core component of writing the cases, and the process led to the authors reflecting on their field visits to FPOs in the form of the blogs presented here. The entire exercise will culminate in a collected volume of detailed case studies slated for publication next year.

As we remember Dr. Verghese Kurien on his birth centenary, it might be worthwhile recalling a few design principles that helped build Amul. These include building on people's institutions. The then cooperative movement, inspired by Tribhuvandas and Vallabhbhai Patel, existed much before Kurien joined. Kurien's genius was to give shape to it through professional, technical and management support with the right kind of institutions (NDDB, IRMA) and investments too (Operation Flood was smartly designed). In the absence of an NDDB type institution, incubating FPO's requires that many organizations with both the capacity and vision, help them survive. These new incubators of grounded knowledge are important not just for their survival but as a much-needed counter to the increasing control over farmers lives by external agents of different kinds.

The compendium provides rich narratives that acknowledge the diversity of contexts, challenges and opportunities. We hope to initiate a rich and constructive discussion on the future of producer collectives through the compendium. This curated volume is thematically arranged across themes of market access, capacity building initiatives, sustainability and inclusion, and building collective agency through federations. The articles presented here bring to fore counterintuitive examples, such as local markets being more successful in the case of Pandhana, while Kazhani found a foothold only through exports. Institutions like Krishidhan have a diverse portfolio while others have focussed their energies into MSP procurement and NCDEX trading. Ultimately, the arguments and insights illustrated through these cases are about 'coping with complexity', and the challenge for policymakers, development practitioners, and academic institutions lies in helping these organisations flourish with complexity. This updated and revised volume is an invitation to take up this challenge.

C. Shambu Prasad and Deborah Dutta May 2022

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Naveen Patidar and Shilpa Vasavada

Introducing PPPCL

With a sparkle in her eyes and visible pride, Rekha didi, one of the five members of the Board of Directors (BoDs) of Pandhana Pashu-Palak Producer Company Limited (PPPCL), and the Pashu Sakhi of the village Nankheda, said "*I earned Rs. 15000 which came to my account when I sold the goats last year*". Rekha, with 20 other women small livestock rearers, members of PPPCL, shared their journey.

Earlier many of their poultry birds would die, as they were not vaccinated. Goats and poultry would usually be underweight in the absence of good quality feed. Local traders would cheat them often as the weights of goats and birds were sold based on a 'guestimate' rather than the actual weight.

PPPCL, a tribal woman farmers' Producer Company set up in 2016, is unique as it is one of the few collectives that is both tribal and women led and working with indigenous breeds of goats and poultry. Despite what appears as multiple disadvantages, the FPO has been offering products and services to meet the needs of small livestock farmers in the Pandhana Block of Khandwa district of Madhya Pradesh.

Goats and poultry birds are integral to the lives and livelihoods of the villagers of Nankheda and 27 villages that PPPCL works with. They are not just liquid assets for women – risk mitigation assets - but importantly provide nutrition security by bringing in dietary diversity. However, unlike other agriculture and livestock products, markets for these small livestock products are unorganized and women used to sell poultry and goats at the doorstep or at the local village market with huge exploitation in weight and rates.

Authors' interaction wtih BoDs of PPPCL

Aga Khan Rural Support Programme (AKRSP)-India, the promoting organization, has promoted 28 FPOs in Gujarat, MP and Bihar and has promoted 255 SHGs, one women's federation and seven crop and livestock FPCs existed in the three districts of Madhya Pradesh.

PPPCL has 552 individual tribal women livestock rearer shareholders from 28 villages. At the village level, SHGs are the base for the 30 Pashu Sakhis like Rekha didi who help transfer knowledge to other women. Starting with goat rearing, at present PPPCL has a service as well as input production mix (e.g. salt mix, mineral mixture, drinker, feeder, poultry feed, supply of one-day chicks etc.) for both goat rearing and backyard poultry, to ensure a diversified source of livelihood to the tribal households. With a share capital of Rs. 3 lakhs and a turnover of Rs. 28.06 lakhs, PPCL has a profit of Rs. 7.29 lakhs in 2020-21.

The business services of PPCL have reached many women in neighbouring blocks who use inputs produced by Pandhana. PPPCL intends to open an outlet in other blocks as well. PPPCL now sell their input products to as far as Gujarat and Bihar as well, proudly said Reshma didi, another BoD. "*Earlier we did not know anything beyond Pandhana (the blocks headquarter), now everyone knows us and our company. Our CEO gets phone calls from far off places and we feel good about it*". The CEO, Kalubhai, was a Para worker earlier with AKRSP(I) earlier and is quite familiar with livestock operations.

Salt bricks of PPPCL being sold at neighboring Khalwa FPC

The gendered dimensions of multiple Marketing channels of PPPCL

While healthcare services are an integral part of PPPCL, the BoDs wanted to venture into wholesale marketing of goats. As narrated by one of the BoDs women in the first online meeting with the authors in September 2021: "*We wanted to have direct access to money as men drink away the money and don't give anything in our hands*". The first step towards this was around Eid festival time in 2017.

The five-member BoDs of PPPCL explored Indore, a wholesale market of goats, where traders arrive from as far as Mumbai. However, the market is held at night. So, while they did incur a profit of Rs. 21K, women BoDs had to sit in a corner all the time and the negotiation had to be done by the CEO and AKRSP(I) team members! The BoD members didn't go to Indore after that. Determined as they were to learn the negotiations with traders, women continued to take the lead role at the day market of Zirniya and Borgaon- relatively local markets in the range of 30-50 km. As Gyarsi didi, another BoD member remarked "*We didn't know how to negotiate with the traders in our first visit, so we were quiet. But now we know how to strike deals*".

PPPCL at the Indore whole sale market of goats: A men's world!

PPPCL mutton shop in weekly village market: Gender equations change!

Indore or Zirniya markets are for direct sale of goats. However, Pandhana is the local market place where villagers, including PPPCL's own women shareholders, purchase processed goats from. In order to capture the additional profit by value addition of processed goat and ensuring supply of fresh mutton to members, PPPCL set up shop in 2019-20at the weekly market of Pandhana. Their plans were however cut short because of hostile reactions from local traders who did not want to lose their market base. So, PPPCL refocused their efforts to set up shops in two village markets instead. The shops had a good start but had to be closed down during the pandemic. Sales have again picked up since its reopening in March 2021.

The average profit of each weekly mutton shop/week is Rs. 1000, thus giving Rs. 8000/month for the current shops, with a projection of Rs. 96000/year from just two shops. The Company intends to set up two more such shops.

Improving access to food security through local markets

Experience of village based fresh processed goat shops has been very positive, also from the point of view of access to nutritional diet. The system of demand collection set up by PPPCL at weekly shops in the morning and supplying fresh mutton at fixed time in the afternoon, not only ensures that no excess mutton is left, but also provides a never fresh supply of mutton for cooking.

Since the weekly market mutton shop is closer to the village, the location has increased footsteps of women customers for purchases, where against an average of 10%, at least 40% customers are now women, thus giving scope to increased say of women in dietary decision making.

Can decentralized markets improve gender representation and agency?

From a gender perspective, the wholesale night market had not been in favor of women, whereas the local markets helped them understand the markets and learn negotiation skills. Establishing a market in catchment of other FPOs also helped create women's own collective identity and agency.

In an uncertain environment of climate change, the case of PPPCL explores how local and decentralized markets should be given equal (or more) emphasis by FPOs, especially when they are more women friendly. It is pertinent to ask, are local markets the future for PPPCL, and other women led FPOs in general?

The indicators by which women themselves see the success of PPPCL are not just of business turnover or profits. They see it by women's direct access to income, enhanced nutritional security, enhanced skills to negotiate with the traders, etc. These observations underscore the fact that the success of an FPO cannot be evaluated only from a business perspective. It has to take into consideration the social returns. It is time we start having measurable indicators for these as well and have investments flow that respects FPOs, especially in tribal areas, as social enterprises.

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Fostering steady growth of an FPO through a three-fold model of Technical, Financial and Market linkage

Pallavi GL, Gayatri Lal, Balakrishnan S, Parthsarathy T

Vrutti's innovative Business Acceleration Unit (BAU) has played a crucial role in providing Chitravathi FPC with ecosystem enabling services such as backward linkages, accounts maintenance and financial linkages. These parameters have helped increase farmers' incomes almost three-fold and provide important insights into the kind of support necessary to sustain FPOs.

Turning a constraint into an opportunity

Chikkaballapura district in Karnataka, around 60 kms from Bengaluru is a drought-prone area with an average and erratic annual rainfall of 677 mm. Groundnut and maize are two important crops grown on these drylands. Fruits and vegetables have huge potential to improve the lives of the farmers in this cluster if any institutional mechanism could ensure better price realization of the produce for small and marginal farmers. Farmers though have limited access to alternative channels to sell their produce especially when the local market prices are low. The perishable nature of horticulture produce presents an additional challenge, especially without cold-storage facilities. To overcome this problem, farmers were collectivized and mobilized under Chitravathi Farmers' Producer Company Limited (CFPCL), registered in 2016 at Thimmampalli village, Chikkaballapura district, Karnataka with the funding support of NABARD and Vrutti Livelihood Impact partners as the promoting institution. CFPCL has a geographical spread of 44 villages, 9 panchayats, 68 Joint Liability Groups (JLGs), covering 1503 farmers with a share capital of Rs. 11.2 lakhs. The main objective of CFPCL is to reduce the role of intermediaries in the marketing of agricultural produce while reducing the risk, and cost of cultivation for the farmers.

Creating trust through transparent governance

The FPC is mainly involved in promotion of Good Agricultural Practices (GAP), technical training, capacity building, financial services (facilitating Kisan Credit Cards, enterprise loans), promotion of Agri Allied Enterprises, supply of agricultural inputs and output business - vegetable, Maize marketing (forward and backward integration), and farm gate procurement. The services provided to the members by the FPC are part of 3-Fold model which is about building wealthy, resilient and responsible farmers.

Focussed Group Discussion with primary stakeholder of CFPCL (from right) - Jagadeep (Assistant BAU Head, Vrutti), Shashikala (Activator, Vrutti), Nagaraj (CEO, CFPCL), Manjunath (member, CFPCL), Narayan Samy (Director, CFPCL), Parthasarathy (Skill Green)

Inputs are directly procured from input dealers and sold at relatively low prices to the member farmers thus reducing the transaction cost for them. A significant increase in the revenue (98.2%) of FPC was reported during 2019-20 (Rs 40,000 to Rs, 23 lakhs). The spike in the business revenue can be attributed to its access to three retail outlets and CFPCL's partnership with major players like Big Basket, Way Cool, Big Bazaar, etc. which has also provided opportunities for expanding its business activities. Transparency in governance of the FPC has built the trust of farmers in the long run. For instance, during board meetings, financial statements – receipts and payment, receivables and payables, profit and loss statement for the period are discussed along with key updates of the FPO. Besides, the team and BOD are part of a WhatsApp group for regular updates such as daily sales in each outlet.

Nagaraj (CEO, CFPCL) conducting a monthly board meeting of CFPCL. Ventateshawamy seated left is chairman of FPO. BAU staff are seated in outer circle.

Developing market linkage for perishables

Fresh horticultural produce is highly perishable with some estimates suggesting a post-harvest loss of 30 to 50% in fruits and vegetables. The loss occurs due to poor pre-production and post-harvest management as well as a lack of appropriate processing, storage, and marketing facilities. But CFPCL has its strategy to deal with vegetables throughout the year without any cold storage facilities. CFPCL has made association with seven corporate companies for output business and farmers receive a higher price than the market rate for the quality produce. BAU is established by Vrutti at the district/cluster level to develop a strong ecosystem in the agricultural sector so that farming enterprises in these clusters become sustainable. Mr. Nagaraju, CEO of the FPC is of opinion that the producer's share in consumer rupee has marginally increased through direct marketing and the FPC enjoys better bargaining power. More importantly, the FPC's intervention saves the farmer time in travelling to the market, as the produce is procured by FPC at the farm gate, and payment is ensured on time.

Activators as rural entrepreneurs key for servicing orders from corporates

Quantity, timely delivery, and quality produce are need of the corporates. To comply with these needs, CFPCL facilitated the training of 'Activators'. Activators are field level staffs who coordinate the activities of FPC with BAU for smooth conduct of the operations. Demand aggregation of produce is done by the activators, and one activator takes the responsibility of five villages. Activators are actively engaged with farmers and provided guidance on crops to be grown, better farming practices, market information and other farming related information at the village level. These activators predict the yield of any crop before 3 days of the harvest and communicate it to the buyers through FPC, then harvested produce is supplied to the buyers. The price for the product is fixed based on open market prices in every indent (always higher than the market price).

Harish (member, CFPCL), with his sweet potato crop, for which CFPCL has entered into a contract farming agreement with Heinz Futures for supply of Orange Flesh Sweet potato throughout the year for processing

Communicating quality parameters to farmers

Maintaining a farmers' database has helped in the better communication of quality parameters of the produce, market-related and extending timely service to the farmers. Regular field visits by the FPC staff are required for monitoring of standing crops/produce, and there should be a minimum of 80% match with the quality parameters as prescribed by the buyers. Mr. Jagadeep, personnel from Vrutti mentioned that the proportion of farmers participating in output business is around 30%. Out of the total produce procured, prescribed quality produce is sent to the buyers and the remaining produce is sold in the local market. Payment is made to farmers regularly and farmers expect higher prices from the company for their produce as they are providing good quality produce.

Ramadevi (Agri Business Advisor), Shashikala (earlier ABA, now Activator), at the CFPCL outlet which supplies inputs in a cluster of 16 surrounding villages

Leveraging greater institutional support

FPC has received good institutional support from Vrutti, NABARD, APEDA, ICAR -IIHR, and KVK. IIHR and KVK Chintamani provided training support to the FPC. Vrutti has supported desilting activities in the villages through CSR fund. NABARD provided a Business Development Assistance (BDA) fund of Rs. 5 lakhs and training related to market and financial linkages. APEDA and Karnataka State Agricultural Produce Processing and Export Corporation Limited (KAPPEC) extended support for Rose onion variety export, which has Geographical Indication (GI) tag from the Chikkaballapura district. CFPCL is aiming to supply more than 1000-1500 tons of Rose onion every year starting from this season.

Future line of business

Procurement and marketing of produce with reduced transaction cost are the major achievements of FPC perceived by the farmers, says Mr. Venkateshappa, Chairman of the FPC. Chitravathi has performed well in marketing their produce, contract farming, and value addition of few commodities. Two acres of land is being purchased by the FPC to expand its business activities including the establishment of sheep/goat value chain. Value addition of tomato, tamarind processing, and sauce preparation are perceived as employment generating opportunities and as future line of business for the growth and development of the FPC. Chitravathi is confident about sustaining its business even if Vrutti's support is withdrawn and grow organically over the years with the greater contribution of various stakeholders involved in the growth and development of the FPC.

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A harvest of hope: The sustained growth of a farmer collective through direct marketing initiatives

Deborah Dutta and Sudipto Saha

The production of fruits and vegetables is a highly profitable but risky initiative for farmers. The Bhangar Vegetable Producer Company Limited (BVPCL), a 1751-member strong farmer collective has achieved consistent growth through strategic partnership and direct marketing of these perishable commodities, becoming an inspiration for many small and marginal farmers in the process.

Introduction – Overcoming barriers of trust

Agriculture is a major source of rural livelihood in West Bengal, with paddy and fresh vegetables being major crops. 90% of the cultivators are small and marginal. Over the years, the increase in the price of agricultural inputs, uncertain price of perishable produce, inadequate market infrastructure, and distress sale of produce by small and marginal farmers have pose serious challenges to the sustainability of the farm sector in the state.

So, in 2011 – 12, when the Centre in collaboration with the Small Farmers Agribusiness Consortium (SFAC) launched a pilot project called National Vegetable Initiative for Urban Clusters (NVIUC) in seven districts, Bhangar was selected due to its proximity to Kolkata. As one of the Resource Institutions for the SFAC program, ACCESS Development Services (ACCESS) was tasked with mobilizing farmers and incubating the collective enterprise. Jabbar Khan, a Local Resource Person (LRP) of ACCESS was also a farmer, and acutely aware of the prevalent issues. He had completed graduation but took up farming along with his father due to lack of jobs. He, along with a few other LRPs played a crucial role in mobilizing farmers to form a company. The Saradha chit fund scandal was still fresh in the minds of the local farmers, and they were understandably reluctant to trust strangers asking them to form a company in lieu of making profits. Finally, after many rounds of discussions, the Bhangar Vegetable Producer Company Limited (BVPCL) was registered in 2012, and currently spans 23 villages with 1,751 farmers across 117 Farmers Interest Groups (FIGs). Most of the farmers have small landholdings. Since its inception, BVPCL has grown more than 26 times (27.86 to 755.29 Lakhs from FY 2013-14 to 2019-20) in terms of total revenue generated and 361% (1.2 to 5.55 Lakhs from FY 2013-14 to 2019-20) in terms of profit, respectively. What has made this journey possible?

A FIG meeting involving local resource people

Can FPOs leverage government schemes?

The farmers' leap of faith began to show results when ACCESS helped them participate in training programmes and buy farming infrastructure through government schemes and welfare support systems. As Jabbar Khan, currently the chairperson of BVPCL commented,

"*We did not recognise the Government. We only knew ACCESS, in turn they had been liaising with the Government. For two years ACCESS was the only contact point with the Government... They brought the Government officials to the site, arranged meetings with them, told us how to implement the project, starting with filling the form to getting the subsidies, everything was done by the ACCESS Development Service.*"

Till date, the FPO has received a total investment of Rs 121.65 lakh from the Government of West Bengal for a variety of needs such as polyhouses and poly-tunnels, shade nets, irrigation pumps, transport vehicles, seeds and vermicomposting units. As a result, farmers have been growing crops multiple times, and even in off-seasons to avail better market prices. Sayed, the CEO of BVPCL explained,

"*Before Bhangar was formed, here cultivation was done in the conventional way. Means if someone was farming cauliflower then he was only into cauliflower... after training programmes, we started inter and multi-cropping...like, if someone had one acre of land, we told him to divide the land and cultivate cauliflower in one fifth of that land, green chili in another one fifth, broccoli, capsicum, cabbage in other one fifth each... We also grow English vegetables like bokchoy, lettuce, celery etc. Spinach is sold normally in 5 to 10 rupees per kg, but during the rainy season, it is grown in poly-house or polytunnel, and then it is sold for 40 to 50 rupees per kg.*"

Multicropping inside polyhouses

Building market linkages and creating local employment

BVPCL has tied up with nearly 30 Mother Dairy outlets to sell their produce. They also made use of the state agriculture department has a marketing initiative called "Sufal Bangla" to open 70 static-cum-mobile outlets. They were also able to get contracts with private players like Air India Canteen, C-Dac Canteen, and Park Hotel amongst others to deliver vegetables, on a daily basis. They have four marketing offices where the produce is sorted, graded and packed. In the process, they have hired local youth on a contract basis, either as a driver or stock keeper or as an accountant. The locals are able to earn on an average of Rs 10,000 through this job, in addition to their earnings as a farmer. BVPCL currently supplies over 25 tons of vegetables in the Kolkata market. During the pandemic, they were classified as providing essential services and were also able to cater to large housing complexes directly. The pandemic thus turned into an advantage for them as longer supply chains were disrupted and they could create a niche for themselves. Jabbar Khan described how the company has learnt some lessons along the way as well,

"Now if you have come to buy a vegetable from us, through our auditor we have to reach an agreement, what kind of authorisation your company has, you have to pay us a security deposit. We will have a strong contract...We have been cheated, marketing system has changed. Earlier we were supplying to Big Basket, Reliance fresh, Big Bazar, they were taking from us cauliflower in 10 rupees used to sale it for 30 rupees. At that price of 10 rupees, if they procured 500, out of that 25 they used to reject. Now we don't supply to Reliance. Now they are our competitor."

Selling vegetables in KMC Market

A motorised vending cart allotted to BVPCL

Making way for bigger dreams

As of December 2020, the total share capital of BVPCL was Rs 14.86 Lakhs and they have received the matching equity grant of Rs 7.43 Lakhs from SFAC. They have dabbled with exports and plan to get licenses to get into the business more systematically. Recently, they have also purchased land from the government to set up a permanent office. Obstacles continue to present themselves in different ways. Bhangar lost many polyhouses in the cyclone Amphan last year and motivating farmers to invest in the infrastructure again has been a challenge. However, Jabbar Khan's dream for the company is evident in the following comment,

"*In near future we want to train our farmers about pesticide restriction... Right now we are working with semi organic fertilisers... We want to sell premium vegetables to other countries. This is my desire. I also wish to have our Brand "Bhangar" like Big Bazar, Reliance in Kolkata market... there will be an advertisement in the television, like there could be a punch line, tasty and fresh Bhangar Vegetables ... I have no idea when it will actually happen. But yes, I have this dream*."

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Bastar Fresh: The making of a wild custard apple brand by the tribal women of Chhattisgarh

Nikhila Shastry and Niraj U Joshi

Over the past 5 years, Mahanadi Farmer Producer Company limited (MFPCL) has set the stage to improve tribal incomes in a remote rainfed region where none existed for Non-Timber Forest Produce value chains like Custard Apple, Jamun, Tamarind. MFPCL, a 517-member strong tribal farmer collective in Kanker, Chhattisgarh has made very encouraging progress in strengthening the custard apple value chain in the remote region by developing its own pulp brand and overcoming challenges arising from seasonality of produce coupled with nascent enterprising skills of Tribal women.

Bastar and its natural bounty

Bastar is a richly forested landscape, with undulating hills, water streams and is a predominantly tribal area. Over 70 per cent of the resident population consists of the tribes Gond, Maria, Muriya, Bhatra among others. Tragically, though rich in beauty, natural resources and tribal culture, the forests are today dubbed as "Insurgency/Maoist-affected".

There is an abundance of wild fruit bearing trees, medicinal plants as well as other NTFP across the forests of Bastar including custard apple, blackberry, tamarind and mango among others. The abundance of wild custard apples was a perfect opportunity for MFPCL to add value and convert it into a business opportunity for the members. The MFPCL is a pioneer in the custard apple value chain in the region. This first mover advantage enabled the FPC to stay ahead of its competitors.

Formation of MFPCL through partnerships with local governments and panchayats

The local office of NABARD had approached Vrutti (NGO) for promoting FPOs in Kanker. In the meanwhile, Vrutti had also received awarded a grant from

World Bank India office to develop a marketplace for farmers in Chhattisgarh. Thus, MFPCL was established on November 15, 2014 with an initial shareholder base of 200 farmers, which has grown to 517 farmers till date. The organisation was supported by the Business Acceleration Unit (BAU), which is a cluster level incubator under Vrutti's 3-Fold Program responsible for establishing strong ecosystem for agriculture enterprises in the region. MFPCL is involved in input business activities through Agri input facilitation centres. Each centre caters to the adjoining 2-3 villages and is run by either a women's' Self Help Group or Farmer Interest Group (FIG). MFPCL has also established forward and backward linkages for various NTFP value chains. In 2017, MFPCL was recognized as a Start-up by the Department of Commerce & Industries, Chhattisgarh and in 2018, it received the best FPO award from NABARD.

On recognising the huge potential of NTFP as an income source, albeit seasonal, Satish Mishra, the BAU Head of Vrutti brought it to the attention of the then (2014) Kanker District Collector, Shammi Abdi. It did not take long for him to convince her of the abundant custard apple production and its high value in the market. The district administration conducted research to estimate the custard apple potential. The survey reported the production of at least 30000 metric tons of custard apple in Kanker district alone. To further develop this huge potential of custard apple fruit as well as its' by-products in the market, the FPC directors, shareholders and representatives of Vrutti were then sent on an exposure visit by the district administration and District Poverty Initiatives Project (DPIP) of Udaipur where they also got hands on training in custard apple pulp making. In 2015, MFPCL began making pulp. The initial year saw custard apple pulp production of 165 Kg. Currently, the production cost is approximately 100 Rs per kg for which the FPC obtains a net margin of Rs 40 for every kilogram of pulp sold.

The relations established with various government departments including institutions such as Agricultural Technology Management Agency (ATMA), District Mineral foundation, State Rural Livelihood Mission, with the support of BAU, Vrutti enabled the FPC to thrive in uncertain times. Several government agricultural schemes and funds from the district mineral foundation (DMF) helped MFPCL in the initial phase. Local government spaces were leveraged with the support of the Gram Panchayat to establish and run procurement centres in 23 villages.

Making of the Bastar Fresh Brand

The MFPCL began its value chain development in 2016. Leveraging the existing SHGs, the MFPCL with Vrutti trained these women SHGs from 23 villages in the procurement as well as processing of custard apples. During the Custard apple season (mid-September to December), fruit procurement, grading as well as pulp production remains an all-women activity.

A woman being trained to harvest Custard apple in Kanker

Women grading harvested wild custard apples

Women from one SHG per village pool in their money to procure all the custard apples from their village, sort and grade the custard apples based on their size and other quality parameters. Superior Quality - Grade A fruits are then sold in the local and regional market with the support of FPC. Whilst some Grade B and Grade C fruits are also sold as fruit, the rest are processed into pulp and supplied to buyers in Raipur, Indore and elsewhere. The pulp is then used to prepare custard apple milk shake and ice cream.

Women getting ready to pack custard apple pulp in one kg packets

Initially the pulp was branded as Kanker valley fresh but as the procurement areas grew to include larger areas from other parts of the district the branding was changed to reflect this and is now known as Bastar Fresh. The main source of income is from custard apple pulp sales followed by Jamun and mango pulp. 12 pulp processing units were set up of which MFPCL invested in 2 units and the remaining 10 were established through convergence with government schemes from the agriculture and District Mineral Foundation funds (DMF). MFPCL's pulp production which began with 165 kg in 2016 now touches 10 tons annually and growing and the FPC is able to realise a net profit of Rs 3 lakh out of custard apple sales.

A test of resilience once support was withdrawn

The funding support from Vrutti to the MFPCL lasted for four years post which the FPC struggled due to lack of working capital. With insufficient funds, it became difficult to pay the salaries thereby resulting in staff being reduced to half. MFPCL managed to raise some funds by availing working capital from nationalised banks. However, to scale its business, currently it requires a huge investment support to have its own warehouse as well as a cold storage unit to preserve the fruit pulp. It also needs skilled human resources for developing business plan for the next three to five years and access funding support.

The pandemic severely impacted the operations of MFPCL and SHGs. The stock of almost 43 quintals of custard apple pulp from 2019-20 is lying unsold and expired in the deep freezer units with the SHGs. The SHGs could not process pulp last year as the previous year's pulp remained unsold. With the lockdown restrictions easing in July 2021, markets have opened in Raipur and MFPCL has started procurement and processing in October with the hope of making up for the losses of the last couple of seasons as well as developing custard apple powder if funds permit. As the world is trying to regain some normalcy after the pandemic, the continuing demand for custard apples (fruit, pulp and powder) in both the domestic and international markets augurs well organisations like MFPCL. However, MFPCL needs to constantly innovate to move forward and have contingencies built in its strategy to handle adverse situations in these uncertain times, while building the necessary financial base.

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Venturing in Market, Going Bananas - Experiences of Kazhani Farmers Producers Company Limited

Gayatri, Pallavi, Balakrishnan, Parthasarathy

The Kazhani Farmer Producer Company, based in Gobichettipalayam, was started in 2016 by Myrada Krishi Vigyan Kendra (KVK). Gobichettipalayam is in Erode district of Tamilnadu, through which the river Bhavani flows. The major crops in the region are paddy, banana, and sugarcane. Kazhani FPC, built upon the foundation of strong SHGs and KVK promoted by Myrada has been able to become a financially viable and self-sustaining institution. The key to its success so far has been its bold experiments with various business models, especially banana exports.

A typical FPC's business portfolio has a high share of input business and some share of output business (aggregation and trading) and a very small share of business in value added products. Kazhani's business portfolio, in stark contrast, is 80% from trading and sale of value added products and only 20% from input sales. The low input sales must come as no surprise when we consider that Kazhani promotes organic farming and LEISA (Low external Input Sustainable Agriculture). Started in 2016, the company has been able to achieve steady growth in business turnover to about 1.4 Cr in the current year (2020-21).

Building efficient and direct marketing channels

Primary producers realize just about 30–35% value of their produce. Realising the need for a more efficient alternative marketing system controlled by farmers, Kazhani has been trying to provide alternatives to farmers who are otherwise trapped into the conventional marketing system controlled by middlemen. From having its own outlet for grocery items, to direct supply of vegetables to consumers, to export of Bananas to bulk sale of Millet based products, the Kazhani FPC has been actively working to find alternative channels for marketing its members produce.

Kazhani's website (https://www.kazhani.co.in/) has an impressive list of products, including Rice, pulses & spices, Oils, Millets and Millets Value Added Products, Honey & Honey Value Added Products, Jaggery etc. Of these, the major products have been Millet flours and MIllet Value added products. These products are mainly sourced from Kazhani's members and from other FPOs, but also from the open market when the FPC has orders but is unable to procure from its members.

Learning from examples and peers

One of the key initiatives undertaken by Myrada prior to Kazhani's registration, was exposure visits to successful FPOs, to introduce the concept of FPOs to farmers in the region, and to understand the scope for value addition and marketing in the main commodities, especially banana, which is widely grown in the region. Exposure visits to FPCs in Theni, to Thottiyam banana FPC and APK Banana FPC were very useful to understand the various business opportunities and benefits to farmers through FPCs and helped develop a vision for the FPO, with its focus on banana business.

Kazhani's entry into the banana business was in 2017, after a meeting with Waycool during an exhibition, Kazhani received an order for supply of Bananas to Chennai, as part of a one year CSR programme. The requirement was for cleaned and graded bananas of nearly 3 Tons per day for 5 days a week and the bananas were to be used for the mid day meal scheme for school children. Once the contract ended after one year, Kazhani tried to continue the banana business by selling in the local market.

Overcoming the challenge of local markets by going global

Unlike the earlier model of supplying to one institutional buyer, Kazhani found working with the local market very challenging. They faced issues in logistics and determining price, besides collecting payments, which traders could manage with their established network with buyers which Kazhani lacked. At the farmer level also, despite being an organization of farmers, Kazhani faced challenges in procuring, as the conventional practice is that traders pay an advance to farmers to book their standing banana plantation and harvest it when it is ready. Lacking capital to provide such advances to farmers, and faced with a competitive market and wafer thin margins in local market, Kazhani could not compete on price either, so had to opt for a different strategy for its banana business.

Kazhani continued its work on bananas boldly, through entry into the banana export business in Feb 2020. Since they didn't have knowledge or infrastructure needed for export, they initially tied up with Green Agro (Banana, Mango exporter), Cochin to supply bananas for export markets. The countries that were exported to were mainly Southeast Asian countries - Singapore, Malaysia, Maldives and European countries - Austria, Italy, UK and Germany.

Truck carrying supply of Bananas to local market by Kazhani FPCL

Banana being cleaned and graded by Kazhani before they are packed for exporting

No going back

To start with, Kazhani supplied four sample consignments of red bananas meant for the European Market through this arrangement. Each time, they received feedback and suggestions from the exporter on quality parameters and by the 3rd, 4th shipment; they were able to meet the stringent quality specifications of the European market and got a go ahead for Red Banana from the exporter based on trial marketing and feedback from customers. Likewise, Kazhani also has got export samples okayed for Nendran variety.

Following this, Kazhani has entered into a contract with Green Agro for the banana exports. In this arrangement, Kazhani's role is to procure, clean, grade and pack the produce. The packaging material is supplied by Green Agro. All logistics after packaging, including transportation and custom clearances is handled by Green Agro. The supply has been by air, since regular container movement by ship has been disrupted due to COVID lockdown. While the red banana is procured from the farmers at the prevailing market price, for its role, Kazhani receives processing cost plus a service fee.

Disruptions and aspirations

While the company had worked with farmers and started demand based cultivation of Red Banana in 2020-21, the export order did not come through due to COVID disruptions. The Company did not have a back-up plan to sell locally and the farmers sold the produce on their own. But, Kazhani's management and members are encouraged by the acceptance of the produce in export markets, and hopeful of a better season next time around and the Company and farmers are looking forward to it.

With an eye on the future, Kazhani is preparing to introduce and integrate its pilot initiatives such as supply of good quality inputs, traceability using block chain technology, organic production practices and certification, financial services such as credit and crop insurance for export based banana cultivation once the export business stabilises. In the next 3-5 years' time, Kazhani is looking to familiarize itself with different aspects of banana exports and banana export is likely to be the main business for Kazhani. This plan and shared vision is clear among all the stakeholders of Kazhani FPCL.

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Creating and Evaluating Portfolio of Products in Multi-commodity FPOs

Astad Pasakia and Sachin Oza

One-district-one-product (ODOP) is the current slogan for achieving economic goals of FPOs. However, if FPOs are to make significant impacts on incomes of marginal farmers (constituting 70% of farmers), one must think differently.

Multi-commodity-multi-location (MCML) FPOs are more inclusive and ecologically sustainable. They can cater to the needs of S & M farmers who typically produce a basket of agricultural commodities, including both food and cash crops. Krishidhan is one such FPO in north and central Gujarat operating in five clusters of four districts. In 2020-21 it had a a share-capital of Rs 44 lakhs and turnover of Rs 8.5 crores.

What are the advantages of MCML FPOs? A recent study shows that these FPOs build in resilience in different ways:

i) Share-holders invest in the company not so much for earning dividends as for *changing the socio-economic present and future of their communities/ area(s).* The total number of farmers benefitted through Krishidhan was 18,400, 4.5 times the share-holders in 2019 and still increasing. Non-shareholder beneficiaries represent future share-holders.

ii) To be socially acceptable the company must be *inclusive* and meet the needs of farmers of different size, location and community. In Krishidhan for instance tribal farmers from Meghraj block supply maize produced by them to produce cattle-feed consumed by farmers in Himmatnagar and Modasa blocks, thereby benefitting both clusters.

iii) It must have a diverse portfolio in order to promote diverse pattern of crops and varieties, so important for *ecological sustainability*. Krishidhan supports the diverse cropping pattern of its farmers which include food-grains like maize, wheat, paddy; oilseeds like castor and groundnut and cash crops like cotton and potato. New varieties of castor and wheat to deal with climate change effects, have been adopted by farmers in a big way.

Krishidhan FPO was incubated by Development Support Center, Ahmedabad, over a period of six years from 2014 to 2019. Thereafter, it has been financially independent and has managed to keep its head above the water. How is such a complex portfolio of MCML managed? The challenge before an MCML, is to select a portfolio of activities that balance social and commercial goals. Social goals include the requirement of various groups of farmers while commercial goals refer to the company's need to remain financially viable if not sustainable – with reserves built up to meet future risks. To accomplish this, it may need one or more *anchor activities* that will ensure financial viability (meeting salaries of staff and overheads). An anchor activity can be defined as one that contributes profits towards commercial goals even if social goals are not very high. This can happen either with low-margin-high-volume or high-margin-low-volume activities. However, the risk factor should be negligible or zero in order to ensure financial stability. Examples include MSP for crops like wheat and groundnut and contract farming of crops like potato, as discussed below.

Members of KPCL

Portfolio creation

During the formative years the company's portfolio was primarily driven by the felt needs of its members. This included supply of agri-inputs such as such as seeds, fertilizers, pesticides, farm-equipment for which the margins were rather low (2 to 10%). Since the company promotes "responsible farming", the focus was more on organic fertilizers and pesticides that were produced by farmers themselves. Certified and truthful labelled seeds were produced by farmers in one region and supplied to other regions of the company. This activity provided better margins (5 to 15%), but the scope for scaling up was limited by the available staff for organizing sales. This activity holds promise for future as it can be scaled up by organizing sales more creatively or by creating linkages with private seed companies with contracts. According to Jaswant bhai, the CEO, a potential partner has already been identified.

As the incubation period began to come to an end, the company began to actively search for an anchor activity on the commodity side (collective marketing of farmers' produce). MSP (minimum support price) proved to be an ideal option as the market risk was zero. Although the margin was low at 1%, volumes were very high with scope to increase in future. As a test case MSP for groundnut was taken up in 2017. The price realized was significantly higher than market prices. This made the company profitable while giving substantial returns to farmers. The activity was scaled up the following year. However, after 2018, this option became unavailable, as the state government banned FPOs, based on reports of a few cases of malpractices.

Hence the search for another anchor activity continued. Farmers in Himmatnagar cluster observed that the center for contract farming of potato was gradually shifting from Disa to their area. The company took up a contract with Iscon-Balaji on a pilot scale in 2019 with 100 MT seed. Encouraged by the outcomes Krishidhan scaled up the contract four times in 2020, which helped to cover more that 50% of its overheads and salary costs. Thus, contract farming has taken over the place of MSP as anchor activity.

Portfolio Evaluation

Krushidhan has a portfolio of 15 product lines, which provide measurable economic benefits to farmers, in more ways than one. These include cost reduction (e.g. agri-inputs at discounted price and at door step of farmer), risk reduction (e.g. crop insurance to share-holders provided this year) and productivity increase (new improved varieties, new package of practices etc.), over and above better price realization due to aggregation and value addition. In each activity, the ratio of increased benefit to the farmers versus profits to company can be worked out.

In case of MSP for groundnut, in 2018-19, a total of 3174.6 MT valued at Rs 14 crores was sold. The company earned a commission of 1%. With an average price difference (over market prices) of Rs 200/20kg, farmers benefitted to the tune of Rs. 3 crores. The ratio of farmers' benefit to Krishidhan's profit worked out to 22.5.

MSP is thus a good example of an anchor activity. The social benefits to farmers were high, while the company earned enough to make it profitable and build its reserves. In addition, the market risks were minimal, as the price was guaranteed by the government. This though is not sustainable, as there is no guarantee that MSP for a particular crop will be available on a regular basis. Portfolio evaluation helps indicate clearly, which activities should be pursued actively as anchor activities, which would cross-subsidize those that need to be taken up purely for social goals.

MSP procurement in progress

Assessing Performance of an FPO

Mr. Mohan Sharma, Director DSC and 'expert director' of Krishidhan for three years, believes that simply looking at the bottom line of the balance sheet does not bring out the financial worth of the FPO. Apart from the economic benefits mentioned above, which are measurable, there are other benefits that are intangible (not measurable or measurable over a long timeframe), but no less important. Krishidhan has made considerable impacts through intangible benefits such as *risk mitigation* in agriculture (dealing with climate change, improving soil health and sustainability, reducing negative impacts of chemicals on local micro-climate) and *health of farming communities* (reduction in problems related to cancer induced by chemical pesticides).

Since FPOs are primarily social change institutions, social returns on investment (SROI) rather than just profits, should be the yardstick for assessing their performance. However, this may require impact studies where assumptions made by researchers are often questioned and are not uniform. Pending reliable norms for measuring social goals, we suggest that the *weighted average of portfolio ratios* (farmers' benefits over profits of company), be taken as a proxy measure of its performance. This would integrate financial benefits passed on to the farmers with profits made by the company for financial survival and sustainability.

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From an informal group to a successful business enterprise of rainfed farmers - The case of Janajeeevana MACS

Siva Muthuprakash K M and Gijivisha Khattry

While the journey of building strong and viable FPOs are challenging in general, FPOs in rainfed areas face additional risks and uncertainty owing to the terrain and lack of capital. Janajevana MACS is a farmer collective from one of the most drought prone districts of the country which is evolving rapidly to suit the market demand and establish itself as a successful business entity.

FPO for rainfed farmers

Rainfed areas pose special challenges to farmers and their collectives. The cyclical nature of droughts, diversity of situations and produce, low input use, and multitude of livelihood portfolios are characteristic of these areas. Markets demand uniformity and consistency in supply of few products in greater volumes. Catering to these demands of the organised markets usually translate into FPO members having access to irrigated lands. The very nature of dry, rain dependent production severely challenges the FPOs in meeting this market demand.

Anantapuramu is one of the most drought prone districts in Andhra Pradesh with over 90% of the agriculture under rainfed conditions. The diverse cropping pattern has faded away with an increasing monoculture of groundnut over the last three decades. Often the erratic monsoon leads to crop failure forcing the farmers to resow groundnut seeds. One of the mitigation strategies implemented by the government to reduce the risk faced by the farmers is to provide subsidized seeds. The entire seed production system starting from breeder seeds, foundation seeds, certified seeds and truthful seeds get a subsidy ranging from 33% upto 75% of its price. A decade ago, the actual benefit of this subsidy hardly reached the farmers as the seed market was controlled by a nexus created by private traders and other stakeholders in the seed production and supply chain. However, now, the evolution of the Community Managed Seed System (CMSS) institutionalized through farmer collectives called Mana Vithana Kendras (MVKs) has successfully replaced the private players with an efficient and transparent seed production and supply system. MVKs were run in a quasi-business mode with the cost of procurement, processing, certification, bagging and distribution built into the groundnut seed price announced by the Government.

Informal groups to a farmer cooperative

Janajeevana has been evolving over the years from Common Interest Groups (CIGs) that were formed during programs like Andhra Pradesh Drought Adaptation Initiative (APDAI) and Rainfed Land Development Project (RLDP) to a successful farmer enterprise. The member relations and social capital gained during these programs came in handy to launch their own cooperative. Janajeevana Mutually Aided Cooperative Society Ltd (MACS) was registered in the year 2012, in Nallacheruvu Mandal, Kadiri division of Anantapur district. During the initial three years, Janajeevana was mostly into promoting thrift and credit in smaller common interest groups and exploring bank linkages, rather unsuccessfully.

Women workers involved in grading of groundnut kernels

Participation in CMSS brought professional training to the Board and executive members in Janajeevana. Committees were formed amongst the members on procurement, quality assessment etc. These committees established were well trained on the standards and procurement processes. This training brought professionalism in Janajeevana not only in groundnut seed production, procurement and supply but also, in exploring markets. These skills came handy in expanding the scope to seed sales to open markets (non-subsidy) and sale of *navadhanya* seeds. The procurement and distributions programs of CMSS generated significant revenue surplus which has allowed them to expand the portfolio. These capacities also helped in successfully exploring new market channels such as selling groundnut and other commodities to local supermarkets.

Promising business growth

A leased out groundnut processing unit of Janajeevana

Role of Janajeevana as MVK in CMSS provided a platform to access considerable working capital from the public seed-procurement program. Janajeevana's journey as a collective enterprise of farmers has achieved high revenue growth with a small member base but has built a large production base of seed producing farmers while ensuring supply of quality groundnut seed locally. As on April 2021, Janajeevana had a total membership of 303 farmer members with an equity share capital of 2.66 lacs and a turnover of Rs 1.75 crores for FY 20-21. It had Rs.38 lakhs as a sanctioned loan from NabKisan.

Janajeevana has also been promoting a multi-cropping system called 'Navadhanya' under which 8 to 10 additional crops such as bajra, jowar, pigeon pea, green gram, cowpea, horse gram and vegetables are sown together with the main crop groundnut. The cooperative started working with farmers to multiply local seed varieties of these crops and sold them in kits of 5 kgs (recommended seed rate for the additional crops). Though the navadhanya system was supported by a State subsidy only for the initial few years, the cooperative continued the production and supply of Navadhanya seed kits due to the positive response and demand from farmers. In Kharif 2021, the cooperative sold 1265 Navadhanya seed kits worth Rs. 3.8 lakh covering 3000 acres. Promotion of Navadhanya also helped Janajeevana in diversifying its portfolio of products marketed to retail stores subsequently.

Diversity in operations, commodities and investment portfolios is central to the success of Janajeevana in the rainfed systems. Adequate grant investments in aligning the production systems to the agro-ecology, risk mitigation through diversification and strengthening production systems were the key features of Janajeeevana. These measures provide an economic basis for FPO's growth and internalize the input and service economy and accessing multiple markets.

Visitors at a Navdhanya plot

Seed business as a Launchpad

Seed business has often played an important role in bringing sustainability to the business activity of many FPOs. Janjeevana goes a step further by tapping in the public resources available for seed system to build the initial business and strengthen the member relations. The working capital which is often the bottleneck in any commodity business had come from seed corporation for the procurement operation. This acted as a launchpad to the FPO and gained a reasonable surplus that would allow them to diversify and expand their business. This would also allow them to expand their farmer member base. Though seed production and supply are the core of business till now, Janajeevana is looking forward to establish its supply chains and strengthen its value addition processes that would make them sustainable amid the changing socio-political context. Further, Janajeevana is planning to diversify its market base to reduce the risk in their business operation.

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Capacity building for an enabling ecosystem

Skill gap in the FPO Ecosystem: Addressing the last mile connect

N.Sai Krishna, Parthasarathy.T, C. Shambu Prasad

The FPO Puzzle: Ubiquitous but not operational

There are over 8000 Farmer Producer Organisations (FPOs) in India and the Government has issued notifications towards promoting another 10,000 FPOs in the country. These democratic institutional forms are recognised as vehicles of change and are expected to transform the way farmers upgrade their technologies, manage various resources for production purposes, tap into supply chain efficiencies and negotiate with market players.

Despite their rapid and continuing spread, there are challenges in ensuring sustainability of FPOs, as member owned institutions, beyond the project period. Perhaps most critical, and yet less discussed, are the challenges that FPOs face in building both capacities and confidence of Board of Directors to own, operate and expand these institutions to enable goals like doubling farm incomes. This last mile connect and emphasis has not received adequate investment or attention in the new policy either.

As a farmer, why should I be part of an FPO?

Shantilata, a farmer in Odisha, grows vegetables, pulses and paddy and sells it to traders in her village. One kg of Okra, will fetch her just Rs 10 from a trader, though the end customer will buy the same amount for Rs 35 in the market. The rest of the money is distributed among different value chain actors, who undertake sorting/grading, whole-selling, transporting, distributing and retailing operations and bring the Okra to the market. Some of the Okra also goes unsold and wasted. She was recently informed that a Farmers Producers Company is being formed and encouraged to contribute Rs.1000 to purchase shares and pay a membership fee of Rs.100. Prices, especially of vegetables, were low in the last season and she has barely any savings. How would investing money in this organisation help her?

A group of FPO directors of a NABARD promoted FPO of vegetable growers in Odisha, discussing their training needs related to FPOs, during a learning session jointly organized by Skillgreen and partner DSS.

The purpose of an FPO is to enable better control of producers over the value chain in which producers are present, for better and stable returns to producers like Shantilata. For this, the FPO must have a business model that gives it competitive advantage over other players in the value chain.

A group of FPO directors, staff from FPOs of tribal farmers, promoted by SERP, Andhrapradesh explaining the difference between non FPO farmer and FPO member farmer, in a learning session facilitated by Skillgreen partner VCF

The messy realities of creating a market ecosystem for FPOs

Developing new business model often involves a combination of many activities, often in a non-linear manner. These include supplying inputs (seeds, fertilisers etc) directly purchased in bulk from companies to members at lower costs; providing members with information on newer and sustainable production systems and innovations, and alternative post-harvest marketing systems. This requires three key linkages— Technical, Market, and Financial. The FPO operates in an ecosystem where these linkages are offered by various service providers, support agencies and promoting organisations. Strengthening the link between the FPOs and the ecosystem in which it operates is a key missing piece in the FPO puzzle.

Incubating FPOs

Unlike the multiple academic institution based incubators, FPOs are typically promoted by Resource Institutions or POPIs (Producer Organization Promoting Institutions), or in the new terminology, CBBOs (Cluster Based Business Organizations), to mobilise members, register the FPO, develop internal structures and systems, and design and implement a business plan for the FPO. If the FPO is to fulfill its purpose of being competitive in the value chain, it has to function like an agri-business company and think like a start-up even as it maintains member trust and allegiance. Building member ownership in the functioning of the FPO is critical for longer term sustenance beyond the three year project period. How does one go beyond the often transactional nature of member-FPO or member-ecosystem relation to one that is mutually beneficial over the long term?

The governance of FPOs throw up several challenges in practice. How does one maintain a balance between keeping the FPO viable and members interested; how to maintain a representative and inclusive character of the organization; how to ensure that the FPO does not falter on compliances; how do members work together to maintain low transaction costs of commodity aggregation and monitoring costs in operations ? We propose that solving these interlinked issues requires reaching out to the last mile in building ownership among its members.

A group of FPO directors from Karnataka FPOs supported by Centre of Excellence for FPOs, discussing Business Models, during a learning session facilitated by Skillgreen and Green Innovation Centre

Establishing systems through Spear Head Teams

A lesser-known aspect of the scaling up of the Amul model through the NDDB (National Dairy development Board) was the concept of a Spear Head Team, captured beautifully in the Shyam Benegal film – Manthan. FPOs today need to see themselves as spearhead teams who create systems that the internal stakeholders of the FPO can sustain even after the project teams move out. Facilitating and catalysing cooperation where the FPO's primary stakeholders have a good understanding of the functioning and business strategies of the FPOs is critical. This is not achieved through conventional classroom based training and capacity building approaches, but needs facilitated dialogue, and the creation of participatory learning platforms where the FPOs and the ecosystem players can interact openly in an atmosphere of trust and openness to learn.

Sashakth Kisaan: Skilling FPOs towards Sustainability

Skillgreen is trying to address this gap through its SashakthKisaan FPO initiative. We see ourselves as facilitators, who work primarily to create these spaces for dialogue between the FPOs and the ecosystem players, with the primary stakeholders at the core.

We do this through need-based and customised participatory learning events that are not trainings but facilitated learning sessions. The sessions are conducted in local language by trained facilitators that are available locally and understand the local context of the FPOs on one hand and the priorities of the ecosystem players on the other hand. We specialise in asking the right questions and encouraging the participants (FPO directors / staff / promoting organisation staff) to find the answers jointly. We do this through a well-structured and open source trainers manual.

As the participants' understanding grows, the circle of influence grows, and more stakeholders join the dialogue with the FPOs — the topic for dialogue shifts from internal governance to statutory compliances to understanding the market to business planning, to financial and human resource management. A virtuous feedback cycle of action-based learning is created through these sessions. We work with promoting agencies, financing partners, technical support agencies and market linkage partners, as each of these stakeholders benefits when the FPO grows. Working with and through the ecosystem is important to make these capacity building services accessible to the FPOs. A snapshot of our collaborative work in numbers is given below:

No of States where FPOs have availed our learning facilitation services (through our network partners in these states)	**14**
No of FPOs that have availed our services so far	**100**
No of partners that we work with (promoting agencies, agri-finance agencies, government programmes) in offering the services	**40**
No of facilitators from partners across the country that have undergone TOT and familiar with using the participatory methods from the manual	**145**
Estimated number of FPO Directors / CEOs that have been part of facilitated learning sessions	**400+**

Building motivation, generating action, and trust within FPOs

The programme creates first, excitement and curiosity among the participants about FPOs and a motivation to make it work. Secondly, it sets off a series of actions that are required for the growth of the FPO — such as mobilising share capital, formation/strengthening of FIGs, the fulfillment of statutory compliances, experiments in business activities, preparing business and action plans and so on. Thirdly, it creates trust and rapport among the FPO and the ecosystem players who are part of the learning and action, thereby creating the foundation for the long-term growth of the FPO.

Going beyond binaries through facilitation

The key challenge that we face is the idea that community engagement and expert/technical/ecosystem services are separate and exclusive of each other. The reality though is that farmers have rich experiences, and there is a need for two-way dialogue that connects their experiences with the new learnings required to run an FPO.

FPO Directors from Maharashtra FPOs in an online workshop during COVID

At the other end of the spectrum, is the mindset that FPOs are community institutions meant for welfare and not for profit. However, the reality is that the FPO needs to be competitive to sustain in the market. This requires a professional and businesslike approach that looks critically at margins, keeping customers happy and taking calculated risks.

There are notions that we collectively need to overcome, as we attempt to bridge the two worlds of community and enterprise. FPOs can succeed through investment in integrating professional support with community wisdom.

In a sequel to this article, we will look at the approaches to learning, collaboration and coping with COVID.

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Coping with COVID: How can participatory trainers adapt?

Jagdish Nayak, Parthasarathy.T, C. Shambu Prasad

What they do not teach you in BOD training programs?

Ram Singh, the chairman of a Farmer Producer Organisation (FPO), does not trust his auditor. "*The numbers that he writes in the audit report are not what we know about our FPO's business*". Aditya, the CEO of another FPO is concerned about the tax notices. "*The Government announced that there will be no tax for FPOs for five years, and we did not pay, why the Income Tax department is sending us a notice to pay MAT. Our CA says it's better to pay, else we will face penalties.*" Shanti Devi, FPO Director, says "*Our members expect best price even for lower quality of vegetables, but traders pay us lesser price even for good quality of vegetables – handling the farmers' expectations and the market realities is a tightrope walk for us*".

As FPOs grow, how should trainers incorporate the practical challenges and these day-to-day struggles and anxieties of Ram Singh, Shanti Devi and Aditya? How do we simulate real-life problems in a training environment that will enable BODs and CEOs to reflect, understand and explore solutions?

At Skillgreen we believe "co-owning the problems of participants" is critical even before we begin any training. Thus, rather than mechanically go through a curriculum, we have found need assessment with participants provides space for their articulated and tacit needs and expectations. Every FPO is different and hence sessions need to be customised accordingly.

Beyond expertise: Collaborating with local partners

Customised solutions require more than subject or domain expertise. Trainers need to be familiar with the local culture and language. With an emphasis on building empathy with participants Skillgreen engages trainers familiar with participatory learning approaches from partner organisations across the country.

Participatory Need Assessment of FPOs of Tribal Farmers in Paderu region of Vizag, AP (promoted by Society for Elimination of Rural Poverty) by Satya, Trainer, VCF(Tata trusts

The process of identifying partners started in 2018, when Skillgreen started work on the trainers guide for capacity building of board of directors of FPOs. Several partner organisations realised the need for a manual and voluntarily contributed to developing it. After the launch of the manual at IRMA, Skillgreen conducted six Training of Trainers (TOTs) across the country. Many participants took part as trainers in subsequent events during which they gained experience and sharpened their critical facilitation skills.

Out of 150 trainers trained by Skillgreen, a survey revealed that while half the trainers used the methodologies, many did not get an opportunity to practice or often had to follow the training design prescribed to them. Of those who used participatory tools, a third, have become experienced trainers and participate in Skillgreen trainings across the country. A network of at least 500 local trainers is critical to overcome the skill gap and last mile connect in the ecosystem.

The trainer pool includes facilitators (Lead Trainers), co-facilitators (who support the Lead Trainers) and expert facilitators (subject matter experts like Chartered Accountants, value chain and market linkage experts etc.). Despite differences in roles, the trainers have a common understanding of the process and work in tandem to achieve learning objectives.

No two trainings are alike

In a participant centric approach, the session plan and how the session unfolds, depends more on the participants than the trainer or facilitator. The facilitator creates a learning environment and provides necessary stimulus, looking at the need of the participants. Our experience of conducting learning sessions with over 120 FPOs and over 1000 directors has reiterated the need for customised learning sessions.

In conventional training approaches, there is a blueprint that is followed through one-way knowledge imparted in classroom trainings by the trainer resulting in low outcomes. In contrast, a facilitated learning approach, leads to the design of a series of learning checkpoints. Based on iterative feedback by participants, sessions are curated to stimulate interest and systematic learning in topics. Sessions lead to action plans and the learning-by-doing approach stimulates further interest that is supported through mentoring and follow-up workshops. Not surprisingly, the participatory learning approach is more efficient and effective in achieving learning outcomes.

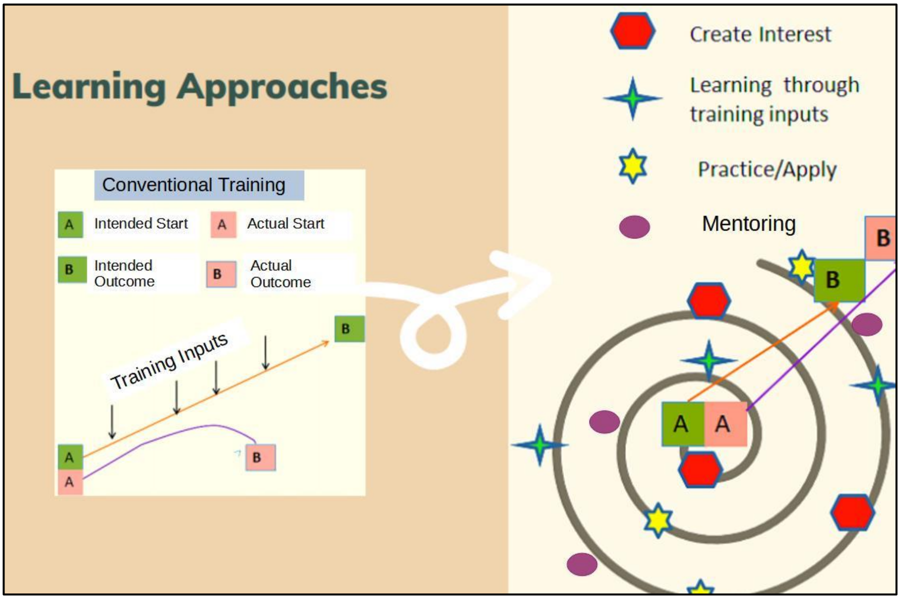

Illustration of the Conventional Training Approach vis-a-vis facilitated learning approach followed by Skillgreen with FPOs across the country

Can participatory learning survive COVID disruptions?

Core Process	In Pre-COVID times	In post COVID Reality
Participatory need assessment	Games / group exercises	Conversations in small through conference calls.
Customising sessions based on assessment	Consultative design by Facilitators	
Fine tuning training sessions in consultation with partners	Emails, Online video and telephonic calls	
Participatory methods used	Group exercises, games, buzz group, card sorting, carousel, storytelling, assignments	Online quiz, small exercises, online card sorting an groups, breakout sessions, assignments
Reflection at end of session to internalise learning.	Group exercise by participants	Interaction with particip Online Quiz
Materials used	Charts, sketch pens, tapes – available stationery	Mix of Online tools (vide conferencing, presentat some stationery for group e: at participant venue
Vision and Action plan	Group Exercise and presentations	participant interactions
Follow-up and mentoring post training	Field Visits and Telephonic interaction	telephonic interaction
Duration of workshop	2-3 days (6 hours each day) with some home assignments	2-6 days (3.5 hours ea with lot of home assignments
Location	Facilitators travel to district participants convene	Participants convene FPO office and connect facilitators online.

The unrelenting spread of the COVID-19 pandemic has rendered face to face trainings difficult necessitating adaptations to learning strategies. Skillgreen changed its methods even as core principles continued.

Skillgreen has conducted several participatory online sessions on statutory compliances for FPOs, Basics of financial statements and has also facilitated preparation of actionable business plans for FPOs in an online format. Our belief has been that if there is hunger for learning, then the medium is secondary. Cooperation, understanding among participants and facilitators is key.

We often hear participants say, “the online sessions are very participatory and it feels like a face to face workshop”. Network issues, less familiarity with technology, and the impersonal nature of online medium remain a challenge. Participants and facilitators miss the intense discussions and need to contend with lower attention span.

The online format enables unprecedented scale and outreach, making learning more accessible and decentralised. Unlike SHG (Self Help Group) trainings in the past, capacity building budgets of most FPOs are very low. The online format offers a low-cost solution to their learning needs.

Considering these tradeoffs, rather than looking at a binary of online vs face-to-face approaches, it would be interesting to explore how we could balance the use of these methods to address the learning needs of FPOs, once the situation returns to normal.

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A 100 difficult dreams- tracing a development professional's journey of incubating FPOs

KV Gouri

PART I

December 2011 was a joyous time for my organisation, BASIX. As an institution engaged in promoting livelihoods of the poor, it had been selected by one of the largest states in India for a project of establishing 100 farmer collectives in 29 districts of the state. The selection was an endorsement for years of grassroots experience over the bigwigs of the consulting world.

The Opportunity

Under the Sodic Land Reclamation III Project funded by World Bank that was being implemented since 2009 in the state, farmer's lands affected by sodicity were reclaimed through the reversal of water-induced land degradation, enhancing soil fertility, and providing improved agricultural support services. One of the components of the project was enhancing the income of farmers through post-production support for value-addition to enable producers to access non-traditional markets. As the Promoting Institution (PI), BASIX was given the task to facilitate the formation of 100 Farmers' collectives and incorporate them as Farmer Producer Companies (FPCs) with 300-400 members each and ensure that these FPCs were operated as successful business enterprises with good market linkage. The project was titled *institutional strengthening for market access.*

Preparing for the implementation challenge

Following the formal sanction letter, the project team was constituted with twenty experienced field officers. The three-year project necessitated a project office in the state where the team leader and support staff were stationed. The district-level field staff (Business Development Managers or BDMs) covered the 29 districts' catchment area of the project. The team was ready by February 2012.

But by the time I took charge in June 2014, it was clear that there were serious ground-level challenges. I traveled to the field once a month over the next few years trying to address them.

With only six months left for project closure, all 100 FPCs were expected to be incorporated and the related outputs achieved. 60 of the 100 FPCs were incorporated and another 15 were awaiting incorporation. The rest of the activities comprising training, business plans, business operations, and the corresponding tasks had not even been initiated. The field activities had stopped. Dues of over Rs 1.50 crores were pending release from the client while the PI was incurring expenditure, especially on field staff travel.

The main pain points were:

1. **Change of decisions:** The client initially asked us to work with existing water user groups (WUGs) but subsequently said that groups were not mandatory. However, each FPC was to have 300-400 members. Precious time was lost in this confusion.

2. **Project deliverables and payments:** As per the contractual terms, each task had to be completed before moving to the next task. Also, the tasks were to be completed in all 100 FPCs and relevant documentation was to be submitted for verification to release payments for the completed task.

Training Program completion of FPC members

The initial tasks of the baseline survey, social mapping, awareness campaign, market survey, training need assessment were completed. Subsequently, training manuals development (of FPC members and Board of directors in both organization and business) was completed and submitted for approval. However, the bureaucrat concerned delayed approval for several months and the content had to be revised as per her wishes even though the junior officers had vetted it.

The project closure date in Dec 2014 had to be extended to complete the tasks and a no-cost extension was given up to July 2016.

Members of all women Farmer Producer Company

Back to work

The tasks to be completed in the extended period of 18 months were daunting. Training had to be initiated with the six modules approved in all the FPCs (a total of 60,000 members were trained under this component), the remaining 25 FPCs out of the target of 100 had to be incorporated, business planning process had to be initiated with each FPC and all plans were to be submitted for approval to go ahead with the planned activities. All FPCs needed support with the processes to obtain input and mandi licenses for output sale and commence business operations. We deployed external resources to augment the project team. However, the delay in approvals hurt the project's progress.

Newer demands beyond the agreement

Despite our efforts, we were behind schedule, so I met the bureaucrat once again seeking an extension.

After several rounds of deliberations with the new incumbent, the project extension was approved up to December 2017 but with several conditions. One of the conditions was to incorporate additional 20 companies making the target 120 FPCs instead of the original 100. A meager budget was provided for this expansion.

Input stores of a Farmer Producer Company

The other conditions included increasing membership in the previous 100 companies from 300 to 1000 members each (approx.75000-member mobilization) and ensuring 40 Producer groups (PG) in each FPC (4800 PGs). The share capital in each company was to progressively go up from Rs 5 to 12 lakhs by the end of the project period. Two members in each PG (approx. 10,000 farmers) were to be trained in entrepreneurship and the business turnover was expected to reach between Rs 60 lakhs to one crore based on the age of the FPC. One of the few positive outcomes of the negotiations was the agreement to release payments in tranches of 25 FPCs each instead of requirement of completion of each task in all the FPCs.

The Dilemma

Should we let go of the project given the difficult demands placed? This would have meant leaving 100 companies and their farmer members in the lurch. The PI would suffer a big financial loss with unpaid dues for work already completed. There was a threat of losing further opportunities to work with this state Government and maybe other states too if the word spread, and finally, it would have required letting go of the staff who had worked hard. It would also tarnish our reputation with the World Bank who was funding several other projects of our organization. It was a difficult decision to make.

Farmer's meet

It was during the period of this uncertainty, we conducted a farmer's meeting in which farmers of the FPCs we promoted in the state participated in large numbers. Several experts in the field of FPOs addressed the gathering, a few farmers spoke about our work with satisfaction and their expectation for further support to grow. Our client was conspicuously absent. I was told that they were upset that we had not signed the contract yet. I called for a team meeting and placed before them the humungous task ahead if we agreed to the new terms of the contract. The team expressed willingness to take up the challenge and promised to work hard to achieve the difficult targets. My supervisor who had dedicated his life to the upliftment of the marginalized communities advised, "*Even if you could make 20 of the 120 companies sustainable, that would be a yeoman service to those farmers*."

I went back to the client's office the next day and signed the contract. The challenges of chasing numbers that followed left us with much learning by the time the project ended.

(This is part I of a two-part essay on the dilemmas and learning of a development professional)

KV Gouri is a Development Consultant and former CEO & MD of BASIX Consulting.

Learning to Work at Scale: The Elusive Ease of doing Business in Rural India

KV Gouri and Vanita Viswanath

PART-2

Background

BASIX, the promoting Institution (PI) commenced the project of *institutional strengthening for market access* in Dec 2011 that ended in Dec 2018. The project was extended thrice (in 2014, 2016 and 2017) and envisaged the formation of 100 FPCs initially which was revised to 120 later.

In the second extension, the revised targets were near-impossible to achieve. The PI geared up accordingly. Field teams were given tasks, deadlines, incentives to perform. Monitoring happened daily; MIS reports were received weekly instead of monthly. Documents were bundled up and submitted for 25 companies at a time. However, the client did not respond as quickly and they got piled up pending review. This delayed payments and the PI met the increasing operation costs by cross subsiding from other projects. This stretched the capacities of the PI and affected scale and outputs.

The Challenges:

1. FPCs' turnover expectations – The Catch 22

FPCs needed input and output licenses to achieve the volume of business transactions that would be required for them to reach the turnover figures mandated under the project. Obtaining licenses for inputs for the FPCs was less of a challenge compared to the mandi license for output marketing. The application for the mandi license required the signature of two *adthiyas* (traders) in the mandi for consideration of the mandi committees. The traders were not willing to sign the forms since they viewed FPCs as competitors. The PI had to approach a senior bureaucrat at the helm who sent a communication to the district collectors. Despite the push, only a handful of FPCs got the licenses.

Procurement center of FPC

The PI found an ingenious way to increase the business turnover of FPCs. The State Government had set up 5000 centers for Minimum Support Price (MSP) procurement. The PI lobbied and got approval for FPCs to operate as MSP centers with standard commissions on transactions. The value of the MSP transactions thus enhanced the business turnover of FPCs, but the client insisted that the turnover figures be certified additionally by a Chartered Accountant. As a facilitator for the farmers, the transactions were not reflected in the books of accounts. After prolonged deliberations, the officials understood the dilemma of FPCs of not having required licenses to enable business operations but having to show the turnover numbers and finally accepted MSP procurement as part of FPC turnover.

2. Working Capital of FPCs

Obtaining working capital was another challenge for FPCs. The financial institutions were not willing to lend to nascent organizations without collateral. The Community Investment Fund (CIF) was to be released by the Government to FPCs in two tranches, one after three months of formation (Rs 4.50 lakhs) and the other after a year for infrastructure (Rs 9 lakhs) was not released. The first tranche was released quite late i.e. in 2017-18. Some NBFCs agreed to offer cash credit limits but only a few FPCs received it.

3. New demands

Despite many challenges, the PI managed to achieve the targets completely in the majority of FPCs. However, the fee for the tasks completed was delayed.

Fortunately, the World Bank extended its contract with the state Government and therefore the PI was given one more year with the final project closure date set for Dec 18, 2018. However, a new bureaucrat at the helm laid out new demands. These were mostly administrative issues, compliance of which took away time of the field staff for mundane work at the cost of servicing the FPCs.

Key learnings

I. **Scale and Capacity**
A project of large-scale requires adequate upfront cash reserves from PI. While handling large projects was not new to BASIX and was prepared for it, the undue delays and project extensions beyond normal limits stretched even an experienced organization. Running the project for long periods without fund flow was stressful.

II. **Unforeseen hurdles**
PIs have to find ecosystem opportunities to help FPOs meet business turnover expectations since a straightforward solution may not present itself. In this case, BASIX found the partial solution through facilitating MSP procurement through FPCs.

III. **Relationship Management**
The PI needs to be able to handle frequent changes and expectations at the client level, especially at decision-making levels, so locating an office and a dedicated team leader experienced in handling such disruptions to liaise patiently with the client can facilitate the relationship. Over seven years, the PI dealt with five to six bureaucrats. Each of them had a new set of demands. This required rapport building every time the officer-in-charge changed.

IV. **Capacity and Capabilities of FPCs and PIs**
To sustain FPCs during and beyond the project (as it takes longer than a short project cycle to build a robust FPO business), PI must equip itself with funds for its facilitation; understand statutory detail (including policy asymmetries) to manage working capital for the FPO, and much more. The PIs' timely intervention to channelize MSP procurement through FPCs helped. By centrally discussing with NBFCs, banks, and its own MFI, the PI could facilitate the flow of capital to a few FPCs.

Participation of women in the AGM meeting

A journey worth making despite the odds involved

As a PI, BASIX got recognition in various forums for being a single agency that promoted over 100 FPCs in a single state. It supported FPCs to achieve business turnover ranging from Rs 25 lakhs to Rs 2 crores. It helped FPCs to leverage several grant-based government schemes and establish financial linkage for working capital. Some FPCs received awards and other recognition. The project attracted academic researchers, PIs, officials of other states who visited the FPCs.

Even after the exit of the PI, a quarter of the FPCs came forward to pay for the services of its field officers to continue supporting them to grow. This was an indication of their interest and inclination to run the collectives and trust in the support provided by the PI.

(This is the second and final part of the series discussing the dilemmas and reflections of a development professional.)

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Engage Stakeholders early and often: Prakriti Foundation's efforts to create an enabling ecosystem for Diwak Mata FPC

Abhishek Saxena and C. Shambu Prasad

Project closures bring a lot of uncertainty for the FPO being promoted. Continuous stakeholder engagement with cooperative input suppliers, Krishi Vigyan Kendras and the Mandi by Prakriti Foundation has helped create a buy-in for the three-year-old Diwak Mata Farmer Producer Company's ideals and vision.

The RACP project: bringing civil society, government and private consultancy together

In 2012 the World Bank funded an ambitious program, the Rajasthan Agricultural Competitiveness Project (RACP) involving six departments of the state government collaborating with each other to make interventions related to watershed management, water resource management, horticultural, sustainable agriculture and animal husbandry. Dr. Pritpal Kalra, the Project Coordinator of RACP, reflected that much of the early years were spent in establishing mechanisms to get six departments, headed by different principal secretaries to work under the same roof given their own departmental norms. Grant Thornton was roped in 2015 as a specialized agency to promote agribusiness through the project. FPOs were sought to be established by implementing agencies or NGOs across the state. The Prakriti Foundation, an NGO with expertise on watershed and participatory irrigation management, in the region of Rajasthan-Gujarat state borders was called upon to implement the project in the catchment area of the Jakham dam in Pratapgarh district.

Building Diwak Mata: getting the right people on the ground

The Diwak Mata Farmer Producer Company Limited (DMFPCL) was promoted by Prakriti and after initial social mobilization was registered on June 13, 2018. Diwak Mata has 525 members including over 100 women, who together have contributed Rs. 6,27,100 as share capital (in 2019-20). The turnover of DMFPCL, in its two years of operation has risen to Rs. 32,11,138 with Rs. 2,42,213 as the net profit.

At the meeting with the Board Members and CEO

Rajendra Jaiswal, the Executive Director of Prakriti Foundation, explained that the intensive mobilisation phase included repeated meetings with farmers and convincing them to collectivise to form Multitask Groups (MTGs) in 35 villages of the catchment area of the Jakham dam. Farukh, the field representative of Prakriti, mentions how farmers were skeptical to join any groups or contribute equity as they were wary of chit fund scams! Numerous evening meetings led to a total of 219 MTGs that were federated as five Multitask Associations (MTAs). From each of these, two representatives were chosen to form the Board of Directors that included two women, one of whom is a graduate. The chairman Ambalal had prior experience of engaging with farmers through working with the Foundation of Ecological Security (FES) in the region.

Selecting a good CEO is critical for FPO's success. Rakesh Sain, from a farming family, following his graduation in agriculture was working for a seed company in Jaipur. When Farukh identified him as a potential CEO and spoke to him he was initially hesitant. After several meetings with Rakesh and his father Farukh finally convinced him about the opportunity to make a difference to farmers in his district. Rakesh has helped build and grow the business of the FPO.

Diwak Mata began with input business selling seeds, pesticides and fertilisers to farmers. The Department of Agriculture facilitated the FPC enter the input business despite resistance from input companies and local traders. Smart tie-ups by the FPC with IFFCO Bazaar benefitted the farmers through cost savings, with Diwak Mata making profits through a small margin and increasing sale. Entering the output market, including facilitating sale at the Mandi has not been easy even with a *mandi* license. Rakesh helped broker a deal with Sarvodaya Agrotech Ltd, a local buyer, for 10MT of soybean but the charges levied by the buyer did not work for Diwak Mata. Grading the produce with some processing could give their produce an edge and better returns too.

Greater availability of irrigation water and inputs has led to soyabean replacing maize as the preferred crop in Kharif in the region. Despite high volatility of Soybean price in the market, farmers are reluctant to move away from soybean as it continues to be seen as a low maintenance crop.

Building assets and creating the ecosystem

In July 2019, as provisioned in RACP, DMFPCL purchased land in the Semlop village from one of its members to establish a Farmer Common Service Centre (FCSC) that currently houses an office, a 60MT storage area for input stocks, a shop front for input sales and a sorting and grading unit with a capacity of processing 1MT/hour. Due to interventions of the Department of Agriculture and others DMFPCL has been able to get license to sell inputs from IFFCO Bazaar. Mukesh Ameta, the manager at the Pratapgarh branch of IFFCO Bazaar has been very supportive. He feels that FPOs, like DMFPCL has a role to play in not only selling inputs to the farmers but also in disseminating information about their optimum usage. DMFPCL also has good links with Krishi Vigyan Kendra (KVK), Pratapgarh, where the resident scientist, Dr Yogesh Kanojia was willing to help the FPO and its farmer members with seed production trials. Good seed production can mean quality seeds in the market and business for the FPO too. At the local *mandi*, the APMC secretary Madan Gujjar, is supportive of the DMFPCL to market member produce through APMC. However, he feels that to be a regular at the mandi, the FPC needs to motivate and facilitate the members to take up grading and sorting of their produce.

Man proposes virus disposes: an opportunity to start anew!

Covid has impacted the operations and plans of DMFPCL. Since the lockdown, the input shop has not been functional continuously and the sorting unit has only been tested. The FPC is now looking forward to reviving its input shop by placing a salesperson and motivate the members to bring their produce for sorting and grading at the FCSC, before being sold at the *mandi* or elsewhere. This will give better returns to the member farmers will get for their produce even as the business of the FPC improves. Prakriti Foundation has been instrumental in motivating the farmers to do multicropping, engage in seed production business and carry out trials at a smaller. It is also helping DMFPCL seek credit from the local bank branch, even as they wait for their equity matching grant from SFAC.

The Farmer Common Service Centre at Semlop village, Pratapgarh

With support from Prakriti Foundation, an entrepreneurial CEO Rakesh, a proactive BoD, and supportive institutions in the ecosystem, DMFPCL is all set to overcome the Covid setbacks in processing and marketing. This year could end up being crucial for the FPO in leveraging the synergy and goodwill of stakeholders into persistent benefit for its members and profits for the FPO. Prakriti Foundation has rightly changed its role as a facilitator of linkages with the local ecosystem with the FPO at the centre.

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Overcoming post project pangs: What does it take for an FPO to survive?

Abhishek Saxena, Arnab Chakraborty and C. Shambu Prasad

What happens to FPOs after withdrawal of project support? Are there good practices that can enable their continued survival and growth after promoting institutions withdraw? The Diwak Mata Farmer Producer Company (DMFPCL) from Rajasthan offers insights on how to harvest results from engaged stakeholder incubation.

A good support ecosystem and engaging stakeholders early and often is the key to the survival of a collective enterprise, as we have opined in our earlier blog. DMFPCL emerged from a World Bank project (Rajasthan Agriculture Competitiveness Project) implemented through the Government of Rajasthan through its various departments, and business planning done by a business consulting firm and Prakriti Foundation involved in mobilization and capacity building. While other partners left on project completion in in 2020, DMFPCL and Prakriti had to plan for continued growth and survival in the midst of a pandemic that disrupted many agricultural operations.

At the DMFPCL's Farmer Common Resource Center, along with Farukh, meeting the CEO Rakesh and the BoDs

During our recent revisit to Pratapgarh we were pleasantly surprised to find a few budding initiatives that indicates how the FPO ecosystem is, and can, be enabling and can leverage existing opportunities. NABKISAN sanctioned a working capital loan of Rs, 10 lakhs and Samunnati indicated active interest in procuring soybean from DMFPCL at MSP. Samunnati was also keen on offering a working capital loan to DMFPCL that did not work out after advanced discussions due to high interest rate.

A story of ingenuity and resourcefulness

How does an FPO continue to engage with a local entrepreneur cum CEO after the project is over? How does it ensure capacity utilization of its community asset created through the project? How does it keep the members engaged despite fall in revenues due to the pandemic?

As it often happens with busy CEOs Rakesh welcomed us to Pratapgarh telling us "sir, I am in the Neemuch mandi selling ajwain. I can only meet you tomorrow....". During his first interview in 2021 an almost desperate Rakesh had said "sir, I am not able to form partnership in the market", the change was phenomenal. We had time to catch up with Farukh, the field coordinator from Prakriti Foundation discussing how the Foundation has been able to continuously engage with DMFPCL, across the border being itself based in Gujarat. Prakriti Foundation is keen to help Rakesh in searching for a market for his spices and mustard in Gujarat, with Farukh readily asking for samples to take with him.

When we met Rakesh, he had sold ~10 Qtls of ajwain on behalf of the farmers and was ready to sell another lot of 3 Qtls before shifting to mustard. The next crop in line was wheat for which DMFPCL had two markets, the APMC and a trading account with ITC Ltd. Rakesh has plans of starting the flour mill and retail sales of flour and whole spices viz. ajwain, mustard and coriander in the Pratapgarh market. The possibility of the FPO being engaged with the produce of its members throughout the year seemed real.

Rakesh's entrepreneurial spirit has led him to experiment with unorthodox practices. One of them being selling farmer produce in the mandi not as a single lot aggregated by the FPO but as individual lot of farmers. Since the volumes being traded by DMFPCL are not huge as yet, this practice is manageable and helps the FPO save tax. A good practice that DMFPCL has begun is that of involving BoD members in operations. Rakesh pays a small per diem amount of Rs. 50 for 1 hour and Rs. 100 for whole day plus fuel charges to the BoD members whenever they venture out for FPO related work. Some conventional good management practices are also serving DMFPCL well. Rakesh has formed small 1-2 person committees for managing various tasks at the FPO, including accounts, legal compliance, APMC sales, procurement and aggregation, meeting and stakeholder relations etc.

At the DMFPCL's Farmer Common Resource Center with the CEO, BoD members, a few members and ITC representatives

The formation of committees, the agreement to pay per diem and fuel expenses and the visible effort that Rakesh is making to sell member (and non-member) produce at the mandi has made the BoD members active and interested again. In the meeting with the BoDs, it was interesting to see an old farmer and a BoD member asking Rakesh to decide the exact date when to switch from selling ajwain to the next crop in line i.e. mustard. Another metric of a very active BoD is that they are meeting almost twice every month for the past 2-3 months. Slowly, BoD members are also getting how sales happen in the mandi and what to be cautious about. Soon, Rakesh may have a second in command from among the BoDs, to look at the actual mandi sales. He can then focus on forming the market linkages and taking more strategic decisions. One of BoDs members, from a nearby village of Dhekania is a farmer and a kirana shop owner. In an FPO, such people who understand both agriculture and doing business can be huge assets. Incidentally, it was in his premises that the earlier input shop of DMFPCL was started after registration in 2018, before the land for FCSC was bought. The shop has now been converted to a warehouse and can store almost 120-150MT of farmer produce.

Making the ecosystem work for you

Apart from the internal structure of the organization, the organization owes its success to a strong support ecosystem. Rakesh has been able to leverage his goodwill with the APMC secretary to start selling farmer produce at the mandi and is also in the process of getting a shop inside the APMC premises, on lease. With the help of Prakriti Foundation, DMFPCL has been able to get a working capital loan from Nabkisan and has a potential lender and business partner in Samunnati. It just needs one transaction to set the ball rolling. This season, Rakesh's phone has been ringing with queries of procuring mustard and wheat, and this brought ITC Ltd. at the doorstep of DMFPCL with the offer of a trading account where DMFPCL could sell wheat aggregated from farmers, with transportation cost taken care of by the local ITC dealer in Pratapgarh, and a smartphone application for better information access and management of work at the FPO. ITC may also consider partnering with DMFPCL for sorting and grading of procured commodities. Rakesh has also been able to approach input dealers both public and private for seeds, fertilisers and pesticides and even irrigation equipment.

At the DMFPCL's original input shop (now a collection center/warehouse)

There was some discussion on the recognition of FPOs to be at par with cooperatives by IFFCO. Mr. Rajendra Jaiswal the executive director at Prakriti had raised the issue with the IFFCO Bazar representative. This required some changes in the bylaws of IFFCO and would prioritise FPOs along with cooperatives and enable DMFPCL to avail membership benefits. It seems that indeed IFFCO has considered making FPOs members of the apex cooperative federation. This goes on to show that a strong ecosystem can help the FPO raise issues and get updates and information on the policy and market level changes.

DMFPCL, that had started looking like a typical case of a struggling collective enterprise with so many negatives, including top-down project implementation, premature closure of project, Covid19 related challenges, seems to be finding a footing after all.

As we have tried to highlight, the role played by the ecosystem is significant in this success with newer links expected to emerge. In that respect, we can assume the future success stories of FPOs will largely depend not only on the ecosystem players being there but on the ability of the individuals to leverage such opportunities.

The skill of the individuals and promoting institutions is not so much in forming the connections but also using it at the right time. DMFPCL has been able to do this in a short span of time. However, there is a need to carry on this streak over the next few seasons, while at the same time finding new partners in the market and trying out new initiatives, before DMFPCL is on completely solid ground.

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Loans, Liquor, and Targets: Social dynamics and Challenges of forming a new FPO

Karunakar Manthri and Hippu Salk Kristle Nathan

Registering an FPO forms only a small part of making the institution viable. Policymakers need to acknowledge the underlying informal, but enduring social relationships governing farmers' behaviour to help design more supportive ecosystems.

Narnoor is a mandal in Adilabad District of Telangana. It consists of primarily tribal populations. Under the Government of India's push to collectivise farmers, the Bhoosampada Farmers Producer Company Ltd. (FPCL) was registered in Narnoor on 22nd July 2021 under the Company Act 2013. The APMAS (Andhra Pradesh Mahila Abhivrudhi Samiti) is the promoting organization and the NABARD (National Bank for Agriculture and Rural Development) is the implementing agency of the FPCL.

The Bhoosampada FPCL comprises of farmers who grow predominantly cotton. The FPCL aims to facilitate agriculture inputs (seeds, fertilizers, sprinklers, tarpaulin, etc.), provide market linkages with good price realisation, and to share the profit with the farmers, who are the shareholders of the FPCL. It has currently 160 members; 35 of them are women. Approximately 70% members are small or marginal farmers. The farmers belong to seven villages of the Narnoor mandal.

Members pay Rs. 1700/- (Rs. 200/- membership fee and Rs. 1500/- share capital) to join the FPCL. This fee amount was decided by the APMAS considering the paying capacity of villagers. The NABARD has set a membership target of 300. Once the FPCL achieves this target, NABARD has assured them a matching equity amount of 4.5 lakh.

Social composition of the area

The villages under the Bhoosampada FPCL comprised three main scheduled tribes: Gondi, Lambada, and Kolam. The Gondi tribe is in majority in the area. In every village, Gondis have a community head, called Patel, whose instructions all Gondis follow. The Lambadis, who are next to Gondis in terms of number, consider themselves superior to Gondis, and try to dominate over them. The

Kolams have the least literacy level. They speak a different language compared to Lambadis and Gondis. The fourth community, Maratha, belonging to scheduled caste (SC), is in a minority. The tribes live in segregated colonies, namely, Gond guda, Lambadi thanda, Kolam guda, and SC guda in every village.

Challenges faced by Bhoosampada FPCL

Some of these challenges the Bhoosampada FPCL has faced in mobilizing the farmers are outlined below.

- In the villages surrounding Narnoor, there is no culture of saving among all the communities. This is not surprising given that tribes have relied on hunting or subsistence farming for centuries. The money earned post-harvest is mostly spent within 2-3 months, and they are completely dependent on middlemen (sethjis) for any financial requirement for the rest of the year. While mobilizing the farmers to join the FPCL, the villagers would say that they can pay the joining fee only after harvest. One villager from Gondi community had said,

  "After harvest season, we will visit our community God in various places so we have to spend money there and we go to market at mandal headquarter weekly. After purchasing all the home essentials, we drink. We do it every week even if we have less money. We have an assurance that we will get money or agri-inputs from sethji."

  To return debts, they give their produce after keeping their share for self-consumption. The sethji decides whether the crop value exceeds the debt cum interest (typically, 2.5% per year). If so, he pays the balance, otherwise the farmer returns empty-handed but with the assurance that they can get agricultural inputs on debt. Though the interest rate is low, sethji typically devalue the crop or charge an inflated rate for inputs. Still the farmers continue the relationship with sethji and hardly have any enthusiasm to join any FPO. This behavior of the farmers is explained by 'status quo bias', which leads individuals to make irrational decisions resulting into a sub-optimal situation.

  Alcoholism is another reason for their dependency on sethjis, as most of the earned money is spent on buying liquor by men and women. Alcohol consumption is so rampant that during the field visits for any late evening meetings, villagers would say, *"many people will drink during night, so better to have meetings in the daytime."*

Meeting with Gondi Community for FPO mobilization.

- Villagers' casual approach to formal loans forms another challenge faced by Bhoosampada. Formal institutions are faceless unlike the informal moneylenders. Further, frequent loan waivers by government at various levels incentivize the farmers to default. As a result, SHGs have found it difficult to operate in the area. A Village Organizer Assistant, who works under Indira Kranthi Pathakam had remarked,

  "We used to initiate many loans for the women group. When they are in need they will take money but paying back won't be their priority, even if the loan is on zero interest."

Interaction with the SHG members for FPO mobilization

- Another challenge Bhoosampada FPCL faces is peer competition. In Narnoor area the mobilization for FPOs have been taken up by many promoting organizations: Dhan foundation, Chetan Organic, Prajamitra, Raithumitra, CCD (Center for Collective Development), SERP (Society for Elimination of Rural Poverty), etc. These organizations remain competitive to attract farmers. Also, farmers get an opportunity to choose from different alternatives. However, this has created other challenges such as too many agencies bring down members-size of individual FPOs, thus reducing the advantage of scale based market interactions. Also, SERP working in SHG space have mandated all the women to be part of its FPOs. So, naturally, the proportion of women members in Bhoosampada is less.

Overcoming the challenges

Bhoosampada FPCL currently has members from three communities: predominantly Gondis and a very few Lambadis and Kolams. A greater understanding of socio-economic dynamics of the communities is essential to mobilize them to join FPO. The poor saving culture, dependency on sethji, and alcoholism is most prevalent among Gondis and Kolams; hence needing extensive awareness. Also, for mobilizing Gondis, the Patel's interest is the key. Some Lambadis and most Marathas are into business and therefore they have some appetite for saving. The FPCL needs to ensure that overtime all communities having their fair representation in the Board of Governors.

Bhoosampada FPCL Board of Directors' monthly meeting to discuss about matter of the organization

One of the strategies for the government to consider is to either do away with quantitative targets or making it flexible and bottom-up. Bhoosampad FPCL had to have 300 members within four months of registration. This is an unreasonable target considering the above-mentioned challenges. This target was shifted thrice. Finally, NABARD was convinced to go ahead with the FPCL as it could meet half the target by January 31, 2022.

Top-down aggressive targeting compromises with the quality. Targets, in case of FPOs, need to made at the cluster level where the detailed planning based on the ground realities of the FPOs take place. Also, since agriculture follows an annual cycle, one-and-half year time is required to meet the target for places like Narnoor, where farmers have reluctance to adapt to a new eco-system. Adequate time will demonstrate the benefit obtained by the existing members of the FPO, so that others feel motivated to join.

Karunakar Manthri is the CEO of Bhoosampada Farmers Producer Company Ltd. (FPCL)

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Building sustainable and inclusive institutions

The Balancing Act: *Mitti*, Members and Markets

Abhishek Saxena

Most collective enterprises work with their members in aggregating demand for providing agricultural inputs – largely agrochemicals. However, few promoting institutions and Farmer Producer Organisations (FPOs) engage in the long road of transiting from a more efficient middleman in the short run to being a friend of the farmer and the soil through sustainable agriculture. The Samaj Pragati Sahyog (SPS), and one of the earliest FPOs in the region, RRPPCL, presents interesting insights into creating an entrepreneurial ecosystem with stakeholders to manage sustainable transitions.

Trials and tribulations of being relevant in the market

SPS has been working in the Dewas district of Madhya Pradesh and nearby areas since the 1990s and is known well for their expertise on natural resource (and watershed) management and agroecology. Their training centre, The Baba Amte Centre for People's Empowerment (known as Kendra locally), is set in a remote village of Neemkheda, in Dewas. SPS's work in agriculture began in 2006 by forming Self Help Groups (SHGs) of tribal women. Farmers in the region were dependent on the local traders and input dealers for expensive agri- inputs and credit to cover the costs. Formal credit was provided to them by linking these SHGs to banks, thus helping rainfed farmers break the trap of high input cost. Later, the tribal women tried aggregation and direct marketing of produce at the local APMC, but they were met with stiff resistance from the local traders who complained to APMC authorities. The traders argued that since the land was not registered in women's name or the SHG, they could not market their produce at the mandi. To resolve this problem, the most feasible legal route was creating a Producer Company and thus, Ram Rahim Pragati Producer Company Limited (RRPPCL) was incorporated on April 19, 2012.

RRPPCL grew organically out of the work of SPS on Non-Pesticide Management (NPM) of crops. Community resource persons (called khet mithaan locally) are responsible for the diffusion of the cultivation practices, introducing improved varieties of crops and sampling of the NPM produce at the time of harvest, with each one responsible for around 20 SHGs, each having 350 members.

The current CEO of RRPPCL, Rajat Tomar, is an IRMA graduate, and has been with the FPC since 2019. Interactions with Rajat and Animesh Mondal (the representative from SPS) made it clear that RRPPCL has been growing consistently even as they have had to make strategic shifts to suit the diversified crop mix of rainfed farmers. In the last three years (2017-18, 2018-19 and 2019-20), RRPPCL has achieved a turnover of more than Rs. 5 crores with the profit reaching more than Rs. 10 lakh, while maintaining a focus on its social and ecological responsibilities.

The FPC as a federation of the SHGs

The FPC is organised as a federation of SHGs of women farmers. Currently, 304 such SHGs are members of the RRPPCL, comprising of 5000 women farmers. There are six directors on the Board of RRPPCL who regularly interact with the CEO. The SHGs, at their level, elect a leader and promote good agricultural practices such as NPM agriculture. It is not necessary that every member of the SHG will cultivate and aggregate NPM produce; however, those who do so aggregate their produce at the cluster level collection centre. Five such collection centres are catering to 50 villages in the region. Mithaans are responsible for sampling and facilitating the aggregation of the crops post-harvest and are supervised by a supervisor at the collection centre who directly interacts with the CEO of RRPPCL.

Sustainable agriculture commitments at the centre of RRPPCL's growth story

RRPPCL has undergone many changes as far as their business models are concerned, from marketing member produce to APMC to trading soybean in Commodity Exchange to focusing on seed production. Currently, the FPC is clear on selling branded seeds to their members and having forward contracts with a few buyers, a major one being Safe Harvest Pvt. Ltd (SHPL), a social enterprise that partners with FPOs to procure NPM cereals, pulses, spices etc. Commodity-wise also, the RRPPCL stopped procuring soybean and has moved to wheat, chickpea, red gram and mung in Kharif and jowar and maise in Rabi. This change reflected the FPCs vision of crop diversification and usage of NPM techniques of cultivation.

RRPPCL has excellent linkages with its promoting institution SPS, its forward partners and buyers like SHPL and Kasyap Sweeteners Ltd. It also has linkages to Avantee Mega Food Park, a public-private partnership, for accessing processing facilities for wheat and chickpea and cold storage. Other partners are Non-Bank Financial Companies like Nabkisan, FWWB, Avanti Finance and banks.

Shashank Shrivastava, from SHPL, explained that the relationship between RRPPCL and SHPL is more than just a buyer-seller or partner. SHPL also plays a role in training and handholding FPC staff and helps RRPPCL decide on their production and pricing strategies.

Avantee Food park

The everyday business and the Mega Food Park

The visit to the Avantee Mega Food Park, Dewas provided a glimpse of the business operations of RRPPCL. The FPC has a facility that can process up to 10 MT/day of wheat or pulses. The facility has hermetic cocoons for storage of processed flour, *daliya*, and processed pulses waiting to be transported to Delhi-NCR, Hyderabad, Bengaluru, Pune, Mumbai and Chennai, based on the demand from SHPL. Manual packaging is done according to the demand of SHPL.

Positive externalities of SPS-RRPPCL-led interventions

RRPPCL has brought positive changes in the market too. Due to a competitive yardstick function, other traders have started offering higher prices to the farmers, and there has been a reduction in fraudulent practices. RRPPCL balances the use of technology for quality assessment with the experience of locals, who are innovative and device methods for quality assessment of crops that are cheap yet reasonably accurate. Due to the FPC's interventions, women farmers in the region have become aware of market prices and do not let even RRPPCL become the price giver. They actively negotiate. SPS's work in Natural Resource Management (NRM) has resulted in the villagers growing a Rabi crop in the region. Earlier, this was the dry season, and most of the men and women left to work on the larger farms as farm labour.

Manual sorting and grading of chickpea at the Food Park

Sampling chickpea produce brought to the collection centre by the mithaans

RRPPCL has been able to sustain its business with the help of SPS and with strategic linkages with SHPL and Avantee Mega Food Park. It has not been an easy journey for RRPPCL. However, the unwavering focus on NPM agriculture and the decision to work with women farmers shows that RRPPCL keeps the benefit of members and the environment at its core.

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From Despondence to Optimism: How an FPC is transforming the lives of Disabled Farmers?

Preeti Priya, Anand Venkatesh and Avijeet John Joseph

A lot has been spoken and written about attaining the 'magical' number of 10,000 FPOs to achieve the larger goal of doubling the Indian farmer's income. What seems to be widely missing from the mainstream discussion is the inclusion of the most vulnerable - 'Divyang Kisan' (disabled farmers). The disability-inclusive organic farming experiment by Purvanchal Gramin Seva Samiti (PGSS) and Christian Blind Mission India Trust (CBM India) in Eastern Uttar Pradesh could prove exemplary for creating an FPO ecosystem such as the Annsh Laghu Krushak Producers Company Ltd (ALKPCL) that includes close to 200 Divyang Kisan across the value chain.

Disability in Rural India

The vast majority of India's disabled live in rural areas (18.4 mn); many of these individuals have no educational opportunities and no inheritances. Because of various social taboos, people with disabilities face discrimination and denunciation, which creates several attitudinal, environmental, physiological, and psychological barriers in their lives. The economic empowerment of the disabled is essential, as it reduces poverty, and boosts the productivity of society as a whole. Rural India still relies heavily on agriculture as its primary source of income. As agriculture requires physical labour, disabled people are often excluded by default. Therefore, PGSS and CBM India's efforts to empower disabled people through agriculture-based livelihoods are worthy of consideration

PGSS way of Disability-Inclusion

PGSS is guided by the Disability Inclusive Development (DID) approach promoted by its funder, CBM India Trust. Inclusion and equal respect for people with disabilities are the DID's goals. It emphasizes people-centricity, community engagement, and human rights.

PGSS and CBM identified individuals with disabilities and assessed their rehabilitation needs. They developed personalized Individual Rehabilitation Plans (IRPs) describing each individual in detail and strategies for addressing their health and livelihood challenges. More specifically, the document contained details on health interventions, training support, customized agri-tools, and environmental modifications for mobility and farming.

Agri Adaptive Sickle - Channar from Maharajganj

Campaigns were conducted to promote an understanding of disability inclusion and strengths among community stakeholders. DPOs were formed to advocate for the rights and entitlements of people with disabilities. DPO members underwent accessible skill development programs and assessed their livelihood possibilities. Later, disabled farmers were inducted into various inclusive community-based organizations at the local level, such as SHGs and FIGs.

ALKPCL – A Disability-Inclusive FPC

PGSS and CBM India teamed up on a disability-inclusive farming initiative in 2012 across 83 villages of Gorakhpur that culminated in Annsh Laghu Krushak

Producers' Company Limited (ALKPCL) in 2017. In Phase 1 (2012-2016), farmers were able to meet the food security needs of their families and reduced the use of pesticides. Growing organically, on a small scale, led to increase in income and a healthier lifestyle for small scale farmers, motivating them to expand their participation in formal markets to leverage sustainable and greater economic returns. The organic farming practices of 288 farmers with disabilities (or their caregivers) resulted in the registration of 40,245 hectares of land as organic farmland. 83 Disabled People's Organisations (DPOs), 83 FIGs (Farmers Interest Groups) and 15 value-addition centres were also promoted. Moreover, 99 women and people with disabilities joined the FIGs and SHGs, thereby forming inclusive collectives.

During the second phase of the project (2017-2020), on 5th January 2017, the Annsh Laghu Krishak Producer Company Limited (ALKPCL) was incorporated under the Companies Act of 2013. ALKPCL currently has 501 members from the disability-inclusive organic farming project, of whom 186 (102 men and 84 women) are disabled. The farmers belong to the three districts of Kushinagar, Maharajganj, and Siddarthnagar. Four Seed Banks have been set up for the member farmers. For the year 2019-20, ALKPCL registered a revenue of Rs 16,98,947 and booked Rs 41,195 as profit after tax.

ALKPCL Processing Center

In 2020-2021, ALKPCL purchased wheat at a 10% premium over the MSP, and the procurement process was kept open throughout the year. In addition to operating accessible processing plants for farm products (e.g., wheat, rice, turmeric, coriander, and red chilly), the company sells the final products under the brand name Eco Samriddhi Green (ESG). ALKPCL has about 52 outlets, including exclusive Eco Samriddhi stores operating in the Gorakhpur division.

The governance system at ALKPCL requires at least 40% of the directors on the governing board to be disabled persons. This governance structure helps in operationalizing the founding philosophy of disability inclusion. In our discussion with the BoDs, we discovered that they feel comfortable voicing ideas and opinions in any board meeting. They are given good support and encouragement from other members of the board, and they have the same opportunities as others for leadership roles in the FPC.

ESG Retailer- Santosh

Transformative Experiences at ALKPCL

I used to be a hesitant person and had a lot of inferiority complex due to my disability……after associating with the PGSS and the FPO, I experienced a good change in me and also in the people's perception towards me……..earlier nobody used to call me Sriram Ji (name with a suffix 'Ji, a respectful word)…..now I experience genuine respect……not just in my family but also in the society… this change is really fortunate in my life.

Shriram

BoD | ALKPCL

The support and encouragement of other group members have helped me remove my hatred towards my disability. I am today talking to you because of people around me who helped me come out of my closed world.

Pramod

BoD | ALKPCL

Disability-inclusive interventions by PGSS and CBM have the greatest impact on improving beneficiaries' self-perception. They no longer feel like a burden or liability to their families. Due to their economic empowerment, they can express themselves more freely. They realize they do not have a disability, only impairment. The interventions designed by PGSS and CBM reinforce the fact that many of the impediments experienced by the disabled are due to a structural exclusion rather than their own incapability to contribute. Several disabled persons have gained respect from their community after demonstrating that they can earn a decent living.

UP CM visiting ALKPCL stall in Gorakhpur Mahotsav in January 2021

Whither Next?

PGSS and CBM have already produced beneficial outcomes for FPC members. It can serve as a model for creating disability-inclusive FPOs. The model emphasizes psychosocial and economic empowerment, the enhancement of sustainable livelihoods, and, above all, ensuring that people with disabilities and other marginalized segments of society live dignified, respectable lives. While ALKPCL's achievements since its inception are praiseworthy, an examination of balance sheets and other audited financial statements indicates that FPCs are not yet financially stable. A fall in profit margin over the last three years is a cause of concern. ALKPCL's ability to cope with the vagaries of the market will be the ultimate test for its shareholders and board members. PGSS's contemplation of exit from the FPC makes this issue even more critical. Can the hard-earned enhancement of intrinsic and instrumental agencies of disabled farmer members propel ALKPCL into the future? With the strong foundation of management and governance systems as well as the active participation of members, we are inclined to answer in the affirmative.

Preeti Priya and Anand Venkatesh are professors at IRMA;

Avijeet John Joseph is a Program Manager at PGSS

The Seeds of a Sustainable Future: Understanding the initiatives of Desi Seeds

Tara Nair

It is often asked whether going the organic way makes any business sense especially to small and fragmented farming communities. This post is about a Karnataka-based farmers' movement and the two producer companies that it has set up over the last decade to deal with the problem of marketing organic produce and organic seeds.

Connecting health of the land with personal wellbeing

Periyapatna in Mysore district has been a tobacco growing area for several decades. Farmers are known to have been in debt for generations. Struggling to cope with mounting debts many had taken their lives. Kalappa, the seed farmer whom we met in Periyapatna too was a tobacco farmer once. When he realised that long years of tobacco farming had significantly harmed his land, he stopped the cultivation completely. For about a decade now he and his wife Manjula have been following organic farming practices in their 2.5 acre farm. "*I took to organic cultivation to take care of my health and the health of this soil*". He has been associated Desi Seed Producer Company Limited since the last six years.

Kalappa grows around 100 varieties of vegetables exclusively for the production of seeds. He also cultivates paddy and millets mainly for the family's consumption in the two acres of land that he has inherited from his father. There was ginger, amaranthus, spinach, chillies, radish, and tomato standing in the field when we visited him. Some seeds were in the process of getting ready. Seeds of many vegetables were seen conserved inside dried fruits, while some others were being dried in seed trays. He also maintains a small personal seed bank at home.

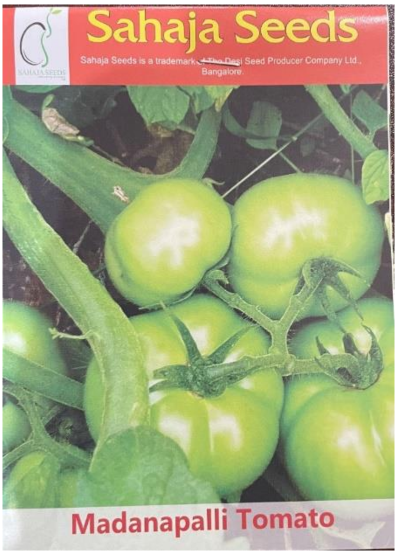
All the seeds produced in his farm are bought by one company – the Desi Seed Producer Company Limited, Mysore. Desi Seed, the farmer owned company incorporated in 2013, carries the legacy on Sahaja Samrudha, the movement that started in the early 2000s in Karnataka by a small group of organic farmers to spread the message of diverse and sustainable agriculture. The total number of shareholders in the company as of September 2021 is 502, of which 472 are organised into groups (*sangha*s) and the rest are individual farmers. The members belong to 29 villages across nine districts.

Kalappa with his wife, Manjula

Riding the wave of emerging organic farming movements

The idea of organic farming gained currency in India the early 2000s thanks mainly to the initiatives at the global level under the leadership of the Food and Agricultural Organisation (FAO) to drive the agenda of sustainable agriculture, biodiversity and food/nutrition security. There was widespread concern about the ill effects of conventional agriculture in the post Green Revolution era, especially, the depletion in soil quality. Several institutional arrangements like the National Programme for Organic Production (NPOP) were introduced in India in the 2000s.

The efforts of the Karnataka state government in creating an environment conducive to the working of organisations like Desi Seeds need to be acknowledged too. The government's approach has been to leverage organic farming as a critical and convenient tool in its fight against the crisis in conventional agriculture and the rising incidence of farmer suicides. With this in focus several initiatives were introduced in the state in the 2000s. Sahaja Samrudha made a salient place for itself in the formulation and implementation of these initiatives. It did not, however, confine its activities just to advocacy and awareness generation. Development of a market for organic produce that can be catered to by for-profit institutions owned by farmers was considered critical for the long-tern sustainability of the idea of organic farming. Two farmer producer companies – Sahaja Samrudha Organic Producer Company Limited that markets the crops produced by farmers and Desi Seed Producer Company limited that sell seeds – were set up in 2010 and 2013 respectively. The two companies sell their products under distinct brand names – *Sahaja Oganics* and *Sahaja Seeds*. As compared to Desi Seed, Sahaja Organic is a larger company in terms of both paid up capital (Rs. 2.7 million and Rs. 0.29 million respectively in 2019-20) and volume of business (Rs. 88.5 million and Rs. 3.9 million respectively). Desi Seed is careful not to expand its shareholder base aggressively as production of seed, especially organic seed, is a tricky business. The success of the business depends on the quality of the seed multiplication process. Purity of each variety must be maintained as it moves from the breeder to farmer.



Organic seeds for sale

Seeding resilience and a dignified livelihood

Building a profitable collective business to develop seed-sovereignty and ensure livelihood security among farmers are the central mottos of Desi Seeds producer company. Its core business is to produce and sell open-pollinated seeds that will breed true type. They are either farm-saved or conserved in community seed banks. The seeds are sold in their brand name 'Sahaja Seeds' to farmers, home gardeners, and NGOs/farmers organisations and government programmes.

According to Kalapppa, organic seed farming is quite remunerative. The cost of cultivation is practically zero. He makes bio fertilisers and pesticides by himself by mixing locally available leaves and grains with cow urine. His wife and daughters provide the labour along with him. The income cycle generally starts after about three months. He makes up to Rs. 100,000 from seed sales every three months.

Desi Seed has been working in collaboration with its counterpart Sahaja Samrudha and other agencies to spread the skills and knowledge around organic seed production. Farmers like Kalappa act as resource persons in the training and capacity building programmes it conducts. Many of the farmers are also committed conservers of a large variety of local seeds

Manjula offering a yellow pumpkin

As we were getting ready to leave the small makeshift shack in the midst of Kalappa's farm used mainly as the 'work station', Manjula offered us two big, round, golden yellow pumpkins from their field. That they were the outcomes of the family's hard labour as also a deep love for the nature excited us. Manjula's sense of ownership of the farm as an equal partner in the production of seeds was evident in our interaction throughout. The bright smile on the faces of the couple spoke volumes of their confidence in what they have chosen to do for their wellbeing and the wellbeing of the nature.

Prof Tara Nair is a Professor at the Gujarat Institute of Development Research, Ahmedabad

From walk to scooty: What does it take to sustain women-led collectives, like KBSSSL?

Gautam Prateek

The Krishi Bagwani Swawlambi Sahkari Samiti Limited (KBSSSL), a women-led cooperative supported by PRADAN, has charted out an interesting journey in the past two decades towards developing strategies forprofitable farming through convergence with state policies and schemes. Amidst the social-ecological constraints, their story is indicative of the long gestation periods involved in developing the confidence and capacity of farmers to form such collectives and negotiate with the market in a predominantly tribal part of Jharkhand.

Women empowerment through collective action

"As per the old leaders, they had to walk 10-15 km to attend meetings and coordinate with cooperative members, but the new members have two-wheeler vehicles (scooty), and the other transport facilities have also improved."

This is what Radha Devi, the first vice-president of KBSSSL, said to Sukarmani Devi, the current vice-president (fourth generation in Board of Directors), during the discussion around a critical question: what has changed in the 18 years of operation of the all-women KBSSSL collective? The above quote alludes to the progressive path Krishi Bagwani Swawlambi Sahkari Samiti Limited (KBSSSL) has charted in the past two decades on women empowerment through collective action and remunerative agri-based livelihoods. In this journey, the support of Professional Assistance for Development Action (PRADAN) has been crucial, along with the strategic use of public policies used in convergence with the services of this collective.

Beginning with 243 members and a grant of rupees two lakh (INR) in 2003, KBSSSL has grown into a collective with 2680 members, 52.92 lakh (INR) turnover, and share capital of 14.06 lakh (INR) as of 31st March 2020. Palkot, where the head office of KBSSSL is located, has a predominantly tribal population (48,608 out of the total block population of 80,859 consists of scheduled tribes, as per Census of 2011). The place is rich in forest cover, comprising Sal, Mahua, Asan, Gamhar, Simal, Mango, Neem, etc., which are essential for forest dwellers. Along with crop-based agriculture, the collection of forest produce constitutes a significant proportion of the cash and subsistence livelihoods in the region.

case author with the farmer members of KBSSSL

Genesis of KBSSSL: Building on the strength of Self-Help Groups

Around 1997, the place had subsistence-based smallholder agriculture predominantly, and the challenges of food security and distress migration were also widespread. It is within this context that the livelihood intervention of PRADAN emerged. The aim was to provide access to better quality inputs and crop advisory, supplemented in later years with support for marketing of high-value crops especially. Moving ahead with this rationale, the cooperative was established in 2003 by drawing upon the existing self-help groups (SHG) membership.

To alleviate the community's mistrust in the idea of the collective owing to past experiences with chit fund scams, KBSSSL decided to set up its office campus to increase transparency and credibility in the region. In 2004, a land of 20 decimals was bought using a mix of grant money and some portion of didi's (member farmers) corpus fund, and the office was established in 2006. The capital required for transactions was mobilized from SHGs of the area.

Exposure visits to exemplary SHGs in Jharkhand initially (e.g., one in Khunti district), followed by visits to other cooperatives in Maharashtra, and then the regular training and support from PRADAN on governance, business planning, and financial management have been instrumental in capacity building of the member farmers.

Discussion on KBSSSL in PRADAN field office Gumla-Palkot

Community endorsement through the provision of quality inputs and services

KBSSSL was based on a contribution of 100 rupees per didi. PRADAN initially kept the focus on farming techniques and better inputs. The community started getting cooperative's services in terms of good quality agricultural inputs at a fair price, training on improved farming practices, and support in the marketing of outputs followed gradually.

For paddy, the high-yielding varieties from Odisha were initially introduced. Around 2006, the myth “tomatoes don’t grow in this region” was broken via timely seed delivery and farmer’s training. At present, multiple villages produce tomatoes for subsistence and cash income, and broadly similar is the narrative around mangoes and watermelons. The cooperative has appointed supervisors (community professionals) who are helping in the supply of the agri-inputs and package of practices at the doorsteps of member farmers.

Rewant Raj, from the PRADAN team, revealed how the farming of summer crops has been possible in the last few years after the establishment of a solar lift irrigation facility through the government line department. Examples of works undertaken via the District and Block Agriculture Office as well as convergence with MGNREGA were also mentioned in this regard.

Currently, the KBSSSL has a better campus with a sorting grading facility, a storage hall, a meeting hall, an office-cum-input sales center in its Palkot campus near the block office. They have hired one full-timer accountant, stock manager, and contractual supervisor for the smooth functioning of the works. We noticed there were 20 crates of strawberry seedlings stored on the campus. Received from the agricultural department, these were meant for distribution to the farmers soon.

Social changes through economic independence: How *didis* got to ride a bike

Discussions with old and new BOD members at KBSSSL office campus, Palkot

When the didis started contributing to household income, the family members also began to accept them as decision-makers. Witnessing larger participation of women at the community level, changes began to emerge. Due to the emergent cooperation at the household and community level, it also became relatively easier to negotiate with the public agencies, like the agriculture department for installation of subsidized lift irrigation systems.

A smiling Basanti Didi shared, *"Initially, we had financial problems and had to go to informal money lenders... now, the cooperative has allowed us to save money and helps in the dissemination of farming techniques for better outputs. Earlier from 40 kg paddy seeds, we used to get a maximum 5-6 sacks of paddy, and now if we sow 1 kg paddy seeds, 10-15 sacks of paddy is our harvest."*

Beyond household income, social change around mobility also emerged in discussion with the old and new leadership at KBSSSL. As per the old leaders, they had to walk 10-15 km to attend meetings and coordinate with cooperative members, but the new members have a scooty (two-wheeler) and public transport facility has also improved.

The will to flourish

KBSSSL has also had its rough phase during the years 2013-2016, when the support from PRADAN was withdrawn and the profits had fallen drastically. The untimely demise of the CEO supported by PRADAN impacted the functioning in these grim years. However, the recent foray into high-value crops coupled with the impressive turnover in the past three financial years suggest signs of recovery.

With an average land ownership of 2 acres and water availability to support three cropping seasons, the average income from vegetables comes to around 40 thousand annually. Importantly, this is solely the income from the sale of vegetables, and paddy contributes in addition to this income. Towards the end of the Gudma village (Palkot block), a sorting-grading center was recently installed through the support of the horticulture department. Most of the households had a poultry farm unit in their homestead. This has also significantly added to their income.

These figures may seem modest compared to the scale of business achieved by other farmer collectives, but the changes are significant for the women involved. As Kerketa didi from Gudma commented, *"Before 2002, we used to have only six months of harvest for our food, and thus we had to migrate to cities, leaving our children in the village; there was no education and the quality of life was really poor."* Now, there is a steady optimism and confidence to imagine better futures for their community.

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Markets don't come to mountains

Vaibhav Bhamoriya and Anita Paul

Umang was established first as a cooperative and transformed into a Producer Company of mountain women. It has been able to build a brand and link farm gates to distant markets leading to generating sustainable livelihoods for its small holder farming members.

Almora and Ranikhet towns in Kumaon region of Uttarakhand are renowned for their scenic beauty. However, these sights hide the pain of rampant migration, increasing difficulties in sustaining livelihoods, and a dying culture that has deep knowledge of sustainability and cooperative economics ingrained into it. This has created an inward collapsing vortex wherein most economic interventions fail due to lack of scale resulting from severe outmigration, environmental degradation and climate emergencies.

The challenge of the mountains

Pan Himalayan Grassroots Development Foundation was formed in 1992 to work on restoration of ecology through a holistic intervention strategy and a river basin approach. With high degree of male outmigration, women were left behind with tiny land parcels, some animals and the constant struggle of poverty.

In the beginning, when Grassroots began working with the women, they neither possessed products nor skills to link to the mainstream economy. The initial activity selection was based on local economies and trade keeping with the tradition of the hills. Once the capital started rotating it was easier to move them to a habit of savings and this slowly transformed into a SHG network over a long duration of time. The low population density and terrain makes the formation of even small SHGs very difficult and costly.

Small steps that go a long way

Forming a collective was the only option available to women members, most of whom were managing their lives alone. Slowly they started forming friendships with each other and the camaraderie followed. This helped to scale up the

SHGs to a federation in 1999. The unique problems of women members led to the formation of Mahila Umang Samiti as a cooperative in 2001. They learnt the skills to participate in local rural and semi-urban markets and took to activities such as knitting and handweaving through their SHG network and the Umang Cooperative. Constant experimentation with various activities and markets helped forming four verticals of handknits, Organic foods or HimKhadya, Fruit preserves, pickles and natural honey. Around this time, the laws of the land changed and allowed the women to free themselves from the regime of cooperatives, which restricted their trade due to various compliances. They promptly reconfigured as Mahila Umang Producers Company Limited, an FPC in 2009.

Members of Umang collective

Fruit processing at Umang

Creating an Ecosystem

As the institutions experimented, improvised and innovated, they realised that the collective was limited to trading for the needs of the local market. This was not enough to fulfil the needs of the members and it was essential to link the local markets to mainstream markets. This linking required members to learn new skills, experiments and activities. Thus, evolved a new vertically integrated organizational structure picking up trading skills apart from all commercial activities of forming and stabilizing conventional supply chains such as packaging, loading, transportation and contracting, leading to the adoption of a value chain approach. Farm gates were soon getting linked to urban households, leading to a jump in collective confidence and pride as farmers and entrepreneurs. Today Umang clocks sales of over Rs. 1.5 crores every year benefitting its near 1000 members through sales, activity linked payments for work and services rendered. Umang soon realised the importance of business to business sales and developed a bridge with agripreneurs with local traditional markets and mandis as a good backup to salvage sales when markets were unfavourable. They may not be directly linked with Umang but are integral parts of the network and ecosystem that Umang draws upon to make mainstream markets a reality for the hill women.

Plantation Drive through SHGs

Not only has this worked for the organization but also for individual members. Bimla a member of Umang resonates that woman must not think that she is weak. Defining their lives and taking control of their work has been an empowering experience for Umang members.

Bimla became the Pradhan, she completed all the duties her role demanded, herself. She said: "*I did a lot of work as the Pradhan- managed the program that guaranteed labour, installed solar lights, planted trees. I did all the work myself; my husband did not help me. He told me I should complete the work I have taken up*." Bimla also said that she was successful in winning the elected position of a Pradhan because of the support of other women in her group.

Innovating the business model and structuring the organization dynamically

Umang has followed a principle of maintaining a high ratio of earnings of members to total sales. This ratio has consistently been maintained at above 50%. This meant that the business model required to be innovative to ensure this was met. This was made possible by designing vertically integrated Anand Pattern of Collectives that ensured most of the members were involved in a position of responsibility. This enabled them to earn as they discharged organizational duties. This also enabled a massive on-the-job leadership and capacity building program that has touched almost half of the individuals in one way or the other. A single village can have a maximum of four activity groups and two Self Helf groups theoretically making it possible to have 6x2 =12 women in leadership positions at any given time. Most villages will have at least one SHG and one activity group creating minimum 4 leaders from the village.

Rotation of leadership is compulsory at all levels from the groups at sub village level to the Board of Governors of Umang. This ensures they all understand the challenges of leadership and have more alignment in the decision-making process. This format is also being used to attract the younger generation into the organization as they are also allowed to rise up the leadership ladder on a rotation basis.

Humble but determined achievements

Umang has continued to stabilise at a turnover of around 1.6 Crores per annum across the four verticals while continuing with various experiments and pilots to configure new activities to change and adapt to the new world order and changing needs of the markets. Umang as an FPC continues to work on the principle of maximization of member earning as a percentage of the total sales. They have shown resilience in achieving more than 80% of pre-covid level sales even in the covid times while maintaining their earnings to sales ratio.

Members of one of the verticals resolving to work collectively

The biggest challenge that Umang navigates today is to induct the next generation of members into the organization and therefore needs to give them a viable option of staying back in the hills. A common saying in the region is, "**पहाड़ का पानी और पहाड़ी जवानी, पहाड़ के काम नहीं आती**" (The water and youth from the hills never benefits the hills itself). Perhaps initiatives like Umang can change that by tying the sustenance of the members and the organization to each other. The earnings to sales ratio and a newfound confidence amongst the members is a perfect measure of the same.

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Fostering collective agency and entrepreneurship through federations

Seeding an FPO Movement: Madhya Bharat Consortium's million farmer mission

C. Shambu Prasad and Abhishek Saxena

Can FPO federations replicate the Amul model and the million litre ideals in other commodities? Madhya Bharat's experience shows the critical role of advocacy and ecosystem building even as seed production and commodity trading happens simultaneously.

Certified Seeds as Good Business for FPOs

Our visit to the seed production and distribution centre at Dewas of the Madhya Bharat Consortium of Farmer Producer Company Limited (MBCFPCL or Madhya Bharat for short) reaffirmed the centrality of quality seeds for agricultural prosperity. It was mid-July and despite rains, the sowing for the Kharif season was completed in most fields. We visited Dewas after spending time at Ujjain, the district with the largest soybean area in the country. Sanjay Pandya, Senior Manager, Production and Processing, oversees the important business line of Madhya Bharat in the 500 MT warehouse that has been leased by the State Marketing Board since 2015.

Warehouse and processing centre of Madhya Bharat in Dewas Mandi

The soybean seed season was over, and Madhya Bharat played an important role in providing farmers with quality seeds even as there were reports of shortage at government seed centres and blackmarketing by private parties. The facility has a grading machine and workers were busy grading and processing the wheat from certified seed farmers before packing them for sale. Providing good seeds to farmers, is something that Sanjay Pandya and Yogesh Dwivedi, the CEO of MBCFPCL have been doing for over a decade. Yogesh's journey began with his active involvement in the Participatory Varietal Selection Program in 2005 and in the MP-DPIP (District Poverty Initiatives Project) project that led to the formation of 17 FPOs in the state.

Sanjay served as the CEO of one of Madhya Pradesh's older FPOs, the Samarth Kisan FPC, in Agar district. The branded soya seeds of Samarth helped it to raise guarantee for 70% of finance for its warehouse. Madhya Bharat today has a good name in all the 41 districts of the state for the quality certified seeds it provides to farmers in soybean, wheat, gram, pulses, and paddy. MBCFPCL's ground level experience is ably supported by Bhatnagar, who serves as an expert director with over three decades of experience in the seed sector.

Map of Madhya Pradesh showing MBCFPCL areas of operations

While the gross profit from sale of seeds of Madhya Bharat consortium constitutes 45-50% of its overall profit, the FPC is purpose driven and keeps its focus on adding value to its members. Samarth, like the 16 other FPOs promoted through MP-DPIP are members of Madhya Bharat and MBCFPCL does not compete in seeds or any other line of business with its members. Providing quality seeds at reasonable price to small and marginal farmers is valued more than the provision of other inputs such as pesticides and fertilisers. Not all FPOs can enter the seed business though due to the absence an enabling ecosystem. By working at the state, regional and national levels, Madhya Bharat seeks to be a voice for many small FPOs like Kalisindh.

Enabling building assets for Kalisindh FPO

What should be the role of a federation of FPOs? Unlike the milk cooperatives where the primary role of a federation is well-established in the form of aggregation, value addition, and marketing, agricultural FPO federations do not provide the same margins for a mere marketing function. How does the member – federation relation work? Our visit to Ujjain district and the Kalisindh Farmer Producer Company provided some answers. The FPC has a membership of 1500 members from 20 villages in the region. Vajesingh Solanki the Board of Director and Manohar Singh Tomar the CEO narrated the journey of Kalisindh. Social mobilisation was done as a follow up to the watershed by the local NGO, CARD, and NABARD supported the formation of the FPO.

Input shop managed by Kalisindh FPC in Dhabla-Hardu village

An exposure visit to Samarth and training provided to them through Madhya Bharat increased their confidence and appetite for risk. They started by providing quality inputs to members through linkages with input companies at Ujjain.

Despite setbacks that included selling poor quality weedicides to its members resulting in a loss of Rs 10,000 they persisted and realised the opportunity to have an input shop of their own in the village of Dhabla-Hardu in 2018-19. Business was good and Kalisindh had a turnover of Rs. 7.5 lakhs in 2020-21 with Rs 1.79 lakhs as profit. The FPC is linked to both Nabkisan and Samunnati for credit and likely to get an equity grant from SFAC. Apart from guidance on best practices on governance and management, Madhya Bharat is working with the FPO to plan ahead for its future growth. Vajesingh and Manohar took us on their motorcycles to the land that the FPO has purchased from its members to set up a warehouse that would also have a grading machine. The consortium helps the FPO in building its asset through making the government schemes more accessible to small and marginal farmers.

Advocating Ease of Doing Business for FPOs

Yogesh Dwivedi has been the CEO of MBCFPCL since 2014 and is a pro-active member of various groups on sustainable agriculture arguing for a middle ground for agricultural reforms rooted in member institutions and as an alternative to the corporatization of agriculture. Promoted by Small Farmers Agribusiness Consortium (SFAC) with initial support from Rajya Ajeevika Forum (RAF) and a few development organisations like ASA, MBCFPCL has 134 FPO shareholders and does business with 61. With an equity base of Rs 50.1 lakhs it serves 1.75 lakh small farmers in 42 Districts of MP and Chattisgarh. In 2020-21 its turnover was Rs 29.3 crores with a profit of Rs 8.99 lakhs. Apart from input marketing support and seed production MBCFPCL does commodity trading (it traded over Rs 14 crore with NCDEX and won an award) and supports its members through credit linkages, infrastructure development, and capacity building of FPO functionaries.

Its most significant contribution though is in building a vibrant FPO ecosystem in MP that benefits all the 510 or more FPCs in the state. MP was the first state to have an FPO policy as early as 2007 and one of the few that created good support for FPOs through provision of working capital. Despite a government order in 2014 that enabled FPOs to supply fertilisers, enabling these on the ground has been a continuous challenge. The strong lobbies of the agricultural marketing and credit infrastructure that were directed at large farmer controlled cooperative societies prevented the entry of FPCs in mandis as they were often treated as private companies. Madhya Bharat worked hard to advocate the same benefits as cooperatives to these member-owned institutions through a government order in September 2017. This was followed by another order in May 2018 that declared

MBC as a registered entity that could take up MSP (minimum support price) procurement for gram, pulses, and oilseeds. MBC worked further to enable aggregation by FPCs from their members even without any Mandi License at their collection centres. An APMC trade licence followed in 2019 and FPCs were made eligible for use of government infrastructure that helped them reduce their monthly rent for APMC warehouses.

Outside the Madhya Bharat office in Bhopal (Yogesh Dwivedi on the far right)

Yogesh widely shares these orders in national discussions to enable other states and federations as well to work towards enabling ease of doing business for FPOs. MBCFPCL is now called upon by many implementing agencies and has been nominated as a Cluster Based Business Organisation (CBBO) in the new 10,000 FPO policy for the states of MP and Chattisgarh. While Yogesh and MBCFPCL is well aware of the challenges ahead there is guarded optimism in translating their vision of transforming agriculture of over a million small and marginal farmers by 2025, many of whom would realise a greater share of the consumer rupee.

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Market at the doorstep for onion farmers in Maharashtra: The VPFPC experience

Ajit Kanitkar and Anagha Mitra

Initiatives of the Vaishanavdham Parunde Farmers Producers Company (VPFPC) Limited in Junnar Taluka of Maharashtra have enabled farmers with better price realisation.

Volatility in prices

Drastic price fluctuations in Tomato, Onion and Potato (TOP) affect the farmers, the consumers, and the government! Reports of farmers abandoning harvested tomato crop by the roadside when the prices that they fetched were a pittance-50 paisa a kilogram are almost routine. The consumers have experienced both glut and shortages in all the above three vegetables. In 2019 and 2020, onion prices in the retail market went as high as Rs 150 a kilogram. In addition to farmers and consumers, the governments in power both at the states and the centre have borne the brunt of anger and unrest when the prices of these food items have skyrocketed. And yet, even after 70 years after independence, the volatility continues. The first all-India farmers' agitation in Maharashtra's Nashik region led by late Sharad Joshi of Shetakari Sanghatna began organising farmers around the depressed prices of onions way back in 1978. In 2021, farmers have organised themselves again, albeit differently, by forming a producer company that can offer them better marketing alternatives with an enhanced price.

Maharashtra is India's top onion-producing state accounting for one-third of the total annual onion production of 16 million tonnes. The region between Pune and Nashik is well known for onion production with the biggest market at Lasalgaon. According to one study, the annual arrivals in 2020 at APMC Lasalgaon were 72786.87 MT out of which only onion contributes 82 percent.

VPFPC, a new hope for onion farmers

The VPFPC was set up on 17th July 2017 at Eknathwadi, Savargaon, 90 km from Pune off Pune Nashik Road. The paid-up capital was Rs 5 lakhs and membership has increased from 310 to 500 plus today. In the first two years, the FPC helped farmers in providing inputs on credit for tomato cultivation. No substantial output marketing activity was undertaken in the first two years. Our visit to the FPC on June 9th, 2021 was to study the procurement done by the VPFPC for NAFED. Mr. Dagdu Pawar is the chairman and Mr. Sangam Pawar is the young CEO of the company. Himself a farmer, he completed his education (BBA) from a college in Pune and is currently pursuing B.Sc. Agriculture and Planning.

Warehouse at a distance

The office of VPFPC

"Our business turnover in 2019 was about 1.5 Crores. In 2020, it increased to 3.5 Crores. The majority of the summer yield (of onions) is in March and April. However, in those two years, we did not have our own storage space. We hired 13 such spaces (locally called Chall, a structure made of bamboo where onions are stored for a few months). We rented those spaces in 13 nearby villages where farmer members could come and sell their produce. The FPC acting as a procurement agency for NAFED bought onions and earned commission. In the first year, we managed to procure 259 tons. The volume increased to 2500 tons in 2020."

A warehouse of 1000 tons under the PPP model

In 2020, the bottleneck of own storage space was overcome, thanks to the construction of a godown with a capacity of 1,000 tonnes. The total cost of the warehouse was approx. Rs. 1.15 crore, of which about 92 lakhs was given as subsidy by NAFED under the PPAID scheme. (Public-private Partnership-Integrated Agriculture Development project under Rashtriya Krishi Vikas Yojana). The FPC obtained land on lease for the warehouse. A part of the warehouse is used as a spot market for farmers to participate in the auction to sell the produce whereas the other half is used for procuring and storage of onions for NAFED, sold by NAFED at a later stage.

Onions stored in Chals in the warehouse

Market at the doorstep

The procurement for the onion began this year on 14th May. The rate for purchase then was Rs 16 per kg. The auction is held every Tuesday and Saturday. Since the days are fixed, farmers from nearby areas had brought onions in small trucks, tractors, and even two-wheelers. On arrival, the bags are weighed and arranged as per the lots, each lot is for the individual farmer. NAFED each day announces buying rate which is communicated to the farmers through WhatsApp Groups. On 8th June 2021, when we visited, the rate was Rs 22.17 (per Kg). Farmers submit their bank account number, PAN, and Aadhar Card to the FPC before sale. Non-members can also join in the auction but they have to later become a member of the FPC. The transactions at the FPC are based on cash and carry model. At the end of the auction, farmers are paid money but the FPC gets paid by the traders within 2 days. The FPC uses its capital for paying farmers since the working capital cycle is short.

Auction of onions underway

In the auction, participation of traders and farmers facilitated by the FPC

The day we visited the FPC, there were three traders from nearby towns of Junnar, Otur, and Chakan. There were about 50 farmers who had brought in the produce. The auction began around 1145 am and was over by 12.30 noon. The business transactions for that day were for Rs 2.5 lakhs as estimated by the CEO. There was a great variation in the quality of the produce brought by farmers. Traders moved from one lot of a particular farmer, inspected the produce (one bag was emptied on the floor to see the quality). After a brief visual inspection of the produce, the traders began quoting the price, beginning as low as Rs. 50. Most of the deals were finalised between Rs 130 to Rs 150 Rs while a few low-quality produce fetched not more than Rs 60 (10 kg). The best price offered was Rs 180.

The CEO explained that the FPC would itself become a participant in that auction when they would have to procure for NAFED. However, on that day, since most of the produce was of inferior quality, the FPC did not buy anything. The entire produce of about 50 farmers was thus sold on that day. A few farmers murmured that while their produce deserved a price of Rs 165, they ended up receiving Rs 150. Why did they not withdraw from the auction? According to them, that would have meant adding more transportation and loading cost so even lower price realisation was accepted. It appeared, that the farmers were also aware of the quality of the produce that they had brought and settled at a price commensurate with the quality of the lot.

Beyond Onions

The chairman of the FPC mentioned, that this arrangement of the open auction would continue till August-September. Once the Onion procurement season is over, the same storage facility would be used for buying and storing soybean. The FPC hopes to trade under the ENAM platform however internet connectivity was still an issue. It seems NAFED's targets of procurement were also shifting. In the first year, the FPC did 259 tons, in 2020 they did 2500 tons however this season, the target was reduced to 1000 tons per FPC, and hence they had to restrict procurement. One has seen a similar change of goalposts in the buying of MSP for Tur Dal and hence creating uncertainty not just for the farmers but also for the FPCs to make any business plan based on the MSP operations. Yet, the availability of a safe and secured storage space for a vegetable that is volatile in price is certainly a positive step for small and medium farmers in the region.

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CEOs as entrepreneurs – the leadership dilemma in Farmer Producer Organizations

Sachin Oza and Abhishek Saxena

This article discusses the possibilities, and associated risks of entrepreneurial initiatives that FPOs are supposed to engage in, much of which mostly falls on the shoulders of the CEO. The stakes only get higher in the cases of a federation of FPOs, thus posing the issue of financial safety nets and support needed for such organisations to sustain itself.

Introduction

Leadership plays an important role in the success of any organisation. Good leaders have been known to have qualities of being agile, constantly learning from evolving situation. They are also empathetic. But the most important quality of leaders is their penchant for taking calculated risk. In an entrepreneurial setting, these qualities result in the success and sustenance of the enterprise. If the enterprise is a federation of cooperatively owned organisations such as Farmer Producer Organisations (FPOs), the role of leadership and their risk-taking attitude become all the more important. FPOs and state level federations of such collectives are complex organisations. The CEO and the Board of Directors, representing the farmers and their collective enterprise need empathy, risk taking attitude, and agility in order to satisfy the shareholders/members, the partners in the market, the consumers and the stakeholders in the support ecosystem.

In the state of Gujarat, Gujpro Agribusiness Consortium Producer Company Limited (Gujpro for short) is the state-level federation of FPOs. Gujpro began as an informal consortium known as *Gujarat Rajya Krushak Manch* (GRKM), in 2012. Sajjata Sangh, which is a consortium of NGOs working in Gujarat in the agriculture and natural resource management sector, promoted the GRKM as a federation of FPOs being promoted by its member NGOs.

Office of Gujpro Agribusiness Consortium

An entrepreneurial CEO and a proactive board lead to many initiatives

As Gujpro has grown its membership from 10 FPOs to 30 FPOs, it has seen its share of ups and downs. While at one end there are successes like MSP procurement of groundnut and *toor*, contributing to both revenue and profits in 2016, there have been issues is recovery of dues from buyers both government and private. Also, Gujpro's initiative to reach the customer directly by moving up the value chain through a pilot shop outlet the *Satvik Grahak Bazaar*, could not work well due to paucity of funds and manpower. This journey of Gujpro sheds light on the kind of challenges that are faced by state-level federations of FPOs and the importance of individuals who lead the organisation. The CEO Kuldeep Solanki who has been with Gujpro since its inception and the representatives of member FPOs in Gujpro's Board of Directors have been at the forefront of the efforts to keep Gujpro going even in adverse situations.

When Gujpro started, they hired marketing consultants. The FPC was registered on trading portals like India Mart and Trade India etc. There was no sustainable business model and skilled manpower was always in short supply. The member FPOs located in different parts of the state and having different products wanted to scale up their business and explore different markets. Since, Gujpro was located in Ahmedabad and had access to state level and other markets, the member FPOs looked upon the CEO to provide appropriate market linkages. Thus, Kuldeep took a lead in many initiatives such as "Mangoes without makeup" campaign wherein it procured mangoes from its member FPOs and sold it in Ahmedabad. In 2015, Gujpro carried out a pilot on groundnut procurement with NAFED and in 2016 exported mangoes worth Rs 7,00,000 to U.K. Even with these initiatives, sustainable business model was elusive.

However, these efforts have been short lived. Kuldeep is very committed and enterprising and keeps on trying new initiatives on behalf of Gujpro but since the other staff is inexperienced, many of these initiatives lose steam as Kuldeep has to manage several fronts at the same time. In addition to revenue generation for Gujpro, he has to look after cash flows, legal compliances, liaison with financial and other institutions etc. each of which are quite demanding and challenging.

Kuldeep (second from left, on chair) interacting with farmers

Skin in the game: have real stakes in the company!

Apart from Kuldeep, the BoD members also are a key to Gujpro's sustainability. They are the eyes and ears of Gujpro's managerial team at the village and FPO level. They are quite familiar with the local market and provide ideas on interventions that can be taken up by Gujpro. BoD members have also been proactively engaged in dues recovery process at the state level and have provided vital support to Kuldeep as he takes up these issues in Delhi.

Both Kuldeep and the BoDs have also helped by being guarantors while taking loans for Gujpro too. Gujpro mostly takes unsecured loans, even though these are risky. The risk is genuine and if default happens, the director's own creditworthiness would suffer. Gujpro looks to engage proactive BoD members to help with the management at the federation level. Credible BoD members are an asset that is important to Gujpro both as active directorship and after retirement.

Even Kuldeep himself has provided a personal guarantee of Rs 1.5 million. He has no financial incentive as the CEO in becoming the guarantor and he has not received any increment for several years. There is a lot of pressure for scaling up Gujpro's activities, make profits, recover the dues and repay the existing loans.

One cannot help but notice how much Kuldeep has invested in Gujpro. He literally has skin in the game as an entrepreneur as far as Gujpro is concerned. However, should a CEO be an entrepreneur? Does Gujpro depend too much on Kuldeep's entrepreneurial ability? Is it possible to build a second line of leadership and expertise amongst the team or from the Board members without unduly impacting the performance of Gujpro? On the one hand, there is a sense of assurance in Gujpro due to Kuldeep and on the other, there is an issue of long-term sustenance of the organisation. It is a dilemma faced by many organisations and Gujpro seems to be no exception.

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