

# REJUVENATING LIVES

Narratives of success among farming communities that integrated sustainable systems and strategies



## FARMER PRODUCER ORGANISATIONS

### Setting New Goal Posts

Small farmers in backward districts of Madhya Pradesh, Chhattisgarh, Jharkhand and Bihar have organised themselves into Farmer Producer Organisations (FPOs) for effective linkage with the value chain, products and services for enhancement of their income. These FPOs help them address issues such as low incomes due to the absence of post-harvest infrastructure, low value addition and absence of organised marketing processes.



### Quick facts

- **51** FPCs formed under ASA
- **61604** members in FPCs formed under ASA
- **23965** women shareholders
- **₹2140.89 million** worth of business transaction

(Cumulative data as on March 2015; data is for ASA's entire operational area across the states of Madhya Pradesh, Chhattisgarh, Bihar and Jharkhand)

*A Farmer Producer Organisation is typically a company consisting of only farmers and producers but formed under the Indian Companies Act 1956 as amended in 2002. Only a producer can become a member.*

#### Guiding Values and Principles of FPO

1. Voluntary and open membership.
2. Democratic farmer-member control
3. Farmer-member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among FPOs
7. Concern for the community

(Source: 'Policy and process guidelines for FPOs,' Dept of Agriculture and Cooperation, Ministry of Agriculture, Government of India, 2013)

Collectivization of small and marginal farmers into producer organisations has emerged as one of the most effective pathways to address the challenges of agriculture and issues of access to investments, technology and inputs and markets. The Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, has identified FPO registered under the special provisions of the Companies Act, 1956 as the most appropriate institutional form around which to mobilize farmers and build their capacity to collectively leverage their production and marketing strength. Action for Social Advancement (ASA) has been promoting collectives of small farmers as Farmer Producer Companies since 2005.

### Visible Impact

FPOs have been able to leverage their collective strength and bargaining power to access financial and non-financial inputs and services, technologies, reduce transaction costs, tap high value markets and enter into partnerships with private and public entities on more equitable terms.

### Way Ahead

There is a need to facilitate direct market interventions by FPOs. FPOs need to be included as a recognised category of institutions under the Agricultural Produce Market Act 2003 at the state level and allowed to market members' produce directly to buyers of their choice, through all platforms, physical, electronic, etc. This is one of the most important factors in getting fair value for the produce of FPO members. There is also a need to prioritise procurement from FPOs.

There is a need to create conducive policy regime for FPOs to access credit and tax related exemptions as FPOs face major challenges in mobilizing working capital and investment credit.

Creation of rural agriculture support infrastructure for FPOs is also required, which could be provided through government schemes such as Rashtriya Krishi Vikas Yojana, Integrated Watershed Management Programme, Mahatma Gandhi National Rural Employment Guarantee Scheme, National Food Security Mission, etc.



# Voices from the Field



## Enhancing incomes, reducing the supply chain

As part of FPCs, farmers have saved time and money in transportation, their produce is correctly weighed and they are paid on time. The aggregation of producers into FPCs also provides farmers with a platform to address the issues of backward and forward marketing linkages. For instance, the timely availability of agricultural inputs such as fertilizers and seeds, etc.

*"For crop that would fetch us a market price of ₹25 per kilo, the local dealer would pay us ₹20 per kilo, saying that the quality of our crop was poor."*

— Rajaram, village Choudhury Pura, district Barwani

## Weighing right

One of the problems faced by farmers is that of tampering in weighing machines by the local middlemen. At the FPC, they say, there is no hanky-panky, whether it is the traditional weighing instrument or the digital one.

*"With the local dealer, we can never know. He may be selling us banned or expired pesticides. But the Nimar Farmers' Producer Company Limited will never do that. Moreover, the FPC gives us a bill for anything that we buy from it."*

— Badari, village Choudhury Pura, district Barwani

## Purchasing inputs at discounted rates

At PFC, farmers can buy seeds, pesticide, manure and agricultural tools and machinery at rates lower than those in the open market.

*"At our FPC Adivasi Mahila Kisan Utpadak Col. Ltd, Jobat, we buy Urea at the price of ₹300 per bag whereas in the open market, the rate for the same is ₹330. In addition, we save on transport as the FPC delivers it at home. We also save time."*

— Beerubai, village Kotda, district Alirajpur

## Cotton procurement by FPCs

FPCs have linked producers with better cotton value chain in a manner that they get better prices. This has resulted in

the elimination of the middlemen, and fair pricing and trade practices. The FPCs are particular about the quality of cotton that they procure from the farmers. The FPC also provides tested and treated seeds. The cotton quality is checked at the procurement centres and weighed. The farmers are given a receipt for the goods, and the payment can be collected from the FPC office the following day. In some villages, the sale proceeds are directly transferred to the farmer's account.

*The Ratlam Adivasi Kisan Producer Company Limited is particular about the quality of cotton they procure from us. All practices at the FPC are fair and beneficial for farmers like me."*

— Harji Pita Hemraj, village Rajpura, district Ratlam

## Door-step services: Saving on transport cost

Unlike the market, the FPC sale outlet is set up close to the village. In the event that the sale outlet is at a distance, a group of farmers carry their stock together to the sale outlet, and not individually, thus saving on the money for transportation. Moreover, the produce is collected in several places from the farmers' doorstep. If an SHG demands for seeds or fertilisers or any other commodity, the FPC brings it to the village and does not charge any cost for transporting the same

*"Earlier, the seth (local dealer) used to be come with his vehicle to carry our produce back with him. After the FPC came into being, we have bid adieu to him."*

— Antarbai, village Koliyabeda, district Jhabua

## Better practices

FPCs have also initiated seed production among farmers. They have encouraged and supported farmers to produce certified C1 and C2 level seeds.

## Women FPCs: Expanding horizons

The all-women FPCs are a picture of empowerment and participation of women in tribal-dominated villages. They reflect the aspirations of the women of the village.

*"We have approached the Gram Sabha for gobar gas and toilets."*

— Ganga Hemant Singh, village Betwara, FPC Adivasi Mahila Kisan Utpadak Col. Ltd, Ranapur, district Jhabua



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