



Case Studies of FPOs in India

2019-2021

Final Report



Submitted by
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About NABARD Research Study Series

The NABARD Research Study Series has been started to enable wider dissemination of research conducted/sponsored by NABARD on the thrust areas of Agriculture and Rural Development among researchers and stakeholders. The study on '*Case Studies of FPOs in India, 2019-21*' completed by Xavier Institute of Management, XIM University, Bhubaneswar is the twenty-fifth in the series. The list of studies in the series is given at the end of this report.

This study was undertaken with the primary objective of bringing out detailed case studies of exemplary FPOs in major states where FPOs have been promoted to bring out the factors contributing to their successes and how they have been able to deal with both the internal management and governance issues and leverage the externalities of production, governance, institutions, and markets and stabilize their respective FPOs. A total of twenty cases from 14 different states from across the country were systematically selected for the purpose of the study through a process of review and field visits in some cases.

The study recommends developing clear operational guidelines, ensuring coordination between state and central governments, aligning FPOs to local food consumption patterns, leveraging economies of scope while linking 'one district-one product and scheme for forming 10000 FPOs, creating FPO architecture at different levels at policy level. At execution level, the study recommends to factor in the needs of producer members while keeping their interest paramount, linking public investment to smallholder empowerment, building equity, ensuring minimum geographic cluster size for long-term performance, and saturating nearby markets before expanding farther.

Hope this and other reports we are sharing would make a good reading and help generate debate on issues of policy relevance. Let us know your feedback.

Dr. KJS Satyasai
Chief General Manager
Department of Economic Analysis and Research

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Fourth, I would like to thank the Chief General Managers of the different states from where the sample FPOs were selected for detailed study. The respective CGMs and their team including the respective DDMs were the backbone of this study. My gratitude and appreciation for their support and cooperation for this study. Fifth, at the heart of these case studies were the respective Promoting Organizations (POPIs) of selected FPOs, BoD members and ordinary members of the respective FPOs. Without their trust and wholehearted participation in this study, the study would not have been possible. I express my sincere thanks and appreciation for their support, coordination on the ground and cooperation for this comprehensive pan India cases studies.

Amar KJR Nayak
Principal Investigator

Executive Summary

In this All-India Case Studies on FPOs in India, a total of twenty cases from 14 different states across the country were systematically selected through a process of review and field visits in some cases. This is the second all India study on FPOs supported by DEAR, NABARD within the last 10 years. The purpose of this second all India case studies of FPO was to understand the strategies and operational tactics adopted by the financially well-performing FPOs. Triangulating the findings of this study, ongoing action research and several round table discussions on FPOs, we hoped to codify strategies and processes to build resilient and sustainable FPOs in India.

The key issues of the case studies included, (a) features of FPO design in terms of its size, scope, technology, management, and governance, (b) business models of FPOs including successful product-service basket strategies and market linkage strategies, (c) equity built-up strategies adopted and working capital sourcing, (d) integration of FPO to its respective local ecosystem, and (e) convergence strategies on resources and expertise at the primary FPO level.

Research Methodology

Case Methodology was used to understand the strategies and methods used by the FPOs for success in their financial performance. The key features of the case methodology included:

- Adoption of both ideational as well as materialistic perspectives of research.
- Emphasis on the richness of context of each of the cases studied.
- Reliance on multiple sources of data and triangulation technique.
- Adoption of both exploratory and analytical approaches to study the cases.

Sampling

Cases of FPOs were sampled from across the different states of India. The sampling was to ensure representation of different economic, social, environmental, geographic, and institutional contexts in India. The study collected the list of well performing FPOs from NABARD, SFAC and other promoting institutions. After preliminary review and field visits to several FPOs, about 25 cases were shortlisted and finally 20 cases were studied in detail. The FPOs selected are from the fourteen (14) Indian states, viz., Andhra Pradesh, Chhattisgarh, Gujarat, Jammu & Kashmir, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, and West Bengal.

Major Findings

1. The general orientation of the FPO was to increase the membership size even if the geographic cluster size increased. More members meant more equity and more volume of an item.
2. The matured FPOs have gradually learnt that diversity in business basket increased their business viability and improved service to the members. Overall, there seem to be some appreciation to the importance of scope or diversity of products-services in business basket of the cases studied.
3. The management and governance of the FPOs studied showed three different patterns. **First**, most well performing FPOs have largely adopted professional managers to take care of the management. In FPOs managed by hired professionals, the business growth is higher, but the involvement of the board members and the ordinary members is low. The long-term design issues are not considered.

Second, a few well performing FPOs are spearheaded by one or two entrepreneurially charged Directors. The approach of these FPOs is paternalistic and the involvement of the members however is lower in such FPOs.

Third, in a few cases the management is directly being undertaken by the members of the Board of the FPO. The Board members also serve as members of different committees for collection, purchase, marketing, etc. The involvement and dynamism of members seemed high in such FPOs.

4. Increasing membership has been the standard method of increasing the equity. Moving some amount of the profits every year to the equity is one common practice to increase the equity of the FPO.
5. Banks seem to recognize the worth of the FPOs only when they see business volume of the FPOs. However, the FPOs decide to go with bank on its history and interest rates while choosing to obtain their required credit.
6. The large geographic spread of memberships in these FPOs lead to thin representation of members from their respective local governance unit (GP). The behaviors of members are mostly influenced by the schemes implemented through the GP rather than by the

directions and plans of their FPO. The members seem to perceive their FPO as one of the many local business transaction units.

7. Many of the matured FPOs have succeeded in converging various schemes of the local governments. However, these successes are observed to be dependent on the good offices and network of the facilitating agencies. A few local government departments have also seen the benefit of converging their schemes through the well performing credible FPOs and facilitating agencies.

Recommendations for Execution, Policy and Research on FPOs

For Policy Execution:

- **Multi-functionality of FPOs:** Multiple product and service business plan based on the needs and with agreement of producer members would be the best strategy to sustain the producer members and the FPO.
- **Independent governance of FPOs:** Irrespective of how FPOs are registered either under the Companies Act or Cooperative Society Act, they need to pursue the interests of their members through an autonomous and effective governance structure, based on solidarity among producers.
- **Holistic Development & Empowerment of Smallholders:** While product-market focus may work in the short term for some producers, FPO executives and market intermediaries; holistic development and empowerment of small and marginal producers and the rural agricultural communities should be the long-term goal of public investments into FPOs.
- **Optimal Size of FPOs:** The design issue of geographic cluster size and nature of membership within the cluster is to be emphasized by the implementors to avoid the problems of management, governance, and convergence in FPOs.
- **Building Equity & Meeting Credit Needs:** Building equity lies in building trust and solidarity among the members. With trust and solidarity, the credit requirement in the early stage of the FPO can be easily handled by the FPOs as some of the key members can contribute and most members can collate their items on credit basis and wait to receive their amount after the sale undertaken by the FPO.
- **Marketing Landscape:** Keeping the transaction cost in mind, the FPO should carefully limit the market distance to sell their produce. For FPO at its early stages, direct selling of

its products in markets or buyers within its block reduces the overall transaction costs. Over time, products with higher shelf life and value-added products can be spaced out to reduce pressure of selling and transacted in markets that are a little far off from the FPO.

For Policy Making:

- **Policy coherence:** Policy making departments/institutions need to develop clear operational guidelines for FPOs, converge resources at State Government level and coordinate systems across key state departments viz., agriculture, cooperation, panchayati raj, health, finance, forest & environment, commerce, rural development, and planning & coordination/convergence departments for policy coherence.
- **Coordination of efforts:** The National Government and the State Governments need to coordinate, provide policy signal and guidelines that are internally and externally consistent to remove dysfunctions and large losses that might arise out of lack of coordination and difference in signalling among the key policy arms and departments of the Government(s), viz., NABARD, NCDC, SFAC and State Agriculture, Rural Development and Panchayati Raj Departments.
- **Diversified mandates:** FPOs should be designed according to localized, community-owned food system perspective, based on diversified cropping systems (to better withstand climate variability), free ecosystem services (e.g., soil formation, pollination, predation) and chiefly, food systems that are independent from corporations for the procurement of seeds and synthetic inputs.
- **Optimal Cluster Size & Architecture of FPOs:** For creating conditions for greater interactions both social and business transactions as well as resource convergence, greater participation in decision making, gradually building the sense of ownership and solidarity of the producer members; primary FPOs at GP level is strongly recommended.
- The directive for ‘**one district one product**’ in the National Scheme for 10,000 FPOs needs to be removed as it is creating confusion among farmers and facilitators.

Case Studies of FPOs in India: 2019-2021

Comprehensive Report

1.0 Introduction:

In the first six months (April – Sept 2019) of the All India Case Studies of FPO; a detailed background study including the rural agricultural context, FPO policies, progress in implementation, challenges and issues as well as the research methodology was undertaken. In addition, four cases of FPOs from Rajasthan, Jharkhand, Chhattisgarh, and Telangana were studied.

Following the overall research objective, and research methodology of the All India Case Studies of FPOs as in the first six month, this second report compiles nine cases studies of FPOs conducted in the second six months (Oct – March 2020) of the study.

To give a quick perspective of the overall study; the Objectives, Research Methodology and Criteria used for the case studies are briefly mentioned below:

2.0 Objectives of FPO Case studies

The primary objective of this study is to undertake detailed case studies of **exemplary FPOs** in major states where FPOs have been promoted to bring out the factors contributing to their successes and how they have been able to deal with both the internal management and governance issues and leverage the externalities of production, governance, institutions and markets and stabilize their respective FPOs. Based on the findings of the case studies, this study shall triangulate the findings with the comprehensive action research on grounding FPOs sustainably in small communities (GPs). The key issues of the case studies included the following:

- A1. Features of FPO Design in terms of its size, scope, technology, management and governance
- A2. Business Models of FPOs including successful product-service basket strategies and market linkage strategies that has enhanced sustainable increase in net income to small and marginal farmer members of the FPOs
- A3. Equity built-up strategies adopted, successful working capital sourcing and management methods among successful FPOs
- B4. Integration of FPO to its respective Ecosystem including production, governance, institutions and relationships that has enabled the FPO to get grounded sustainably.

- B5. Convergence strategies of resources and expertise at the primary FPO level that make FPOs as a credible, reliable and sustainable single window institution of the farmers in their respective communities/clusters

3.0 Research Methodology

Case Methodology was used to understand the strategies and methods used by the FPOs for success in their financial performance. The key features of the case methodology included:

- Adoption of both ideational as well as materialistic perspectives of research. In other words, data on each case was gathered through discussions and deliberations with the stakeholders of the respective FPOs as well as from the documentary evidence, and direct field visit of the respective FPOs.
- Inclusion of Richness of context. In other words, the case studies have included more variables than data points as compared to a typical survey. This is indicative of the number of variables both internal and external factors of study.
- Multiple sources of data and triangulation technique. As already mentioned, data was collected from various stakeholders and different empirical evidence.
- Adoption of both exploratory and analytical approaches to studying issues of the cases. While the survey data sheet collected some specified data, the follow up interviews used open ended questions to explore the dynamics in an FPO.

Key Factors for the Study:

Both internal design factors and external factors that impacts an FPO were first identified from the previous studies, deliberations, and action research on FPOs. These factors were the criteria for the study of the FPOs. The **internal factors** included the internal design factors such as size, scope, technology, ownership, management, and governance of an FPO. Further internal issues of working capital, equity, storage, value addition, logistics, annual turnover, branding and marketing of respective FPOs. The **external factors** included all systemic enabling factors, viz., agricultural production system of members, informal institutions and formal institutions that support or impede of an FPO, depth of relationships, solidarity, trust, and cooperation among members of respective FPO and the issues of local GP governance and convergence of economic resources at an FPO level.

Select Indicators of different Factors to Assess the FPOs:

The proposed case studies were undertaken by adopting the standard tools, techniques, and methods of Case Methodology. It adopted various tools of case studies from both ideational

and materialistic perspective. For references provided below in (a) Table 1.0, Logical Results Framework to assess selected cases of FPOs and (b) Data sheet on selected cases of FPOs.

Table 1.0: Logical Results Framework to assess selected cases of FPOs

| Impact | Outcome | Output |
|---|---|---|
| Sustainability of Farmer Producer Organizations (Internal Variables of FPO) | Social Capital of the FPO | No. of total members |
| | | No. of active members |
| | | Meeting frequency of coordinators/officer bearers |
| | | Meeting frequency of BOD members/volunteers |
| | | Extent of geographic spread (in hectares/radius in Kms) of members of FPO |
| | | No. of villages & hamlets covered |
| | | No. of GPs and Blocks covered |
| | Governance & Managerial Capabilities | No. of Awareness & Training programmes per annum for members on the concepts of sustainability and self-reliance |
| | | No of training per annum organized for Board members/volunteers |
| | | No. of key decisions taken by BOD members during the year |
| | | No. of Training programmes per annum of local coordinators of FPC on basic management skills including planning, organizing, production, value addition, marketing, accounting, & community banking |
| | | No. of Exposure visits to best Practices & Institutions for local coordinators & BOD members |
| | Scope of Business Engagement | Name different products under transaction (with items) during a year |
| | | Name of different services under transaction (with list of services) during a year |
| | | Agricultural diversification of members of the PO where agriculture includes farming, allied activities, horticulture, collection of non-timber forest produce, fishing & artisan activities |
| | | No. of farmers who grow animal fodder in dry season |
| | Nature of Technologies (Cost & Ease of Operation) | Technologies for Documentation |
| | | Technologies for Communication |
| | | Technologies for Learning |
| | | Technologies for production, processing & local value addition |
| | Market Landscape | Amount of Retail sales in the local community of the PO (as % of total sales) |
| | | Amount of Retail sales at the block and district level markets (as % of total sales) |
| | | Amount of Institutional sales in local and urban markets (as % of total sales) |
| | | Annual marketing cost of the FPO (as % of total sales) |
| | | Maximum distances that different products have to travel where the FPO sells directly to her customers |
| | | Whether the members of the FPO are involved in the selling/marketing of the products |
| | Ownership: Net Income, Revenue, | Equity Capital of FPO |
| | | Increase in earning opportunities for members through the FPO |

| | | |
|--|--|--|
| | Working Capital & Assets | Increase in net incomes to individual members through the FPO |
| | | Annual Revenue of the PO from various services offered to her members |
| | | Annual Sale Revenue from the various products of the FPO |
| | | Annual Net Profit of the FPO |
| | | Amount of working capital/loan accessed by the FPO |
| | | Ownership of basic local infrastructure (drying yards, storage facility, and value addition facilities) by the FPO |
| Enabling Externalities for Farmer Producer Organizations (FPOs) | Sustainable Agricultural Systems at Farmers Level | Good seeds are available and affordable to small farmers |
| | | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. |
| | | Availability of Seed bank & seed exchange in the cluster/GP |
| | | Trenches & micro-locks undertaken by members in respective farms |
| | | Provision for open well & water supply system made by farmers |
| | | Organic carbon level of soil at medium to high value |
| | | Soil pH to be around 7.0 |
| | | Farms of Farmers with little or minimal pest problem |
| | Nature of Governance in the Clusters/GP | FPO facilitates systematic deliberations and discussions among people in Palli Sabhas and Gram Sabhas for effective solutions to the common issues |
| | | FPO taken initiative to resolve the problems of cattle free grazing in the community |
| | | FPO taken initiative to resolve the issues of sanitation in the community |
| | | FPO provides technical support to develop plans to generate internal resources within the respective Clusters/GP |
| | Alignment of informal and formal institutions in the Clusters | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters |
| | | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO |
| | | Extent of FPO serving as a single window for various ecosystem services from Government, Market & Non-Government agencies required by the members and people of the cluster/GP |
| | Relationships among farmers in the Clusters | Farmers/Producers perceive greater sense of trust & cooperation among themselves |
| | | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities |

Sampling

Cases of FPOs were sampled from across the different states of India. The sampling was to ensure representation of different economic, social, environmental, geographic, and institutional contexts in India. The study collected the list of well performing FPOs from NABARD, SFAC and other promoting institutions. After preliminary review and field visits to several FPOs, only the potentially best 20 cases were studied in detail. The FPOs selected are from the fourteen (14) Indian states, viz., Andhra Pradesh, Chhattisgarh, Gujarat, Jammu

& Kashmir, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, and West Bengal. The list of cases studied is provided in the **Table 1.0** below:

Table1: List of FPOs that were studied

| Sl. No. | Name of the FPO | State | Year of Registration | No. of members | Product Basket |
|----------------|--|----------------|-----------------------------|-----------------------|------------------------------|
| 1 | Mahashakti Mahila Producer Company Ltd | Rajasthan | 2015 | 778 | Milk |
| 2 | Harit Kranti Adivasi Co-op. Society | Chhattisgarh | 2015 | 803 | Wadi |
| 3 | Amrapali Phalsabji Utpadak Producer Company Ltd | Jharkhand | 2016 | 515 | Fruits and Vegetables |
| 4 | Suraksha Farmer Producer Company Ltd | Telangana | 2016 | 525 | Vegetables |
| 5 | Pasumai Coconut Farmer Producer Company Limited, Coimbatore. | Tamil Nadu | 2016 | 582 | Coconut |
| 6 | Ramanar Millets Farmer Producer Company Limited, Virudhunagar. | Tamil Nadu | 2016 | 2943 | Millets |
| 7 | SEEDS Producer Company Limited, Virudhunagar. | Tamil Nadu | 2014 | 4715 | Coconut and Vegetables |
| 8 | Savitribai Phule Goat Farming Producer Company Limited | Maharashtra | 2016 | 1041 | Goatery |
| 9 | Devnadi Valley Agricultural Producer Company Ltd. | Maharashtra | 2011 | 837 | Agricultural & NTFP Products |
| 10 | Maa Machna Crop Producer Company Ltd. | Madhya Pradesh | 2016 | 1160 | Agricultural & NTFP Products |
| 11 | Phalam Sampada Producer Company Ltd. | Madhya Pradesh | 2014 | 600 | Agricultural & NTFP Products |
| 12 | Jaivik SRI Farmers Producer Company Ltd. | Odisha | 2016 | 551 | Agricultural & NTFP Products |

| | | | | | |
|----|--|-----------------|------------------------------|------|--|
| 13 | Patneswari Agri Producer Company Ltd. | Odisha | 2014 | 570 | Basic Services, Vegetables, Fruits, & Agri-Inputs |
| 14 | Panachery Farmers Producer Company Limited | Kerala | 2014 | 148 | Banana (fruits), & Vegetables |
| 15 | Pithogharh Beej Utpadak Nidhi Sehkarita | Uttarakhand | 2015 | 300 | Breeder Seeds, Agri-equipment services, Vegetables & Wheat |
| 16 | Pragati Yuva Kendram PCL | Andhra Pradesh | 2017 | 1028 | Flowers, Vegetables, fruits, & various services |
| 17 | Rajeshvar Farmers Producer Company Limited | Gujarat | 2016 | 900 | Cumin, Fenugreek, & Agri-Inputs |
| 18 | KYASC Agro Farmers PCL | Jammu & Kashmir | 2016 | 914 | Mushroom, Saffron, Walnut, Compost & multiple activities |
| 19 | Nabadisha Farmer Producer Company Ltd. | West Bengal | 2017 (as a Trust since 2014) | 777 | Vegetables & cereals, Grocery retailing, Agri-Inputs & Fish-Cow Feed |
| 20 | Tarashankar Panchagram Producer Company Ltd. | West Bengal | 2017 (as a Trust since 2014) | 1000 | Vegetables & cereals, Grocery retailing, & Agri-Inputs |

FPO - Case 1
Mahashakti Mahila Milk Producer Company Limited
Narayanpur Village, Thanagazi Block, Alwar District, Rajasthan

Promoted by NABARD

Women Empowerment through FPO

| S. No. | Particular | Details |
|--------|---|--|
| 1 | Major Business Activity undertaken by FPO | Agriculture, Livestock activities, Diary |
| 2 | No. of Villages covered | 109 |
| 3 | No. of total members | 778 |
| 4 | No. of active members | 778 |
| 5 | Total turnover (In 2017-18 FY) | INR 15 Crore |

1.1 The Context

1.11 Background of FPO Members

The Thanagazi block of Alwar district, Rajasthan is a backward area in this state. Literacy level is very low particularly among women. Agriculture is the primary occupation. However, lack of water and irrigation facilities has made agriculture and farmers less productive. Animal husbandry has been an important livelihood activity and it is mainly done by women. Being a rural area, marketing of milk at competitive price was a big challenge. Collection used to be done by middlemen, who purchased milk not only at lower rate than market rate but also did not consider other factors such as fat content etc., while deciding the pricing. Due to inadequate income and non-availability of other options, woman farmers were also entangled in a debt trap, where they were dependent on these middlemen for petty and frequent financial requirements of the family and had to sell their produce to these market intermediaries.

1.12 Facilitating Agency: Nari Utthan Sansthan (NUS)

Nari Utthan Sansthan (NSU) is a Rajasthan based grass root organization that is founded by Smt. Uma Ratnu (President) that has been working in the areas of women empowerment, health, education and awareness since 1995, across three blocks Thanagazi and Bansur from Alwar district and Viratnagar from Jaipur district of Rajasthan. In over 2 decades, it has nearly 6000 thousand-success stories. Through these years of experiences NUC realized that unless women sections in the community are empowered, a fair and flourishing society can never be materialized.

Mrs. Ratnu hails from a well-educated family in Jaipur. She is married to a royal family with traditional family rules that limited interactions of women of the house with people outside the family. When she began to show interest to work for the poorer women in her locality, it was not much appreciated in the family. However, she retained her empathy for the poor and helped in very limited way whenever she could. Gradually, she managed to convince her family members to let her work more for the people in the community. With the above background, Mrs. Ratnu began working with the poor women. She gradually moved to her paternal native place in Thanagazi block of Alwar district. She sold part of her property gifted from her parents and began her social work in Thanagazi block. Though it was a tough beginning, her conviction and determination helped to continue the journey she had undertaken.

Because of her conviction and commitment, her work was recognized by the local government officials, government departments and others. She has been able to develop a good network with local institutions and agencies that greatly support in undertaking development work for the overall improve the conditions of women in the region. She indeed has been fully devoted to the various development projects she has been stitching together for the women in the community. Nari Utthan has been undertaking SHG program, tailoring, brick making, value addition and marketing of food items such as cereals, pulses, spices, etc. in addition to milk collection sale. The NABARD scheme for promotion of FPOs was indeed a great addition to the development efforts of Nari Utthan for the poorer women in the community.

1.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income): Formation of FPO has helped the women members in several ways. Members are getting better and assured price for their milk. Many individual members are also availing bank finance for up-scaling the dairy activity due to assured marketing facilities. Women members have come out of debt trap of middlemen. They are managing the whole affairs of the business from collection, processing to marketing. It has resulted in development of their skills, leadership qualities, self-confidence and self-esteem.

The net annual income by members is about approximately Rs.15,000/- to Rs.20,000/-. The net annual savings to individual members of FPO has been in the range of Rs.5,000/-to Rs.6,000. It is to be noted here that the FPO members (all women) have had no income of their own prior to this engagement. They depended on the income of the husband and some of the members were widows and barely survived working somewhere or on their limited land.

Highlights of Achievements through FPO approach:

- FPO has streamlined collection and marketing of Milk and various products like milk cake, khoya, paneer etc.as per the demand of the markets.
- It not only provided alternate avenues for supply of milk, thus avoiding distress sale but also provided employment opportunity to many women members.
- All activities at FPO, including those at the chilling and processing plant, are being managed by women.
- FPO members, who were also members of the SHGs, were encouraged for purchase milch animals out of the loan amount so as to increase the production and also the income.
- FPO has entered in to a contract with Government of Rajasthan for supplying milk to students under Mid-day Meal Scheme in all Government schools in the area.

Ownership (Working Capital, Revenue, Equity & Assets): Prior to forming their FPO, the women members of Maha Shakti Milk Producer Company were linked to bank through the SHG programme of NABARD. This background and experience help the FPO to avail basic credit facility. The first challenge of accessing credit by most newly FPOs was overcome by Maha Shakti Milk Producer Company with the support of Nari Utthan Sansthan.

In course of time, Maha Shakti Milk Producer Company Ltd. was financed a grant of about Rs.9.06 lakh (Rupees) by NABARD under the PRODUCE Fund towards nurturing of FPO. The FPO has generated total revenue amounting to Rs. 48,822,375/- by selling milk, ghee, & milk cake in open market.

The current Equity Capital of Mahashakti FPO is Rs. 16,49,870. Fixed Assets include processing unit (known as Baby Boiler) is worth Rs. 1,88,425. The annual turnover of Mahasakti FPO was Rs. 15 crores in last year. The office of the FPO however is housed in the office premises of Nari Utthan Sansthan.

Governance & Managerial Capabilities: The Governance of the FPO has been facilitated by Nari Utthan and primarily by Mrs. Ratnu; who also happens to be a member of the Board of the FPO. It has been the long-term interest of Nari Utthan to make sure that the women in the community get empowered that has helped the FPO be governed well. Mrs. Sarita is the Chief Executive of the FPO. She has been adequately trained and nurtured by Mrs. Ratnu to undertake the operational and managerial functions of the FPO. Although, she is a relative of Mrs. Ratnu; the clarity of purpose makes the management team function as a team of professional. Mrs.

Ratnu said in an interview to the Principal Investigator “If I can help one of my relatives to work as a manager and if he/she is capable and willing, to work, I should not hesitate to facilitate the process”. As Mrs. Ratnu is working in her village; this type of situation would typically arise and it need been considered unprofessional. Indeed, if the common purpose of the organization and the individual(s) is clear; such situation can bring greater long-term commitment and efficiency. The managerial pool of Maha Shakti FPO seems to be a fitting case of the above context.

In addition to the normal training on CEOs and BoDs of FPOs, the key to building the capabilities, competence, and confidence to successfully operate an FPO is by handholding the local CEO and BoDs for a long time. Facilitators like Mrs. Ratnu has been able to provide this as she been committed, dedicated and lives among the people in the community since she began her journey for upliftment of women in the region.

Annual Business Plan (Product & service mix): Given the previous experience and engagements of women members under Nari Utthan, the FPO has a mix of activities depending on the season of the year. Whenever there is less of milk business, the women are involved in value addition activities of spices, cereals, and pulses. They are also involved in value addition activities of milk products such as ghee. Therefore, in addition to selling milk in the region, they also sell the value added food products to local consumers, schools, restaurants and others. The sale of consumables; other than milk approximates to Rs.35000. The FPO was involved in brick making using a machine for the same. Some members of the Nari Uthan and the FPO are also involved in tailoring. In other words, given the larger context of empowerment of women, the FPO tends to undertake a mix of activities depending on the suitability of product availability and market demand; a business strategy that serves the members well.

Nature of Technologies (Cost & Ease of Operation): The FPO established collection centers and processing machine with a measuring mug/weighing machine in each of the collection center. The technologies adopted by Mahashakti FPO for milk processing unit are cost-effective in nature. No technical complexities involve in from operational point of view. They deal with a wide range of milk products like ghee, cheese, butter and curds. These milk produces produced by the FPO are healthy and hygienic one that follows all the standard norms fixed by the state government. The annual marketing cost of the FPO (15%) shows that the marketing of milk produces along with milk has been operationalized in a systematic and calculated way which provides more profit to the farmers/producers.

Value Addition & Marketing Landscape: Maha Shakti FPO markets its various products within a radius of 150 Km from its production center. Out of the total sale, FPO's institutional sale in local and urban markets (45%) is slightly higher than that of the FPO's retail sale in its local community that ranges up to 40%. The retail sale in block and district level market is 15% which is comparatively low in comparison to the above two types of sales. The annual marketing cost of the FPO is 15%. In other words, the marketing landscape appears to be expanding gradually.

Social Capital of the FPO: Maha Shakti Milk Producer Company Ltd., promoted by Nari Utthan Sansthan (NUS) was registered under companies act in 21st January, 2015. This FPO is operating in Narayanpur village of Thanagazi block in Alwar district. Currently the FPO has 778 members who spread over to 109 villages that encompass 37 GPs of 3 blocks in Alwar district. All the 778 members of this FPO are active members. The Board of Directors meets every month to discuss various issues and developments. While the geographic spread is large to facilitate greater and deeper social capital, the long years of service of Nari Utthan on women empowerment including SHG credit facilitation in the region; this appears to have kept the women members together.

Operational Expenses:

The FPO having reached a business turnover of over INR 15 crores per annum is able to cover its own expenses including the salary of the staff and the CEO and run independent of the financial grant support from NABARD.

1.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level: The primary occupation of the Mahashakti FPO members has been agriculture. Given the topology and lack of irrigation facility, farmers do not get sufficient water for agriculture throughout the year and hence the agricultural productivity has been stagnant or has fluctuated depending on the annual rainfall. Water shortage in the region has led people to engage in animal husbandry activities and hence the dairy activity is relatively active in the region. The techniques of harvesting rain water at farmer field do not seem to be prominent and lack of water has constrained any further efforts towards sustainable agriculture. Lack of sustainable agricultural production limits the sustainability of the FPO members in the long run.

Nature of Governance in the Clusters/GP and interaction of FPO: Mahashakti FPO meets Quarterly in a year to intervene if necessary and to enable fair and faster delivery of Public

Services to people/members in the respective Clusters. Medium degree of freedom is given by external institutions/agencies to the Board of Mahashakti FPO in delivery of services, application of funds and governance of FPO. In addition to this, Mahashakti FPO has mobilized various services to its members by converging with different stakeholders at block level. Simultaneously, the FPO has applied this converge techniques to stabilize its operations by mobilizing different expertise from different sources. Whatever has been possible on this front has been primarily due to the long and dedicated service of Nari Utthan. It is yet to move towards aligning the informal institutions of the community to formal institutions in the cluster.

Relationships among farmers in the Clusters: The degree of trust and cooperation among the farmers is at a medium level. The members indeed are highly loyal to Nari utthan and Mrs. Ratnu. It is observed that the farmers/producers have exhibited medium degree of fearlessness so far as sufficiency in resources, agricultural and allied activities are concerned. Even, the rate of confidence of farmers/producers on their capabilities is on a medium scale.

Role of the Facilitating Agency: The present level of performance of Maha Shakti Milk Producer Company can be fully attributed to the Facilitating Agency or the Producer Organization Promoting Institution (POPI). The role of facilitating agency becomes more important and critical in institutionally weaker communities; as in this case.

Exhibit 1:
Major Activities of Mahashakti Mahila Milk Producer Company Limited

| Sl. No. | Major Activities |
|----------------|---|
| 1. | Training on Vegetable, Horticultural plants & Spices Cultivation. |
| 2. | Processing, Grinding & Packaging of Agricultural Products. |
| 3. | Training, Exposure & Capacity Building of farmers. |
| 4. | Training on making Ghee, Mawa, Milk Cake etc. sell it along with milk in open market. |
| 5. | Community mobilization and training for better farming |
| 6. | Agricultural Input Supply to the shareholders (seeds, fertilizers) |
| 7. | Marketing linkage initiated for agriculture production. |

Exhibit 2:
Development Indicators

| Development Indicators | Quantity in Nos/ Amount in Rs. |
|--|--|
| No. of registered members | 778 |
| No. of villages/GPs/Blocks Covered | 109 villages, 37GPs & 3 Blocks |
| Meeting frequency of BoD members/volunteers | Monthly |
| Amount of procurement of different produces from FPO members (in Rs.) | Rs.45000/- |
| Amount of business from sale of consumables to members (in Rs.) | Rs.35000/- |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | Rs.55000/- |
| Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | Rs.1000/- Per member (Share Capital Amount) |
| Maximum distances that different products have to travel where the FPO sells directly to her customers | 150 kms. |
| Increase in net annual income to individual members of FPO (in Rs.) | Rs.15000-Rs 20000/- |
| Net annual savings by members from various services of FPO (in Rs.) | Rs.5000/- Rs.6000/- |

Exhibit 3: Profit & Loss Statement

MAHASHAKTI MILK PRODUCER CO. LTD.
PAN No : AAJCM5737G
BYE PASS ROAD, NARAYANPUR (ALWAR)

Profit & Loss Account for the year ending 31st March 2018

| Particulars | Annexure No. | As at 31st March 2018 ₹ |
|--|--------------|----------------------------|
| REVENUE: | | |
| Revenue from operations | 9 | 48,822,375 |
| Total Income (A) | | 48,822,375 |
| EXPENSES: | | |
| Purchase of stock in trade | 10 | 48,009,861 |
| Other Expenses | 11 | 732,513 |
| Depreciation | 6 | 33,251 |
| Provisions | 4 | 9,000 |
| Total Expenditure (B) | | 48,784,625 |
| Profit/Loss during the year (A)-(B) | | 37,750 |

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For ABSM & ASSOCIATES
Chartered Accountants
(Registration No. 015966C)


ANOOB BHATTIA
(Partner)
M.No.: 402527
Date: 16/10/2018

For MAHASHAKTI MILK PRODUCER CO. LTD.

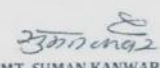
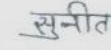
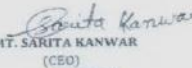
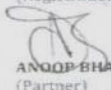
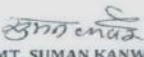
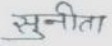
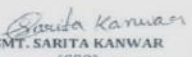
 
SMT. SUMAN KANWAR SMT. SUNITA YADAV
(Director) DIRECTOR

SMT. SARITA KANWAR
(CEO)



Exhibit 4: Balance Sheet

| MAHASHAKTI MILK PRODUCER CO. LTD. PAN No : AAJCM5737G BYE PASS ROAD, NARAYANPUR (ALWAR) | | |
|--|--------------|----------------------------|
| Balance Sheet as on 31st March 2018 | | |
| Particulars | Annexure No. | As At 31st March 2018 ₹ |
| EQUITY & LIABILITIES | | |
| Shareholder's funds | | |
| Share Capital | 1 | 1,649,870 |
| Reserves & Surplus | 2 | (933,403) |
| Money received against share warrants | | |
| Share Application money pending allotment | | |
| Non-Current Liabilities | | |
| Long-term borrowings | 3 | 500,000 |
| Provisions | | |
| Short term Provisions | 4 | 9,000 |
| Current Liabilities | | |
| Other Current Liabilities | 5 | 30,000 |
| Total | Total | 1,255,467 |
| ASSETS | | |
| Non-current assets | | |
| Fixed assets | | |
| Tangible assets | 6 | 188,425 |
| Current Assets | | |
| Cash and cash equivalents | 7 | 593,942 |
| Other current assets | 8 | 473,100 |
| Total | Total | 1,255,467 |

The accompanying notes are an integral part of the financial statements.
As per our report of even date

| | | |
|---|---|---|
| For ABSM & ASSOCIATES Chartered Accountants (Registration No. 015966C)  ANOOP BHATIA (Partner) M.No.: 402527 Date: 16/10/2018 | For MAHA SHAKTI MILK PRODUCER COMPANY LIMITED  SMT. SUMAN KANWAR (Director) |  SMT. SUNITA YADAV (Director) |
| |  SMT. SARITA KANWAR (CEO) | |

FPO Data Sheet

Maha Shakti Milk Producer Company Ltd.
Narayanpur, Block-Thanagazi, Dist-Alwar, Rajasthan.

Office Bearers

President:

Secretary:

| Sl. No. | Name of BOD Members |
|---------|---------------------|
| 1. | Smt. Suman Kanwar |
| 2. | Smt. Meva Devi |
| 3. | Smt. Suman Devi |
| 4. | Smt. Sarita Kanwar |
| 5. | Smt. Suman Devi |
| 6. | Smt. Malti Devi |
| 7. | Smt. Uma Ratnu |
| 8. | Smt. Sunita Yadav |

| | | |
|-----|--|--|
| 1.1 | No. of total members | 778 |
| 1.2 | No. of active members | 778 |
| 1.3 | No. of villages and hamlets covered | 109 |
| 1.4 | No. of Blocks covered | GPs-37, Block-3 |
| 1.5 | Meeting frequency of BoD members/volunteers | Monthly |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | 45000 |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | 35000 |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 55000 |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | 1000 Per member (Share Capital Amount) |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 40% |

| | | |
|-----|---|---|
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 15% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 45% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 150 kms. |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 15% |
| | | |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | Rs.15000-Rs 20000 |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | Rs.5000-6000 |
| 4.3 | Reduction in post-harvest wastage to members (in %) | N/A |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | N/A |
| | | |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | N/A |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | N/A |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | N/A |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | N/A |
| 5.5 | Provision for open well & water supply system made by farmers | N/A |
| 5.6 | Organic carbon level of soil at medium to high value | N/A |
| 5.7 | Soil pH to be around 7.0 | N/A |
| 5.8 | Farms of Farmers with little or minimal pest problem | N/A |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | Block level respective services to member |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 5 |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | We conduct Quarterly meeting Of FPO member. |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of | Medium |

| | | |
|-----|--|--------|
| | FPO | |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Medium |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Medium |

Name of the CEO: Smt. Sarita Kanwar

Signature and Date: 13/09/2019

Photo Exhibits



Board of Members of FPO



Women members are managing milk cans, Pouring milk for filtration



Performing chemical tests & Lab testing procedures



Titration test of milk underway



Washing the Canes



Office Setup of Maha Shakti & Making entries in Tally software



Happy Team of Mahila Mahashakti Milk Producer Company Ltd lead by Uma Ratnu

FPO – Case 2
Harit Kranti Adivasi Cooperative Society (HKCS)
Village -Kopa, Block-Bagicha, District -Jashpur, Chhattisgarh

Promoted by NABARD

Ensuring Sustainability of Wadi through FPO

| S. No. | Particular | Details |
|--------|---|---|
| 1 | Major Business Activity undertaken by FPO | Agricultural inputs such as seeds, fertilizers and pesticides, chilies, tomatoes, and pear (fruits) |
| 2 | No. of Villages covered | 41 |
| 3 | No. of total members | 1021 |
| 4 | No. of active members | 768 |
| 5 | Total turnover (In 2017-18 FY) | INR 97,85,760 |

2.1 The Context

2.11 Background of FPO Members

Jashpur District lies in the north-eastern corner of the state of Chhattisgarh in India adjoining the border of Jharkhand and Odisha. It is located on the western extension of Chhotanagpur Plateau, forms the north-east region of Chhattisgarh province. Deep, dense and extensive forests, a number of streams and rivers originate, flow and supplement heavenly beauty to this region.

Prior to FPO promotion, NABARD's Wadi project had been implemented in seven (7) Blocks of this district; covering 161 villages. It covered as much as 12000 acres with Mango, Cashew and Pear plantation. Marketing was the main concern. They did not have capability/logistics to take the produce to nearby wholesale markets which could have ensured a better price. Farmers often sold their produce under distress to local middlemen. The community of farmers here are largely tribal and the region is furthest from the district office. In other words, institutionally and infrastructure wise it is a relatively weak. The road from Jashpur to Bagicha Block; where the FPO has been formed has been in poor condition for a long time.

In the above context, FPO promotion scheme was timely and very helpful. Rural Education and Development Society (READS), Jashpur; that had engaged in implementing Wadi Project, provided the support for the promotion of FPO; Harit Kranti Adivasi Cooperative Society (HKCS). It was registered on 15th January, 2015 Under Chhattisgarh Cooperative Act, 1960 with a total number of initially 803 members.

2.12 Facilitating Agency

Rural Education and Development Society (READS), a voluntary organization, is located at Jashpur district in Chhattisgarh. Mr. Rajesh Gupta is the president of this voluntary organization. Mr. Rajesh and two of his friends conceived of starting an NGO when they were studying. To equip themselves with the necessary skills, one of them attempted to study business management and other studied Social Work; the third one found a job in the early phase and left the group to pursue his professional interest. Mr. Rajesh hails from a family of retail business and hence has had the in-house training on business transaction, sales and accounting. His other friend and partner to this NGO have had some exposure to Social Work through distance education. Together, they have gradually recruited other professionals to their organization and it appears to have sufficient manpower to support their various development initiatives including Wadi and FPOs across the district. Mr. Rajesh and his team also seem to have had some local network of people of influence and gradually with their work through Wadi and FPOs, they have developed stronger network with government officials, local politicians and the Judiciary.

2.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income)

HKCS had commenced business activity with zero capital by simply aggregation and marketing of Wadi and other agri-produces. In the first year of its business activity, FPO marketed Chilly and other horticulture produce and successfully got rid of the distress selling to the middlemen. During the 2nd year, FPO diversified its activity, obtained dealership from reputed agri-input companies and obtained license to undertake input selling business. Subsequently, NABARD provided a Grant Assistance of Rs.8.50 lakh under Produce Fund from promotion and nurturing of FPO. Within a period of about 4 years, HKCS has reached a business turnover of about Rs. 97,85,760 with a net annual profit of Rs. 5,89,903.

The net annual average income earned by individual members of FPO is about Rs.45000. In the year 2015 average annual income of FPO member was Rs 20000. The reduction in post-harvest wastage to members is 90%. The Net annual savings earned by the members of HKCS has been estimated at Rs. 28,000.

Impacts of FPO formation

- ❖ Forced structural changes in monopolistic and exploitative agriculture produce market, which was not possible for MF/SF individually and it helped in pilling out tribal farmers from clutches of middlemen.
- ❖ Earlier, middlemen used to pay only Rs.8-Rs.10 per kg of Chilly to the farmers and make profits of Rs.20 to Rs.30/- per kg. Since farmers have started making available the produce directly to the wholesalers through FPO, they are able to get entire proceeds, which middlemen used to get.
- ❖ Income enhancement for the tribal farmers by almost threefold.
- ❖ District Collector, Jashpur has provided a marketing outlet to the FPO at commercial complex in Block Head Quarter at Bagicha in Jashpur District. Similarly, to support and strengthen FPOs by providing infrastructure for capacity building, storage, marketing and processing, District Administration, Jashpur has approved for setting up of an FPO-Hub at village Akrinona, Sanna in Bagicha Block with an investment of Rs.64.50 lakh.

Ownership (Working Capital, Revenue, Equity & Assets): With the support of the POPI and NABARD, the FPO has been able to get the required working capital to run its business. The revenue has gradually increased and the annual business turnover for the year ending March 2018 was Rs.1,21,85,760. The current value of fixed asset stands at Rs. 5,82,406. The Equity capital of the FPO is Rs. 500,000.

The FPO has an office of its own with a Board Room for meeting. It also has a retail outlet in its premises to sell agricultural inputs such seeds, fertilizers and pesticides. It also has access to a marketing outlet at commercial complex in Block Head Quarter at Bagicha in Jashpur District. For storage, marketing and processing, it is building an FPO-Hub at village Akrinona, Sanna in Bagicha Block with an investment of Rs.64.50 lakh. As mentioned earlier, it is being supported by the District Administration, Jashpur.

Governance & Managerial Capabilities: The BoD members consist of farmers from diverse background in terms of caste, religion, ideologies and political affiliations. However, they have developed an understanding that the diversity in beliefs and values shall not indulge and influence the decision making in the FPOs. The diversity and clarity in understanding makes the Board stronger.

The BoD members/volunteers of HKCS meet every month to discuss various business

transactions, marketing, social and governance related issues of their company. The BoD members tries to resolve these issues/problems as quick as possible.

The staff of READS has been managing the business transactions of the farmers. They have been managing the operations of the business well. However, the FPO does not seem to have a back-up plan for managerial capability of its own. While the BoD members are empowered and have a fair understanding of the dynamics. However, since the professionals are operating the systems and processes of the FPO, the local staff and BoD members do not get the handholding experience that is required for them to manage the FPO on their own soon.

Annual Business Plan: The current business plan includes the following items viz., agricultural inputs such as seeds, fertilizers and pesticides, chilies, tomatoes, and pear (fruits). The volume of pear that is currently sold is a very small portion of the total volume produced by the farmers through their Wadis. At the moment, the farmers are producing nearly 2500 truck-loads of pears but they are transacting only about 100 truck-loads. The rest is being sold through the traders.

Nature of Technologies (Cost & Ease of Operation): The HKCS is using low cost simple tools like weighing machines, packing material etc. These simple tools have reduced the production cost that provides profits to some extent.

Value Addition & Marketing Landscape: HKCS markets its various products within a radius of 600 Km from its production center that covers Raipur, Jamshedpur TATA. The annual marketing cost of the FPO (as % of total sales) is 4.21%. The annual revenue from sale of various services by FPO has been about 22.07%. Retail sale in the local community of the PO (as % of total sale) has been about 19.69% and its institutional sale in local and urban markets (as % of total sales) has been 80.30%. This suggests that the marketing strategy has some depth to hold on at times of fluctuation in demand and prices. The product-service mix also has some resilience to absorb the fluctuations. However, the services are largely the agricultural inputs in terms of fertilizers, pesticides and seeds that have begun to show more problems for sustainability of agriculture.

Social Capital of the FPO: Initially, HKCS was formed by taking total number 803 members and its office located in the village Kopa, Block-Bagicha in the district of Jashpur. The company was set up to address the emerging requirements of the producers such as helping the farmers from various entitlements and agricultural developments. Currently, the total number

members of HKCS are 1021. Out of which 768 members are very active in 41 villages in Bagicha Block. The members tried to diversify their business activities so as to reduce the risk factors. It also helps more diverse type of producers to be involved in the business transaction of the FPO that enhances the social capital of the FPO. Small experiments were also conducted to see the social capital in the community of members; which seemed to be relatively high among the Board members but lower among the members in general. Women members though showed the commitment, but their involvement however seemed to be lower.

Operational Expenses:

Although the annual turnover of the FPO has been over INR 97 lakhs, the FPO is still operated through the POPI. The CEO and the staff are appointed by the POPI, and their salaries are also handled by the POPI.

2.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level: Good seeds from the market are procured at whole sale price by the FPO and made available to farmers at a reasonable price. As most producer members belong to tribal communities and are based in plateau/hilly region, they mostly practice traditional farming and the region has been organic by default. However, in recent period with commercial cropping of chili and tomato as part of intercrop in the Wadi farms, pest attacks have significantly risen. This issue was shared by producer members in the meeting. This matter however was not reflected in the data sheet the POPI had filled up for the study. The rise in pest attacks has evolved parallel to extensive use of market seeds including fertilizers and pesticides. Further discussion with Mr. Rajesh Gupta revealed that producer-members were facing these challenges in the recent years and the POPI did not have any expertise on sustainable agriculture. While the production of certain crops has grown over the time, the agricultural practices including external inputs have led to greater pest attacks.

Nature of Governance in the Clusters/GP and interaction of FPO: While the FPO does not seem to have interactions with people's representatives in respective GPs, the POPI has been able converge several schemes and programmes for the members of the FPO.

Around 450 Solar plates with pump set through CREDA have been provided to the farmers. Nine (9) solar dryers through Horticulture dept. have been provided in the cluster. 33 farmers have benefitted drip irrigation facility provided by Horticulture dept. Cold storage and processing unit worth about Rs. 65 lakhs have been converged through the District Administration. In summary, five departments, viz., Horticulture dept., KVK, Agriculture dept,

MGNAREGA, CREDA have been facilitated by the POPI to take the FPO towards stabilization of its operations.

Alignment of informal and formal institutions in the Clusters: The FPO through its POPI READS has been able to intervene with the local institutions for about 20-25 times towards fair & faster delivery of public services. It has intervened on many aspects of development in the community of the farmer members. Some of the areas of interventions include, viz., village road, small bridge, solar pump sets under saur sujala yojana, vermin-compost, Cashew processing unit, chili processing units for the FPO. Through the facilitation of the POPI, the Board of FPO has been given good degree of freedom by external institutions/agencies in application of funds and governance of FPO.

Relationships among farmers in the Clusters: Farmer producer members seem to have a good level of trust and cooperation among themselves. More social and business interactions can improve the relationships among them. Large geographic size of the FPO cluster could be a deterrent for organizing such social functions. Business transactions of fruits from Wadi through the FPO can increase by over 200 times and if these are systematically undertaken, the solidarity of farmers within the cluster could increase. Young farmers did not seem to realize the power of solidarity through the FPOs. Women farmers though seemed committed; they did not seem to be involved much in the management process of the FPO.

Role of the Facilitating Agency: The role of the Facilitating Agency or POPI; here in this case READS, Jashpur has been significant. The good financial performance of HKCS, converge of resources and support to farmers in the FPO, interventions with the market system; all these have been possible due to POPI good work and in social and institutional networks. As in most situations, POPIs typically face the challenge of strong middlemen as they venture to collective market agricultural produce of small and marginal farmers; in this case too; READs was troubled and threatened by the local middlemen. Some payments were also held up as threatening tool. However, the POPI has withstood and helped the FPO, HKCS to move forward.

Exhibit 1**Production of different items with price (2018-19)**

| Sl. No. | Items Produce | Production (in qtl) | Rupees. (Per Kg) | Amount (in Lakh) |
|----------------|----------------------|----------------------------|-------------------------|-------------------------|
| 1 | Chili, | 1920 | 25 | 48 |
| 2 | Tomato | 428 | 14 | 6 |
| 3 | Pears | 163 | 11 | 1.8 |
| 4 | Maize | 1428 | 14 | 20 |
| 5 | Nizer | 97 | 40 | 3.9 |
| 6 | Scented Rice | 653 | 26 | 17 |

Exhibit 2**Month wise Production/Purchase/Sale of different products**

| Month | Production/Purchase/Sale of different items |
|--------------|--|
| January | Seed, Purchase (Chili, Tomato), Paddy, Maize |
| February | Seed, Purchase (Chili, Tomato), Paddy, Maize |
| March | Purchase (Scented Rice), Rice |
| April | Maize, Soling, |
| May | Chili, Tomato), |
| June | Chili, Tomato), |
| July | Chili, Tomato |
| August | Chilli Purchase |
| September | Vegetables Seed |
| October | Vegetables Seed |
| November | Kodo, Ramtil |
| December | Paddy, Maize |

Exhibit 3
Yearly Turnover & Profit (2018-19)

| Sl. No. | Year | Month | Turn over | Profit |
|---------|------|-----------|-----------|--------|
| 1 | 2018 | April | 1013093 | 16680 |
| 2 | 2018 | May | 1603093 | 32300 |
| 3 | 2018 | June | 5160972 | 73522 |
| 4 | 2018 | July | 6305930 | 109081 |
| 5 | 2018 | August | 7009530 | 114321 |
| 6 | 2018 | September | 7100890 | 119080 |
| 7 | 2018 | October | 7681360 | 124380 |
| 8 | 2018 | November | 7731360 | 126535 |
| 9 | 2018 | December | 7934137 | 136635 |
| 10 | 2019 | January | 8434260 | 145448 |
| 11 | 2019 | February | 10112500 | 157480 |
| 12 | 2019 | March | 12185760 | 589300 |

Exhibit4
Profit and Loss Report (2018-19)

| Particulars Amount in Rs. | |
|---------------------------|----------------|
| Sale (+) | 1,21,85,760.62 |
| Credit Note (-) | 1,54,201.50 |
| Purchase (-) | 1,12,20,223.34 |
| Debit Note (+) | 6,37,685.00 |
| Income (+) | |
| Payment -out Discount | 3,008.00 |
| Other Income | 7,700.00 |
| Expenses (-) | |
| Payment-in Discount | 170.00 |
| Other Expenses | 2,94,205.00 |
| Gross Profit | 11,65,353.78 |
| Opening Stock (-) | 11,83,794.26 |
| Closing Stock (+) | 6,08,343.58 |
| Net Profit | 5,89,903.10 |

Exhibit 5
Balance sheet Assets Report (2017-18)

| Fund & Liabilities | Amount (Rs.) | Property & Assets | Amount (Rs.) |
|---|-------------------------|---|-------------------------|
| <u>General Fund:</u> Opening Balance b/d Rs.5,31,762 <u>Add:</u> Surplus during the years.1,95,657 | 7,27,419 | <u>Current Assets</u> <u>Closing Stock</u> | 5,82,406 |
| <u>Reserved Fund:</u> Opening Balance b/d Rs.1,77,254 <u>Add:</u> Transfer during the years. Rs.65,219 | 2,42,473 | <u>Sundry Debtors:</u> | 4,85,000 |
| <u>Share Capital:</u> From Beneficiary Members | 4,22,500 | <u>Cash & Bank Balances:</u> Cash-in -hand Rs.31,979 CGRGB, Bagicha SB A/C.Rs.3,57,580 SBI Jashpur A/C Rs.4,49,739 | 19,06,704 |
| <u>Loans & Liabilities:</u> From READS, Jashpurnagar | 4,67,700 | <u>Advances & Deposits:</u> <u>Advances to Suppliers</u> | 5,70,502 |
| <u>Current Liabilities & Provisions:</u> Sundry Creditors: Rs.6,06,936 | 6,21,936 | <u>Deposits:</u> VAT Receivable.Rs.1,337 GST Receivable.Rs.3,485 | 5,75,324 |
| <u>Other Liabilities & Provisions:</u> Audit Fees Payable.Rs.15,000 | 24,82,028 | | 24,82,028 |

FPO Data Sheet

Name of the FPO & State: Harit Kranti Cooperative Society, Jharkhand

Name of the President: Shri Bahattar Ram Bhagat

Facilitating Organization: Rural Education and Development Society Jashpur (READS)

BOD Members

| Sl. No. | Names |
|---------|-----------------------|
| 1 | Sri Bhagatram Bhagat |
| 2 | Sri Sunil Ekka |
| 3 | Sri Esdor Ekka |
| 4 | Ramnath Ram |
| 5 | Smt. Laxmani Bai |
| 6 | Smt. Jati Bai |
| 7 | Sri Shanichar Ram |
| 8 | Smt. Lohari Bai |
| 9 | Sri Rameswar Ram |
| 10 | Sri Bhagatram Bhagat. |
| 11 | Sri Rajesh Gupta |

| | | |
|-----|---|---------------------------|
| 1.1 | No. of total members | 1021 |
| 1.2 | No. of active members | 768 |
| 1.3 | No. of villages and hamlets covered | 41 |
| 1.4 | No. of Blocks covered | 1 |
| 1.5 | Meeting frequency of BoD members/volunteers | Each month |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | 1,21,85,760(year 2018-19) |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | 97,85,760 |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 0 |

| | | |
|-----|--|---|
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | 5,89,300 |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 19.69% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 0% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 80.30% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 600 km. Raipur ,Jamshedpur TATA, |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 4.21% |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | Rs.45000 (In the year 2015 average annual income of FPO member was Rs 20000) |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | Rs.28000 |
| 4.3 | Reduction in post-harvest wastage to members (in %) | 90% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 22.07% (position in 2018 against 2017) 31.03.2018 – Rs.1,21,85,760 31.03.2017 – Rs.99,82,181 31.03.2016 – Rs.18,53,452 |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/For a Few/Mostly/All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/A Few/Most/All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No/Somewhat/Yes (Started from July 2019) |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No/A Few/Mostly/Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/Somewhat/Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/Medium/High |
| 5.7 | Soil pH to be around 7.0 | No/A Few/Mostly/All (pH Ranging from 6 to 7) |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/Sometimes/Mostly/Always |

| | | |
|-----|--|---|
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | 450 Solar plates with pump set through CREDA. 9 Solar dryer through Horticulture dept., 33 farmers benefitted by drip irrigation through Horticulture dept. Cold storage and processing unit through District Administration. |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 5 viz. Horticulture dept., KVK, Agriculture dept, MGNAREGA, CREDA |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 20-25 times intervened by FPO for fair& faster delivery of public services done in their village viz. Village Road, Small Bridge, for solar pump sets under saurSujala scheme, Vermi compost, Cashew processing unit, chilli processing units for the FPO |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/Medium/High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/Medium/High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/Medium/High |

Name of the CEO: Raja Bhaiya Patel

Signature and Date:

Photo Exhibit



General Body Meeting of Farmer Members



Local level collection from the farmer



Collection of Chili from the farmers and gathering in a yard



Interaction with farmer



Record Keeping



Meeting with the progressive farmers

FPO - Case 3
Amrapali Phal Sabji Utpadak Producer Company Ltd
Village: Utka, Block: Kairo, District: Lohardaga, Jharkhand

Promoted by NABARD

Amrapali FPO- Hope of Farmers

| S. No. | Particular | Details |
|--------|---|--|
| 1 | Major Business Activity undertaken by FPO | Agriculture, Horticulture, Retail shop |
| 2 | No. of Villages covered | 9 |
| 3 | No. of total members | 551 |
| 4 | No. of active members | 535 |
| 5 | Total turnover (In 2016-17 FY) | INR 500,420.23 |

3.1 The Context

3.11 Background of FPO Members

Kairo Block of Lohardaga district is famous for quality Vegetables and Fruits like Mango and Guava. Locally there is good demand for this agricultural produce. However, there was inadequate price realization for farmers due to fractured and long supply chain. Further, there were issues of poor input supply, non-availability of quality vegetable seeds, pesticides and fertilizers, etc. To address these, there was a need to form an FPO.

With the technical support of Lohardaga Gram Swarajya Sansthan (LGSS) an NGO; intervention for the formation of Farmers Producer Organization (FPO) was a part of the rural livelihood promotion initiatives. In 2016, with the support of NABARD, LGSS formed Amrapali FPO at Utka village of Kairo block in Lohardaga district (Jharkhand). Amrapali FPO has been registered under the Company Act. Currently it covers 9 villages of 5 GPs in Lohardaga district.

3.12 Facilitating Agency:

The founder members of the Organization had a deep concern regarding the contemporary condition of the rural community in Lohardaga district, which had a long history of negligence from all sectors of the society and witnessed abject poverty in spite of having abundance of resources. They were also influenced by the philosophy of Gandhi'ji and Vinoba'ji. Inspired by the Gandhian philosophy and the noble idea of self-rule, in the year 1985, they formed Lohardaga Gram Swarajya Sansthan, a non-profit organization, under the Indian Trust Act,

1882. The objective of the Trust has been to empower rural poor and disadvantaged community in such a way, so that they can identify, utilize their potential and resources for their overall development in a sustainable manner. Lohardaga Gram Swarajya Sansthan has a vision to have a Rural Self-Reliant Society i.e. Sampoorana Gram Swaraj.

The operational area of LGSS lies in the heart of Jharkhand. It covers five tribal dominated blocks of Lohardaga district. At present, LGSS has expanded its developmental activities to other 3 districts of Jharkhand that are adjacent to Lohardaga district. The above five blocks of Lohardaga district were suffering from abject poverty and the people of these areas were neglected for a long period. They also remained cut off from the mainstream. On the above backdrop, LGSS started its mission to improve the socio-economic conditions of the community people through various development programmes.

LGSS has had a long-cherished history of working with people in the region. Its mission has been holistic rural development; inspired by Gandhian philosophy, Vinobha Bhave and Ram Manohar Lohia. Among many development aspects, it had undertaken the Wadi project of NABARD in the cluster where the FPO was formed.

3.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Incomes)

There has been a very need for working capital by farmers, which was informally met through money lenders. Most of time, the farmers were forced sell their produce under distress at a very low price. However with the grant support of Rs.9.06 lakh under PRODUCE Fund of NABARD, the situation has improved to a great extent. The increase in net annual income to individual members of FPO has been in the range of Rs.35,000 to Rs.40,000. The net annual savings by members from various services of FPO is in the range of Rs.5,000 to Rs.10,000. The reduction in post-harvest wastage to members has been to the tune of 25%.

Impacts of FPO formation/Financial Capital of members of FPO:

- ❖ Due to hard work put in by the members in their fields and adoption of new crop technology, last year 450 quintals of mango were produced in 6 villages.
- ❖ Farmers have realized that best prices for their produce can be reaped only if they aggregate in a group.
- ❖ Awareness of member farmers regarding quality of agricultural inputs has increased.
- ❖ Farmers' bargaining power to sell their own products has also enhanced.

Ownership (Working Capital, Revenue, Equity & Assets): The FPO started business with zero working capital. But after availing Rs. 9.06 lakhs financial support from NABARD, the FPO started its business expansions on multi vegetable and horticultural produces. As of March 2019, the total revenue of Amrapali FPO from its operations was Rs. 1,18,046. Fixed asset was Rs. 1,47,710 during 2019.

Governance & Managerial Capabilities: The members of the Board are wise and well-meaning people. With the support and guidance of the Facilitating Agency, a responsible BOD has been put in place. Managerial capacity of the FPO was also built with the grant support of the project. However, with completion of three years of NABARD Project, the Facilitating Agency has lesser engagement with the FPO and as a result of which there seemed to be lesser engagement of the BoD and former CEO works only part time; as and when required. The retail outlet for sale of seeds; located in the market place is operated only during the sowing season. The Facilitating Agency, POPI; expressed that it does not have the commercial and business experience and needed more support from NABARD in dealing with the company rules and regulations. Even though, it would like to handhold the FPO; it is limited by finances to make regular visits to the FPOs once the project funding has been stopped. LGSS, the POPI has made a request for extending the grant support to the FPO for another 2 years so that it can strengthen the FPO.

In addition to the normal training on CEOs and BoDs of FPOs, the key to building the capabilities, competence, and confidence to successfully operate an FPO is by handholding the local CEO and BoDs for a long time. The required embeddedness of the POPI or some capable BoD has not been possible in this FPO so far.

Annual Business Plan: The members of FPO have been producing a variety of agricultural produce including large quantities of horticultural crops such as Mango and Guava. Some of the members have gone into inter-cropping in their respective Wadis that increases the product diversity available to the FPO. The FPO also operates a shop in the market place for selling seeds. However, the lack of financial support to LGSS has limited their role in facilitating the FPO to systematically plan and move forward.

Value Addition & Marketing Landscape: There is little value addition at this stage. Moreover, fruits and vegetables require a little intervention in sorting, grading and packaging before selling; activities that the farmers members are able to do. However, large scale standardization requires the intervention of a facilitating agency that is currently unable to

support with. The retail sales at the block and district level markets (as % of total sales) was 10% and the institutional sales in local and urban markets (as % of total sales) was 15%. The annual marketing cost of the FPO (as % of total sales) is about approximately Rs.5,000. Further, the annual revenue from sale of various services by FPO has increased by about 5%.

Social Capital of the FPO: Currently, the total members/producers of Amrapali FPO are 551 out of which total number of active members is 535. The FPO covers 9 villages of 5 GPs in Lohardaga district. The BoD members of Amrapali FPO meet quarterly in a year to discuss various business and social related issues and take immediate measures to resolve these issues. The members of the Board exhibited a high degree of understanding and cooperation amongst themselves.

Operational Expenses:

The FPO has been able to reach annual business turnover of only INR 500,000. With the completion of three year of NABARD support, neither the BoD of the FPO or the NGO or POPI has not been able to regularly support the FPO. The person who worked as a CEO of the FPO now operates their retail outlet with agri-inputs whenever required as he does not a regular salary. During the time of my field visit, the POPI was waiting for further 2-year extension of support to the FPO by NABARD Regional Office.

3.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level: The producer members of the FPO belong to tribal region and the area is usually organic by default. Farmers also have a traditional practice of integrated farming. Through the Wadi programme they have systematically added the horticultural plantation in their fields/farms. In the respective Wadi's water is made available through pump set drawing water from a river, bore well or open well. A few farmers have adopted in-situ water conservation techniques like trenches and micro-locks in the farm lands. However, through FPOs, farmer members have been procuring vegetable seeds, fertilizers and pesticides from the market and growing them on commercial scale. This has led to increasing cases of pest problems for farmers in the cluster.

Nature of Governance in the Clusters/GP and interaction of FPO: LGSS, the POPI for the FPO has been working for a long time in the communities where the FPO was formed. The good will of the POPI with the community, GP representatives and GP officials has helped the FPO in resolving many issues. For instance, the problem of free cattle grazing is a significant problem in the initial stages of Wadi plantation. A good and systematic facilitation of LGSS

helped resolve some issues and developed understanding among the farmers. The problem of free grazing continues to be a problem for new Wadi farmers and this requires the FPO to systematically build rapport with the PRI members of the respective GPs where the FPO operates.

Alignment of informal and formal institutions in the Clusters: With the good offices of LGSS (POPI), the FPO collaborates with the Government Departments and other development agencies to make convergence of all development programmes in an integrated manner for all out development. The committee members of Amrapali FPO have mobilized vermin-compost Kits, agri-spray machines, power tiller by converging with line departments at various levels. Besides, the FPO has undertaken various programs like health, literacy, education programs etc. to provide fair and faster public services to its people/members in the respective clusters. Medium degree of freedom is given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO.

Relationships among farmers in the Clusters: Among the Board of Directors, we find a greater sense of trust and cooperation. Among the members, there is slightly lesser degree of trust and cooperation. Some of the older farmers were highly capable and were self-sufficient; whereas many younger and smaller farmers appear to need greater support and handholding. In general, there was sense of belongingness among the farmers members of the FPO.

Role of the Facilitating Agency: The role of the Facilitating Agency, SGSS has been very significant for the FPO. Prior to the formation of FPO in this community, SGSS has been working for a long time for its overall development. FPO formation was an addition to the Wadi programme that SGSS had been working with the farmer producers in the area. It has been able to link 515 tribal families to activities as agri-silvi-horticulture, soil conservation, water resources development, motivate for enterprise towards economic development, training on spice cultivation, processing, grinding with packaging/exposure to visiting to demonstration farms/capacity building and various income generation activities to ensure round the year availability food & fodder, vermi composting, mushroom, goat rearing, poultry units and orchards of mango, guava ,banana and papaya plant developed in the beneficiaries land.

The long years of dedication and commitment of SGSS to holistic development in the district; helps SGSS get easy access to the local government officials, policy makers and people in other networks in the district. The good offices of SGSS have been used to converge and coordinate various development schemes for the people of the community through the FPOs.

Exhibit 1
Major Activities of the FPO

| Sl.No. | Activities |
|--------|--|
| 1. | Training on Vegetable, Horticultural plants & Spices Cultivation. |
| 2. | Processing, Grinding & Packaging of Agricultural Products. |
| 3. | Training, Exposure & Capacity Building of farmers. |
| 4. | Training on Vermi Compost, goat rearing & Poultry farming. |
| 5. | Community mobilization and training for better farming |
| 6. | Agricultural Input Supply to the shareholders (seeds, fertilizers) |
| 7. | Marketing linkage initiated for agriculture production. |

Exhibit 2
Consolidated Income and Expenditure Account for the year ended on 31st March, 2017

| Expenditure | Amount (Rs.) (P) | Income | Amount (Rs.) (P) | Amount (Rs.) (P) |
|---|---------------------|--|---------------------|---------------------|
| To Expenditure Against Foreign Grant (As per Schedule-10) | 3,844,653.00 | Foreign Grant (As per Schedule-7) | 3,973,306.00 | |
| To Expenditure Against Indian Grant (As per Schedule-11) | 22,176,458.00 | Indian Grant (As per Schedule-8) | 25,397,719.03 | |
| Expenditure Against Other Receipts (As per Schedule-12) | 678,972.00 | Other Receipts (As per Schedule-9) Bank Interest | <u>1,515,764.61</u> | 30,886,789.64 |
| Annual Report | 12000.00 | Foreign Fund Account | 34,158.00 | |
| Audit Fee | 20000.00 | Indian Fund Account | 231,242.55 | |
| Bank Charge | 7545.46 | Interest on Fixed Deposit | 235,019.68 | 500,420.23 |
| Communication | 10972.00 | | | |
| Computer Maintenance | 51833.00 | | | |
| Contingency | 51190.00 | | | |
| Electricity Expenses | 37015.00 | | | |
| Financial Charge of Bank loan | 8756.00 | | | |
| Fuel & Maintenance for bike, car & Tractor | 99061.00 | | | |
| Gratuity | 21000.00 | | | |
| Honorarium to Staff | 378450.00 | | | |
| Office Expenses | 19918.00 | | | |
| Office Rent, Gumla | 44000.00 | | | |
| Office Rent, Jamshedpur | 32500.00 | | | |
| Office Rent, Lohardaga | 165000.00 | | | |

| | | | | |
|---|----------------------|--|--|----------------------|
| Postage & Stamp | 589.00 | | | |
| Printing & Stationary | 40877.00 | | | |
| Provident Fund | 325240.00 | | | |
| Publication & Advertisement | 19500.00 | | | |
| Travelling | 69041.00 | | | |
| Vehicle Insurance | 28396.00 | | | |
| Website Fee | 5000.00 | | | |
| Xerox Maintenance | 14722.00 | | | |
| Interest on car Loan | 7143.27 | | | |
| Depreciation on Fixed Asset | 300,808.75 | | | |
| Excess of Income Over Expenditure Transfer to B/s | 2,916,569.39 | | | |
| | 31,387,209.87 | | | 31,387,209.87 |

Exhibit 3
Consolidated Balance Sheet as on 31st March, 2017 (2016-17)

| Liabilities | Amount (Rs.) | Amount (Rs.) | Assets | Amount (Rs.) | Amount (Rs.) |
|---|---------------------|-----------------------------|---|---------------------|-----------------------------|
| <u>Fund Account</u> | | | <u>Fixed Assets:</u> | 3,358,505.75 | 3,358,505.75 |
| Surplus B/F from Last Year | 10,856,510.15 | | <u>(As per Schedule-13 annexed)</u> | | |
| Less: -TDS (2011-12,2014-15) | <u>2,916,569.39</u> | 13,746,711.54 | <u>Current Assets, Loans & Advances:</u> | | |
| Add: Surplus for the year trfd. from Income & Expenditure A/C | | | Loan & Advance Grant Receivable | 310,881.00 | 310,881.00 |
| | | | Fixed Deposit | 170,000.00 | 170,000.00 |
| Liabilities (CFT Programme) | | 1,500,876.00 | TDS (2016-17) | 2,370,660.74 | 2,370,660.74 |
| | | 283,194.27 | | | |
| | | | Closing Balance: - | 5,830.33 | |
| | | | Cash in Hand | <u>9,277,459.99</u> | 9,238,290.32 |
| | | | Cash in Bank (As per Schedule-14 annexed) | | |
| | | <u>15,530,781.81</u> | | | <u>15,530,781.81</u> |

FPO Data Sheet

Name of the FPO: Amrapali Kairo Phal SabjiUtpadak Producer Company Ltd.,

JharkhandName of the President: Lachchu Oraon

Facilitating Organization: Lohardaga Gram Swarajya Sansthan

Name of BoD Members

| Sl. No. | Name |
|---------|------------------|
| 1 | Barthlomi Minz, |
| 2 | Lachchhu Oraon, |
| 3 | Mahadev Oraon, |
| 4 | Sanjo Oraon, |
| 5 | Shanti Bhagatain |

| | | |
|-----|--|---|
| 1.1 | No. of total members | 551 |
| 1.2 | No. of active members | 535 |
| 1.3 | No. of villages including hamlets covered | 9 |
| 1.4 | No. of GP & Blocks covered | GP-5, Block- 1 |
| 1.5 | Meeting frequency of BoD members/volunteers | Quarterly |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | Only agriculture inputs are provided to member farmers. Farmers sale his produce individually |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | 3 Lakh |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | Nil |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | Nil |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | Rs. 1,18,046 |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 10% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 15% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 25- 75 KM |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | Rs. 5000 |
| | | |

| | | |
|-----|--|----------------------------|
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | 35000-40000 |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | 5000-10000 |
| 4.3 | Reduction in post-harvest wastage to members (in %) | 25% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 5% |
| | | |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/For a Few/Mostly/All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/A Few/Most/All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No/Somewhat/Yes |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No/A Few/Mostly/Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/Somewhat/Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/Medium/High |
| 5.7 | Soil pH to be around 7.0 | No/A Few/Mostly/All |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/Sometimes/Mostly/Always |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | 2 |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 2 |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | Able |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/Medium/High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/Medium/High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/Medium/High |

Name of the CEO: Rajeev Ranjan Prajapati

Signature and Date: 12 September 2019

Photo Exhibits



Visit of farmer's field along with BoD members



Meeting & Discussion with the BOD Members



Amrapalli FPO displays product



Office building of Amrapali FPO

FPO - Case 4
Suraksha Farmer Producers' Company Ltd
Village: Adavimasidpur, District: Siddipet, Telangana

Promoted by NABARD

Together We can DO MORE

| S. No. | Particular | Details |
|--------|---|--|
| 1 | Major Business Activity undertaken by FPO | Organic vegetables, fruits, paddy, organic inputs in terms of seeds, organic manure, organic pest repellent, small scale poultry at individual farmer level and animal husbandry |
| 2 | No. of Villages covered | 12 |
| 3 | No. of total members | 546 |
| 4 | No. of active members | 175 |
| 5 | Total turnover (In 2017-18 FY) | INR 1,591,650 |

4.1 The Context

4.11 Background of FPO Members

The members of this FPO largely belong to the weaker sections of the society, small and marginal farmers. It is region where the chemical, fertilizer, pesticide and hybrid seed based farming has entered in a large way. Given that farmers are mostly small holders with high vulnerability against credit and market forces, they have been largely operating at very high risks. The small holder farmers had little capacity to negotiate in the competitive market system especially small volumes of production. Under the above context, TREES, the POPI with the support of NABARD formed the Suraksha FPC Ltd. With more than 546 farmers as members, who joined together to change their destiny, they formed and registered this FPO under Companies Act-2013 on 13th May, 2016. The project office is located in the Adavimasidpur village, Mulugu Mandal in Siddipet district, Telangana state.

4.12 Facilitating Agency:

The Facilitating Agency, TREES, has been led by Mr. Srinivas, a well-known social activist. He has been dedicating his life for improving the well-being of the marginalized, dalit and small and marginal farmers. The Agency has also been working for safe food and environment and accordingly has been promoting sustainable organic agricultural system in the region.

Centre for Sustainable Agriculture (CSA) has been working with farmers in Mulugu Mandal, since 2012, on promoting sustainable agricultural practices and inspired by this, many farmers

have taken up production of organic vegetables. A common forum for organic farmers was needed for marketing of Organic Vegetables in Hyderabad City, where the demand for Organic products is increasing. At this stage, TREES, NGO in partnership with CSA, mooted the idea of Farmers' Producer Company in 10 villages and 2 hamlets of Mulugu Mandal of Siddipet District to organize the farmers and aggregate their produce for marketing at Hyderabad.

4.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income): With the formation of the FPO, the small and marginal farmers have greatly benefitted in terms of producing healthy and safe food for themselves for others, increased individual incomes, assurance of marketing, and the feeling of a support systems to work with. Some of the specific benefits included the following:

- Supply of quality inputs like Paddy Seed, Compost and Animal Feed at their door step has helped the farmers to avoid purchase of spurious and low-quality inputs at high prices. This reduced the cost of cultivation and also led to increased production.
- Better price realization for their produce has ensured 20 to 30% more returns to the farmers.
- The commissions earned from sale of seed, Compost, Organic Vegetables and Feed contributed towards financial strength of FPO.
- With the success of the FPO initiative, the Directors of FPO have decided to start a Silage Unit, Mini Poly-houses for members and livelihood loans to members. Accordingly, prepared a business Plan of Rs.280.0 lakhs to be supported by NABKISAN.

On an average, the net annual income of individual members of Surakhsha FPC is Rs. 18000 on a sale worth of 2.00 lakh and the net annual savings by members from various services of FPO is about Rs. 10,000. Reduction in post-harvest wastage to members is about 40%. FPO members are receiving 10% over and above their sale price as commission from SAHAJA AHARAM while 5% is being retained by the FPO for the services rendered.

Ownership (Working Capital, Revenue, Equity & Assets): More than 525 farmers have paid their share capital. As on March 31, 2018, the equity shares of Surakhsha FPC was Rs. 636,000 whereas the total Revenue generated from Operations was Rs. 15,91,650. The Fixed Assets of the FPC was Rs. 43,840. With the good support of TREES and NABARD, the FPO has been able to raise the required working capital. It has also been able to tie-up with market intermediaries and the Banks to provide the working capital at individual farmer level.

Members of FPO availed loans to the extent of Rs.10.0 lakh from Samagra Mahila MACS facilitated by POPI and the FPO has availed Rs.5 lakh loan for Compost making from Febble, Srilanka.

Governance & Managerial Capabilities: TREES seemed to have imbibed a good spirit of togetherness amongst the Board of Directors and help develop a good governance system. The BoD members exhibited a high level of trust and cooperation in the simple tests that were administered among the group. In general, the individual members also showed similar level of trust and cooperation. Every month, the five BoD members meet to monitor and resolve any issue in the FPO. The managerial capacity to manage the operations of the FPO seemed good. These were verified from the regular transaction recordings and transfer of sales proceeds to individual farmer's accounts. The books of accounts were well maintained.

In addition to the normal training on CEOs and BoDs of FPOs, the key to building the capabilities, competence, and confidence to successfully operate an FPO is by handholding the local CEO and BoDs for a long time. Facilitators like Mr. Srinivas from TREES has been able to provide this to a large extent given his commitment and dedication for the community.

Annual Business Plan: The FPO seems to systematically build economies of scope for individual farmer keeping in the spirit of diversity in farming for overall sustainability of a farmer family and agriculture. The FPO has been into production of organic vegetables, fruits, paddy, organic inputs in terms of seeds, organic manure, organic pest repellent, etc. It has also been promoting small scale poultry at individual farmer level and animal husbandry. It has also tied up with specialized vegetable market intermediaries and bank credit for poly houses for farmers for the production and buy-back arrangements of vegetable produced. In summary, the FPO with the support of TREES has been planning for long term sustainability.

Nature of Technologies (Cost & Ease of Operation): The FPO has been adopting product and process technologies that are sustainable to smallholder farmers in the long run. Organic farming with non-hazardous means of pest management, organic manure and diversified family farming technique was a welcome change to see being implemented by the FPO through the facilitation of TREES, the POPI.

During the discussions, some members expressed that they are losing out on business as they are restricted to organic farming. There seemed to be a division among the members including the BoD members on this issue. However, through an exercise by the Principal Investigator of this study with the members of the FPO present, it was revealed that most of members wanted

to stay in organic farming for their long-term sustainability and the matter was resolved in the meeting itself. The members present then decided to take up this discussion to the large body of the FPO members to discuss and sort it out and plan for the future.

Value Addition & Marketing Landscape: The value adopts simple grading and packing system and markets them through its marketing partner, Sahaja Aharam, a branch of the Centre for Sustainable Agriculture (CSA) as well as Shresta and 24 letter mantra outlets of Hyderabad. Members have to travel a maximum of about 25 kms to sell their produce to the FPO at a common collecting point. From the collection point, the FPO sorts, grades, packs and reach them to Sahaja Aharam and other outlets based in Hyderabad, within 100 km from the collection point. Total procurement of vegetables & fruits since the short inception amounts to about 35,67,991 and the procurement of Paddy seed amounts to about Rs.65,125.

Social Capital of the FPO: At present, the total members/producers of Surakhsha FPC are 546 out of which the total number of active members is 175. The Surakhsha FPC covers 10 villages and 2 hamlets of Mulugu Mandal in Siddipet district, Telengana. The BoD members of the Surakhsha FPC meet every month to transact the business of their FPC. Sometimes, the meetings of the above BoD members take place once in two months.

While there seemed to be a strong bonding among the Members of BoD and the active members, the same may not be the case with the non-active members. This may be because of the differences in understanding of the nature of business that the FPO could take up for long term sustainability of the farmer members and the FPO. TREES has a daunting task to get all the farmer members come to a common understanding on the production practices, business model and long-term sustainability. FPO may revisit the size of its geographic spread of membership to work coherently as a group.

Operational Expenses:

The FPO has been able to reach annual business turnover of INR 15,00,000. With the completion of three year of NABARD support, the salary of the CEO is not covered by NABARD project. However, due to the good solidarity among the BoD members and continued support by TREE, the POPI, the FPO is continuing to function systematically.

4.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level: Good seeds are available and affordable to a few farmers/producers of Surakhsha FPC. All active farmers of the FPC are

practicing integrated sustainable farming system with multiple crops, vegetable, horticulture, livestock etc. and the farmers are always facing little/minimal pest problems. The farmers/producers have not undertaken any measures on in-situ water conservation mechanisms like trenching, micro-locks etc. They have however made provision for open well in their farm land for water supply. This is only one of the four FPOs that is found to adopt sustainable agricultural production systems among its farmer members.

Nature of Governance in the Clusters/GP and interaction of FPO: The FPC has converged with Agriculture department for mobilizing PKVY for 50 farmers. Likewise, the FPC also converged with Sericulture department, MGNREGS, horticulture department for mobilizing Mulberry production, Poultry sheds construction, and Pandal & drip system respectively for its farmers/producers. Through the good offices of Mr. Srinivas, TREES, the FPO has managed to get a common GP land allotted for its FPO office. The FPO office and basic sorting and grading facility of the FPO has been built in the land provided by the GP to the FPO.

Alignment of informal and formal institutions in the Clusters: Mr. Srinivas, the head of the POPI, TREES is a well-known social worker and activist in the region. He has brought in a good network of people and earned respect for his selfless dedication among local government officials and other stakeholders. This has given him the leverage to converge various development schemes and programmes for the farmer members of the FPO. Through convergence processes, the FPC has been able to market vegetables of its members to SAHAJA AHARAM – a conglomerate of organic food. Besides, it has not only utilized the expertise services and technologies of other partners for enhancing farm productivity of its members but introduced new methods for enhancing the livelihood incomes for farmers. It has also undertaken a few more convergence work for the FPO and the community.

- Adarsha Rythu Club of Suraksha FPC has procured One Mobile Seed Processing unit from Agricultural Department with 95% subsidy under convergence with the State Government. The processed seed is supplied to their members.
- Member Farmers are cultivating Organic vegetables with the help of compost and other locally available inputs. FPO has taken up production & supply of good quality compost by establishing compost production unit.
- FPO has recently established “Cattle Feed mix Plant” to supply silage mix “Total Mixed Ration” (TMR), which is helping members to get quality feed for their animals leading to high milk yields.

Relationships among farmers in the Clusters: The study reveals that there is high degree of trust and respect among members of the Board of Directors. The active members are also very aligned to the organic food production system. Among the farmers/producers of the FPC in general, there seem to good social relationship but the level of business relationships seem to be at a medium level. Among the majority of members, they do not seem to figure out how to adapt to the growing price competition and less care for organic produce among the masses; though they have a good demand of organic produce when sold to Sahaja Aharam. The geographic spread of the members may be a factor in impacting the solidarity of members for the common cause for producing and supplying safe and nutritious food to the market.

Role of the Facilitating Agency: The role of Facilitating Agency (POPI), TREES is very significant for the promotion and development of this FPO that is primarily consisting of small and marginal farmers especially from the weaker sections and Dalit community. The commitment and dedication of Mr. Srinivas and his network with the local government officials and other stakeholders have opened several doors to Suraksha FPO. He has also given a strong foundation and direction to the Board of Directors of the FPO to build a sustainable FPO by working together.

Exhibit 1
Statement of Vegetable Production for the Year 2018-19

| Sl. No. | Items | Rate per kg/pc in Rs. | Quantity sold | Amount (Rs.) |
|---------|----------------|--------------------------|------------------|------------------|
| 1. | Mint | 2.00 | 49 | 98.00 |
| 2. | Drumstick | 100.00 | 3 | 300.00 |
| 3. | Brinjal | 26.00 | 30 | 780.00 |
| 4. | Cluster beans | 35.00 | 19 | 665.00 |
| 5. | Gongora | 2.00 | 160 | 320.00 |
| 6. | Ridge gourd | 40.00 | 57 | 2280.00 |
| 7. | Bitter gourd | 42.00 | 47 | 1974.00 |
| 8. | Brinjal (Long) | 26.00 | 25 | 650.00 |
| 9. | Coccinea | 28.00 | 57 | 1596.00 |
| 10. | Okra | 25.00 | 46 | 1150.00 |
| 11. | Bottle gourd | 17.00 | 90 | 1530.00 |
| 12. | Curry leaves | 2.00 | 180 | 360.00 |
| 13. | Green Chilli | 60.00 | 9 | 540.00 |
| | | | Total Rs. | 15,379.00 |

Exhibit 2
Consolidated Statement of Profit and Loss (in Rs.)

| March,31,2018 | | | March,31,2017 |
|--|----|------------------|----------------|
| Income | | | |
| Revenue from Operations | 7 | 1,578,650 | 280,933 |
| Other Income | 8 | 13,000 | 0 |
| Total Revenue | | 1,591,650 | 280,933 |
| Expenditure | | | |
| Cost of materials Consumed | 9 | 1,103,117 | 251,114 |
| Grant Expenses | 10 | 132,000 | 0 |
| Depreciation | 4 | 1,855 | 0 |
| Other Expenses | 11 | 362,792 | 38,215 |
| Total Expenses | | 1,599,764 | 289,329 |
| Profit /(Loss)Before Tax | | 8,114 | 8,396 |
| Tax Expenses | | | |
| Income-Tax | | 0 | 0 |
| Profit After Tax for the period | | 8,114 | 8,396 |
| Earnings per Share | | (0.01) | 90.01) |

Exhibit 3
Consolidated Balance Sheet of 2 years (in Rs.)

| Notes as on | | March,31,2018 | March,31,2017 |
|-------------------------------|---|----------------|----------------|
| Equity and liabilities | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 636,000 | 636,000 |
| Reserves and Surplus | 2 | (16,510) | (8,396) |
| Current Liabilities | 3 | | |
| Trade Payables | | 16,116 | 46,270 |
| Other Current Liabilities | | 0 | 195,000 |
| Short Term Provisions | | 13,800 | 30,900 |
| | | 649,405 | 899,774 |
| Assets | | | |
| Non-Current Assets | | | |
| Fixed Assets | 4 | 41,985 | 0 |
| Other Non-Current Assets | 5 | 20,000 | 25,000 |
| Current Assets | 6 | | |
| Inventories | | 26,810 | 68,008 |
| Trade Receivables | | 270,365 | 143,747 |
| Cash and Cash equivalents | | 240,245 | 583,019 |
| Loans & Advances and Deposits | | 50,000 | 80,000 |
| | | 649,405 | 899,774 |

FPO Data Sheet

Name of the FPO: Suraksha FPCL

State: Telangana

Name of the President: B. Srinivas Reddy

BOD Members

| Sl. No. | Names |
|---------|------------------------|
| 1 | Boreddy Srinivas Reddy |
| 2 | Anagula Swaroopa |
| 3 | Md.Babumiya |
| 4 | Varala Raghava Reddy |
| 5 | Boddu Narsimlu |
| 6 | Pailla Krupal Reddy |
| 7 | Alli Padma |
| 8 | Thodeti Srishylam |
| 9 | Kuntoni Chandraiah |
| 10 | Varala Laxma Reddy |

| | | |
|-----|--|---|
| 1.1 | No. of total members | 546 |
| 1.2 | No. of active members | 175 |
| 1.3 | No. of villages and hamlets covered | 10 Villages, 2 Hamlets |
| 1.4 | No. of Blocks covered | 1 |
| 1.5 | Meeting frequency of BoD members/volunteers | Every month, Sometimes Every two months |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | Vegetables & fruits since inception: 35,67,991/- Paddy seed : 65,125/- |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | Paddy seed sales: 2016-17 3,300/- 2017-18 61,825/- 2018-19 -- |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | No such services being provided by FPO |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | FPO members are receiving 10% over and above their sale price as commission from SAHAJA AHARAM while 5% is being retained by the FPO for the services |

| | | |
|-----|---|---|
| | | rendered. |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 10% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 2-3% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 2-3% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | In this FPO, members do travel a distance of approximately 25 kms to sell their purchase to the FPO at a common collecting point. While the FPO is not serving the members in respect of inputs, it is facilitating marketing of organic vegetables |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | Vegetables graders charges: 2016-17 3,300/- 2017-18 20,800/- 2018-19 27,000/- |
| | | |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | Average of `18,000 for a sale worth of `2.00 lakh |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | Average of `10,000/- |
| 4.3 | Reduction in post-harvest wastage to members (in %) | 40% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | FPO get a commission of 5% on the sale price of the vegetables. |
| | | |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/ For a Few /Mostly/ All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/ A Few /Most/ All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No /Somewhat/ Yes |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No / A Few /Mostly/ Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/Somewhat/ Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/ Medium /High |
| 5.7 | Soil pH to be around 7.0 | No/ A Few /Mostly/ All |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/Sometimes/Mostly/ Always |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | PKVY 50 organic farmers with Department of Agriculture Mulberry production with Sericulture department MGNREGS Poultry sheds construction |

| | | |
|-----|--|--|
| | | Horticulture Department for pandal and drip system |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | <ul style="list-style-type: none"> • Playing a lead role in marketing of vegetables from members of FPO to SAHAJA AHARAM which is a conglomerate of organic foods. • Bringing in new partners and technologies to enhance productivity • Introduce new methods for enhancing the livelihood incomes of the farmers • Adhering to the principle of “organic” inspite of low turnover which has over the course of time stabilized • Rapport with other stakeholders which has facilitated in nurturing and stabilizing the operations. |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | FPO could continue the good work of the POPI which resulted in retaining of the office premises which is being used by FPO and for grading of vegetables It could assist in introduction of technical interventions for enabling the farmers take up new activities and enhance their incomes |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/Medium/High |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/ Medium /High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/ Medium /High |

Name of the CEO: T. Srishylam

Signature and Date: 12-09-2019

Photo Exhibits



Showing the Green houses to PI with support from Kheyti



Photo: Meeting with the BOD members of FPO



Desi Poultry Chiks rearing/Cultivation



Board of Members of Surakhsa FPC

FPO - Case 5
Pasumai Coconut Producer Company Limited, Coimbatore,
Tamilnadu.

Promoted by NABARD

Empowerment of Youth through FPO

| S. No. | Particular | Details |
|--------|---|---|
| 1 | Major Business Activity undertaken by FPO | Agriculture, Food Processing, Construction work |
| 2 | No. of Villages covered | 13 |
| 3 | No. of total members | 532 |
| 4 | No. of active members | 300 |
| 5 | Total turnover (In 2018-19 FY) | INR 50,40,000 |

5.1 The Context

5.11. Background of FPO Members

The foundation of Pasumai CPCL lies in Pasumai Farmers Club which was started with only 25 members under the funding from NABARD in 2007 that ran successfully for years. The local Farmer Clubs were then made into FPO and a company called “Pasumai CPCL” was registered under Companies act 1956 at Coimbatore Ro Con 06-06-2016.

PCPCL follows the norms of the Board (i.e., 3 tier systems, Coconut Producer Society, Coconut Producer Federation and Coconut Producer Company). It has 10 Coconut Producer Societies (with 400 members) and 1 separate federation (124 members from Perumpathy village). PCPCL has around 200,000 coconut trees. This arrangement allows convergence of the assistance available from the Coconut Development Board. PCPCL is an initiative not only for Coconut farmers but also considering the benefit of vegetables farmers of Pollachi Taluk, Coimbatore District, Tamil Nadu. PCPCL is involving on activities such as Traditional Coconut Sekku Oil, traditional food items and coconut trading.

The company has 5 directors and no reported key management personnel. The longest serving directors currently on board are Govindraj Thangavel, Jagadeeswari, Kalimuthu Nagarathinasamy and Thiruvengadam Thirumalaiprakash who were appointed on 06 June, 2016. They have been on the board for 3 years and 7 months. The most recently appointed director is Pattiappan Kaliyathal, who was appointed on 03 January 2019.

Most of the farmers are not educated and they didn't know about FPC norms. However, through a series and continuous training (please see **Exhibit 1** for the list of trainings and exposure visits) of the farmer groups with the support of the promoting agency, VIA, many farmers were motivated and inducted into the FPC.

5.12. Facilitating Agency: Vanavarayar Institute of Agriculture (VIA)

VIA was founded in 2007 by Arutchelvar Dr. N. Mahalingam in Manakkadavu, near Pollachi. VIA aims at empowering youth as agricultural professionals who can uplift rural development through quality education, profound research and extension activities involving the farming community.

VIA has been the young and dynamic promoting institution for PCPCL. It has been responsible for the numerous training and awareness programmes organized for the farmers of PCPCL. Please see **Exhibit 1** for the various training and awareness programme. The Director of VIA has been directly involved in many of the training and awareness sessions. As an academic institution, VIA has also been responsible for providing the network of people in the government and converge various schemes and programmes of the government departments and development agencies with the FPC, PCPCL.

5.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

Formation of FPO has helped the members in several ways. Members are getting better and assured price for their product. Many individual members are also availing bank finance for up-scaling this activity due to assured marketing facilities. The members have come out of debt trap of middlemen. They are managing the whole affairs of the business from collection, processing to marketing. It has resulted in development of their skills, leadership qualities, self-confidence and self-esteem.

The FPO has been able to provide a variety of training and exposure visits to its farmers and producer members. Exhibit 1 lists a variety of training and exposure visits offered so far. Through these trainings, the members' capacity and motivation to undertake new initiatives on integrating farm activities that enhance their overall incomes. The FPO has also helped its members through the various convergence schemes.

Highlights of Achievements through FPO approach:

In addition to direct benefits from the members through sales by the FPO, members have

indirectly benefitted through the FPO in several ways, viz., through training and exposure visits (as in Exhibit 1) and through the various convergence schemes as is listed below:

Convergence Measures:

Formation of JLGs: Three JLGs were formed, credit linked and repayment started. The JLGs availed crop loan (KCC for Banana Cultivation) as economic activity. The JLGs availed loan for dairy and coconut leaf weaving. Through the JLG intervention, one member could come out of the debt burden due to high interest rate charged by MFI by linking him with the Commercial Bank.

Formation of SHGs: Four SHG were formed, credit linked (2 linked with Union Bank of India and balance 2 with Central Bank of India), loan repaid.

Training Programme & Promotional events: FPC has been allocated 10 training programmes by CDB (Coconut Field School). The FPC also participates in promotional events provided by various agencies including NABARD i.e. participation in the agri fairs, Gramiya Thiruvizhas, and melas etc. In addition to the normal training on CEOs and BoDs of FPOs, the key to building the capabilities, competence, and confidence to successfully operate an FPO is by handholding the local CEO and BoDs for a long time. Here the BoDs are well educated and hence are able to steer the FPO accordingly.

Food Processing Machinery: The FPC has availed a subsidy to the tune of Rs.10 lakh for installation of food processing machinery in February 2018 which resulted in starting of economic activities for the FPC. The machineries installed were Atta Chakki, Oil Expeller / Oil mill for Ground nut and coconut (consists of groundnut decorticator, milling machinery, oil filter and semi-automatic oil filling and packing machinery). The unit is currently involved in manufacture of coconut oil, copra, groundnut oil, ground nut balls and sesame balls (sweet).

Dairy Entrepreneurship Development Scheme: Twelve (12) farmers were provided subsidy under Dairy Entrepreneurship Development Scheme of GoI which resulted in additional income to the farmers. Further, the milk production in the area also increased from 150 LPD to 1500 LPD.

Animal vaccination & Fodder: Foot & Mouth Disease (FMD) vaccination for cattle is being done regularly for the past 10 years. The camp is being arranged by FPC twice in a year. Thus, the area or village has been almost free of FMD outbreak. During draught, dry fodder at subsidized rates were provided to members through Veterinary Department for all the farmers

in the village.

Construction of Compost Pits: FPC in collaboration with Agri Department constructed 25 compost pits@ Rs.5000/pit for production of high-quality compost in a span of 120 days. This compost is mainly used for increasing the yield in vegetables. Pulses – Black gram (Rs.100/kg seed – 50% subsidy by Agri Department) and the remaining 50% borne by **IFFCO**. Thus, the seed is available free of cost for the farmers which resulted in increase in cultivated area under pulses (25 to 30 members benefitted) FPC has created awareness among the farmers about the crop insurance scheme and almost 40% farmers are covered under the scheme.

Biogas units under KVIC scheme: About 40 farmers (members and non-members) were provided assistance / subsidy under KVIC scheme of GoI for setting up biogas units which resulted in reduction in number of gas cylinders to the tune of 8 in a year. Further, the biogas slurry is used in preparation of compost and used as organic manure.

Insurance Claims through FPC: Almost 25 farmers have claimed insurance under PMFBY (Rs.9000/hectare) in the event of Sorghum crop failure due to draught. Further, the FPC made all efforts among the remaining farmer members for insurance of the notified crops. Soil health cards – 50% of farmers in the village have been issued soil health cards almost 4 years back which resulted in judicious application of fertilizers especially potash (which was already found to be in the soil). In Perumpathy village, 60 to 70% of the animals are covered under the National Livestock Insurance scheme every year.

Progressive young farmers (IT graduates etc.) are also being roped in as members of the FPO which certainly would energy and enthusiasm among the members. These farmers are mostly interested in availing the services of the FPO on organic farming and supply of coconut for value addition etc.

Productivity and Profitability:

Through technical interventions, FPO has been able to (a) add value to coconut by converting it to copra using solar dryer thereby increasing the shelf life and the product eventually was sold at higher price, and (b) milk yield has increased by 2 liter per cattle by feeding azolla which also reduced the concentrate feed cost per cattle.

Prevention of outbreak of diseases and pests:

The members of the FPO have been largely in coconut growing. With the support of the Coconut Board, agricultural university and promoting institution, it has been able to largely

prevent outbreak of disease and pests in their coconut farms. It has been able to (a) control of whitefly in coconut through bio control, (b) control of root wilt in coconut, and (c) control of pest in tomato organically.

Ownership (Working Capital, Revenue, Equity& Assets):

Pasumai Farmers Club which was started (25 members) under the funding from NABARD in 2007 has been the base of this FPO, Pasumai CPCL. In due course of time, 10 more Farmers Clubs were formed and brought under this FPO. As per the bye-laws of the FPO, every farmer has to take minimum 4 shares maximum 10 shares (i.e. one share is worth Rs250) for being a shareholder. The numbers of shareholders at present are 532; of which about 20% are small and marginal farmers. It would be interesting to note why the number of small and marginal farmers in this FPO has been lower. Is this to do with the initial grouping of better off farmers through the Farmer's Club? While a good foundation of Farmer Club with better off farmers has brought in stability to the FPO; it seems to take time to include the small and marginal farmers as members into the FPO. The Board of Directors is also not represented by small and marginal farmers.

The current equity base of the FPO is Rs. 2,57,000 and the total asset base of the FPO is Rs. 5,41,197. For details please see the Balance Sheet and Profit & Loss Statements in the Exhibits. The total revenue and profits of the last three years is shown below:

2016-2017 = Rs.36000 at the profit of Rs.4,615

2017-2018 = Rs.5,41,197 at the profit of Rs.23,000

2018-2019 = Rs.50,40,000 at the profit of Rs.35,000

The FPO has successfully tied up with several financial institutions for working capital. The sources of finance include (a) Loan from Union Bank of India, (b) Grant from NABARD, (c) Subsidy from Coconut Development Board, (d) Subsidy from Agriculture, Horticulture and Agribusiness Departments, (e) Loan from Central Bank of India (for FPC members), (f) Loan from Tamil Nadu Gram Bank (for solar dryer).

Governance & Managerial Capabilities:

The Board of Governors of the FPO includes five good progressives well to do big farmers. One notable feature of the FPC is that the Chairman of the Company tries to infuse the benefits to members as well as needy non-members, a critical factor for cohesiveness among the group and possible success of the FPO. Most of the working facilities of the FPO have been created

on the farm land of the Chairman, Mr. Thiruvengadam Thirumalaiprakash. The BoD has a good network with the government, academic institutions and various development agencies. Due to the good network of the BoD, the FPO has been able to undertake convergence of a large number of schemes and programmes from various agencies.

The management is also largely undertaken by the board members. The CEO supported by NABARD works under the guidance of the Board. Since the Board is capable and sincere the management of the FPO is also well done. The FPO has good documentation and has provided a lot of their documents including promotional documents for this case study, an evidence of systematic recording of the progress made by the FPO.

Annual Business Plan (Product &Service mix):

In the initial stage, the FPO was mainly concentrating on supply of feed and other inputs to farmer members, liaison with the Government Departments for getting subsidy for the members, attending training programmes on various areas of importance to the FPO. These were mainly oriented towards the coconut farming, value addition and milk production.

Within two years, the FPO availed a subsidy to the tune of Rs.10 lakh for installation of food processing machinery in February 2018. The machineries installed were Atta Chakki, Oil Expeller / Oil mill for Ground nut and coconut (consists of groundnut decorticator, milling machinery, oil filter and semi-automatic oil filling and packing machinery). This helped FPO to get into various value addition activities. It is also involved in local construction work and other services that are helpful for the local farmers and producer members.

The current business activities include the following:

- a. Coconut trading with Rainbow Agri, Coimbatore
- b. Production and Marketing of Coconut oil, Groundnut oil and Sesame Oil through own production unit
- c. Supply of cattle feed with the tie-up of SKM feed unit
- d. Five Check Dams was built under by PWD scheme through Pasumai CPCL, each one was project of INR 6 lakhs. This certainly improved the ground water level and even during draught, the water is available to a considerable extent. A total of 200 acres of land has benefited.
- e. The unit is currently involved in manufacture of coconut oil, copra, groundnut oil, ground nut balls and sesame balls (sweet).

- f. It has also been involved supply of fertilizers and pesticides and supply of good grain seeds through a tie-up with the IFFCO and Marico.

Nature of Technologies (Cost & Ease of Operation):

Due to the active BoD members, the FPO has been able to introduce several new technologies and as there are a good number of progressive well to do farmers, they have adopted many of these technologies. The various introduced and adopted include the following:

- Intercrop with coconut field in forage crops (Co-4, Co-5), in that benefit is increase the coconut nuts in yield.
- Azolla cultivation inside coconut garden
- Pulses cultivation as intercrop in coconut
- Cow Dung Used in biogas production and the sludge is used as Organic manure
- Azolla cultivation, use of solar charger for post-harvest management
- Solar tunnel dryer used to dry Coconut, Chilly, Groundnut, etc.,
- Seed treatment with panchakavya
- Baby Rain Gun
- Azolla cultivation
- Cultivation of fodder-Cumbu Napier hybrid and pulses as intercrop in coconut thereby using sunlight + space effectively
- Conversion of coconut into copra using solar charger
- Use of enriched farmyard Manure
- Use of panchakavya
- Use herbal leaf extract for pest control
- Inter cropping of pulses / fodder crops in coconut garden

Value Addition &Marketing Landscape:

The FPO availed a subsidy of Rs.10 lakh for installation of food processing machinery in February 2018. The machineries installed were Atta Chakki, Oil Expeller, Oil mill for Ground nut and coconut (consists of groundnut decorticator, milling machinery, oil filter and semi-automatic oil filling and packing machinery). This helped FPO to get into various value addition activities.

The unit is currently involved in manufacture of coconut oil, copra, groundnut oil, ground nut balls and sesame balls (sweet). With solar dryer, FPO is able to convert coconuts to copra faster

and the quality is also better. The volume of copra processed and earning have accordingly increased over the years; as shown below:

| Sl. No | Particulars | 2013 – 2014 | 2014 – 2015 | 2015 – 2016 | 2016 - 2017 |
|--------|--------------|-------------|-------------|-------------|-------------|
| 1 | Coconut Nuts | 75000 | 125000 | 200000 | 225000 |
| 2 | Kilogram | 10875 | 18125 | 29000 | 32625 |
| 3 | Income (Rs) | 598125 | 1087500 | 2320000 | 3588750 |

Marketing Challenges:

Pasumai CPCL has primarily been a coconut-based company; associated with the Coconut Board, it has been able to sell its products through the Board. It trades coconut with Rainbow Agri, Coimbatore. It also sells coconut oil to Marico.

Since a significant business other than coconut related products includes services like construction of check dams, supply of fodder, seeds and fertilizers to its members, the FPO is currently able to manage well. However, with value added products of groundnut oil, groundnut balls and sesame balls; better marketing support in terms of branding and selling is required. The FPO participates in fairs organized by NABARD and other government departments to showcase and sell its products.

Credit Requirements:

The FPO has been able to fairly manage its credit requirements. It has an annual credit requirement of INR 50,00,000. The FPO's sources of credit and finance include the following agencies:

- ✓ Loan from **Union Bank of India** (main credit provider)
- ✓ Loan from Central Bank of India – For member of FPO
- ✓ Loan from Tamil Nadu Gram Bank – for solar dryer
- ✓ Grant from NABARD
- ✓ Subsidy from Coconut Development Board
- ✓ Subsidy from Agriculture, Horticulture and Agribusiness Departments.

Its current annual credit shortfall is about INR 12,00,000. As the business grows; the credit requirement will be more for this FPO.

Social Capital of the FPO:

Pasumai CPCL started with the Farmers' Club of 25 farmers that was formed in 2007. The early members have had a strong sense of bonding. The majority of the members have also been the progressive and large farmers. The challenge of this core group of good farmers has

been that not many small farmers are part of this group. It might be seen by the small farmers as the club of big farmers. Further, the various schemes of the government have been for about 25 to 50 farmers during the first four years of the FPO and hence the small farmers may not visualize this to largely benefit the big farmers. The BoD of the FPO consists of large farmers. These could be possible reasons for the FPO not to have the subscription of the small farmers. Retaining the small farmers has also been an issue with the FPO as they seem not to benefit much from this platform.

While the Chairman has a good vision for the farmers; that is to have a net income of say INR 100 to INR 150 per day and very accommodative for inclusion of smallholder farmers as ordinary members and to be in the Board of the FPO; the legacy of it being that of big progressive farmers and convergence of schemes that go first to the progressive farmers could be demotivating the smallholder farmers to join the FPO.

Operational Expenses

The FPO having reached a business turnover of over INR 50 lakhs. With the active involvement of the BoD members, the FPO can cover its own expenses including the salary of the support staff and run independent of the financial grant support from NABARD. The President of the FPO and the Board members have been active and hence they can take forward the FPO on their own.

5.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems:

The initial farming and traditional farming have been based on external inputs of fertilizers and chemicals. IFFCO, a fertilizer company has been one of the main partners of this FPO. The current business of FPO is to the tune of Rs. 2,50,000 from supply of fertilizer and pesticides to its members. Further, the main crop has been largely coconut or in other words mono-crop on the farmers' field.

However, there has gradual change in the thinking by some members of the FPO to move towards organic farming. With the integration of dairy and fodder, availability of on farm manure, the scope for composting and organic manure has increased and therefore some of the farmer members are showing interest to move to organic farming. The coconut farms are used to grow fodder for cattle and other crops. Planting intensity of coconut trees in most farms is so high that the growing underneath the coconut shade would be limited however.

Nature of Governance in the Clusters/GP and interaction of FPO:

Since the lead farmers of the FPO are progressive farmers they do have an influence with the local Governance system and have had a good network with the district and state level institutions. However, there has been no effort so far to tie-up with the local governance system. The membership of the FPO is spread over 13 villages from 3 Gram Panchayats (GP) and so there is no convergence of the FPO with the specific GP. Since the farmer producers were selectively chosen, the majority of the small and marginal farmers have not found their interest in the activities of the FPO. A few marginal farmers of the FPO have been supported by the large farmers and the FPO to come of debt; but this does not show support of the people in general towards the FPO.

Relationships:

While the relationship within the Board of Directors of the FPO and a few progressive farmers have been good. This has been possible because of their being part of a Farmer Club since 2007. More so their needs, requirements and resource bases are comparable; they seemed to have jelled well over these years. However, the emotional bonding among them did not seem to be deep. The bonding seemed largely for the economic gains of being together. The Chairman of the FPO in particular has been very helpful to all types of farmers, the approach appeared more of a paternalistic one and not one of equality of membership. This is an issue of legacy and tradition and hence is not easy to change. This type of leadership has both the benefit and the challenge while taking forward a community based farmer producer organization. Building trust of the FPO with the small and marginal farmers may be the challenge arising out of this historical context. While its accounting, local expertise and network with critical institutions have been good, the majority of the smallholder producers for whom public investment through the FPO is being made do not seem to trust in the institution of the FPO.

Role of the Facilitating Agency:

The Facilitating Agency, Vanavarayar Institute of Agriculture (VIA) has been crucial in facilitating large number of training and exposure visits through various agencies. It has also been providing many types of technological support to the FPO. On other aspects, since the FPO was formed out of an existing Farmers' Club, an organization promoted by NABARD, the BoD members would have had no difficulty coordinating with NABARD, the main supporting agency for this FPO. The Director of VIA has taken keen interest to promote this FPO and has contributed significantly towards its growth and integration of technology to

agricultural production and value addition.

5.4 Summary and Major Findings:

Starting from a successful Farmers' Club of NABARD, the FPO is based on a good foundation of a few core members of the FPO and has the strength of a good accounting and networking. The FPO has also gradually moved on to small scale value addition and gradual diversification of products and services.

The mono-cropping coconut farms are gradually changing to diversify into fodder, followed by dairy and bio-gas generation. It has also successfully converged various schemes and technologies to integrate and upgrade the value creation in given farmers' fields.

The business volume and profit of the FPO has steadily grown; a rare achievement of the FPO. The Chairman of the FPO is committed to the progress of farmers in general and has the appropriate strategy of ensuring net income of about Rs. 150 per day for each producer member.

The FPO has been very successful in converging several relevant schemes and programmes for the farmers of the FPO. It has been highly successful in bringing in the appropriate technologies to integrate with the type of agriculture that they have been engaged in. It has largely practiced fertilizer and pesticide-based farming system. However, a few progressive farmers have now begun to go in to organic farming using organic inputs.

While its linkages with the district and state departments and officials has been good, its linkages and convergence of resources with the operational or local governance (GP) has not been explored. It is operating its office from the processing facility constructed on the land of the Chairman of the FPO.

The FPO seems to jell well with few large progressive farmers. It is unable to bring together the small and marginal farmers. The retention of small farmers also seems to be a problem for the FPO. More importantly, the identification of this FPO with large farmers could hinder small farmers to associate in equal terms with the large farmers who dominate the FPO currently.

5.5 Suggestions to strengthen the Ecosystem of the FPO

The external ecosystem for the FPO has been very encouraging. It has a mix of support in terms training, exposure visit, convergence of government schemes and programmes, banking and credit. It has the main support of Coconut Board, NABARD and technical institutes and

agricultural university. It also has the support of a large fertilizer company like IFFCO and large commercial company like Marico. While some of these stakeholders would help the long term sustainability of all members of the FPOs; others may have limiting factor on their sustainability. For instance, use of inorganic fertilizers and pesticides and mono-cropping methods would not work out for farmers in the long run.

However, the local ecosystem of the FPO in terms of convergence with the smallholder farmers and the local governance system (GP) has been weak. The FPO has to restructure the BoD that represent the small and marginal farmers and in which the small and marginal farmers can trust. This is however a difficult option since the current professional management of the FPO can suffer and the break down the FPO totally.

First, the large farmers of the FPO have to proactively make way for the small and marginal farmers so that they feel included on equal terms. Second, the FPO needs to actively engage with the local governance and seek convergence for common resources like common land for office space and under more work of common interest that benefit all especially the small and marginal farmers. Third, reduce the geographic spread of the membership and limit to a GP so that a cohesive group can be formed. Members in each GP can form an FPO in their respective GPs. Build deeper roots in the local ecosystem of the GP such that there is greater solidarity among the members within the FPO. Fourth, continue the agricultural production diversification strategy with organic farming methods that ensure a minimum of net daily income of Rs. 150 for every farmer; as has been the vision of the current Chairman of the FPO.

Exhibit 1:
Trainings and other Activities of Pasumai CPC

1. Training on Production techniques in Coconut on 02.09.2016 at Pollachi
2. Capacity Building Program on “Adoption of Technology on Good Agricultural Practices in Coconut” on 15.11.2016 and 16.11.2016
3. Conduct "Soil and Water Conservation" Program at Perumpathy on 07th November 2017 and Field Visit to Vayalur and Madathukulam on (Organic farming and Vegetables Exports) and Mr.Siva Kumar Garden Manupatti, Udumalpet (Bore Well Recharging).
4. Exposure Visit to farmers at Coconut Research Station [Tamil Nadu Agricultural University (TNAU)], Veppankulam, Pattukkottai funded by Coconut Development Board, Chennai.
5. Training on Effective management of FPCs on 14.07.2016 to 15.07.2016.
6. Visit to Vasista, Thiruvallur and Nadayanur FPC on 20.10.2016.
7. Visit to Nachalur Farmers Producer Company Limited on 27 September 2017.
8. Capacity Building Program on Operating Governance of FPCs on 01.12.2017 and 02.12.2017
9. Training to CEOs on Effective Governance of FPCs at Sakthi River Resort, Pollachi on 28 - 30th July 2016
10. Training on Various aspects of Farmer Producer Companies conducted by CIKS on 26th to 30th September 2016
11. Capacity building program for Farmer Producer Organization conducted by IIT Madras on 30th and 31st March 2017
12. Capacity Building program for Farmer Producer Organization conducted by CIKS Chennai on October 11th, 12th, 13th October 2017.
13. Training on Capacity Building Program on Operating Governance of Farmers Producer Companies at Surya Hotels, Pollachi and Vanavarayar Institute of Agriculture on 01, 27 December 2017.
14. One week Training - Capacity Building Program for Farmers Producer Companies for CEO's conducted by BIRD, Lucknow at Telangana, Warangal in (Hotel Asoka).
15. Program on trading in Commodity Exchange for CEO at Mangalore on 26 to 28 December 2018.

Exhibit 2
Convergence with State/Central Govt. Schemes /CSR activities

1. NABARD (Exposure visit) - Amul dairy visit at Gujarat 10 days training - 20 farmers are benefited.
2. NABARD Exposure visit - CPCRI Kasaragod - 2 days training - 50 farmers are benefited
3. NABARD Exposure Visit - Kanniyakumari - Azola cultivation program - 2 days program, 25 farmers are benefited.
4. NABARD Exposure visit - Kattupakkam, TANUVAS – Goat Farming - Totally 30 farmers are benefited.
5. IFFCO Exposure visit - National Banana Research Station, Trichi - Totally 30 farmers are benefited.
6. Agriculture Department Scheme- Pulses (black gram) full subsidy – 25 farmers are benefited
7. Pasumai CPCL completed awareness program about Cattles and Maize crop insurance - Most of the farmers utilized.
8. Department of Science and Technology gave 100% solar drier subsidy to Pasumai FPO.

Exhibit 3: Statement of Profit and Loss (2017-18 & 2018-19)

PASUMAI COCONUT PRODUCER COMPANY LIMITED
U01409TZ2016PTC027637
9 / 59, PERUMPATHI, ZAMINKALIYAPURAM (POST),
POLLACHI, COIMBATORE - 642 110

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018

| PARTICULARS | Note | FOR THE YEAR ENDED 31ST MARCH 2018 | FOR THE YEAR ENDED 31ST MARCH 2017 |
|---|------|--|--|
| A. CONTINUING OPERATIONS | | | |
| Revenue from Operations(gross) | 15 | 0.00 | 0.00 |
| Less: Excise duty | | 0.00 | 0.00 |
| Revenue from Operations(net) | | 0.00 | 0.00 |
| Other Income | 16 | 1,70,000.00 | 36,000.00 |
| TOTAL REVENUE | | 1,70,000.00 | 36,000.00 |
| EXPENSES | | | |
| Purchase or Consumption of Raw Materials | | 0.00 | 0.00 |
| Direct Expenses for Services | 17 | 0.00 | 0.00 |
| Changes in inventories of finished goods, work in progress and stock in trade | 18 | 0.00 | 0.00 |
| Employee benefit expense | 19 | 1,70,000.00 | 28,000.00 |
| Finance cost | 20 | 3,379.00 | 0.00 |
| Depreciation and amortisation expense | 8 | 0.00 | 0.00 |
| Other Expenses | 21 | 29,217.00 | 12,615.00 |
| Total Expenses | | 2,02,596.00 | 40,615.00 |
| Profit / (Loss) before exceptional and extraordinary items and tax | | (32,596.00) | (4,615.00) |
| Exceptional items | | 0.00 | 0.00 |
| Profit / (Loss) before extraordinary items and tax | | (32,596.00) | (4,615.00) |
| Current Year Tax Expenses | | 0.00 | 0.00 |
| Deferred Tax | | 0.00 | 0.00 |
| Profit or (loss) from continuing operations | | (32,596.00) | (4,615.00) |

Earnings per Equity Share [Nominal Value of Share] 250.00 250.00

Basic and Diluted (31.71) (11.54)

Weighted Average number of Equity Shares 1,028 400

Summary of Significant Accounting Policies 2

The Notes form an integral part of Financial Statements

As per our report of even date attached

For M SURESH & CO
CHARTERED ACCOUNTANTS

M SURESHKUMAR
PROPRIETOR
M.NO.230235
Place : Pollachi
Date : 20.08.2018



For and on behalf of the Board of Directors

T. THIRUVENGADAM
Director
DIN No. 07451387

T. GOVINDRAJ
Director
DIN No. 07451315

C. PRABURAM
Director
DIN No. 01913753

Exhibit 4: Consolidated Balance Sheet of 2 years (2017-18 & 2018-19)

| PASUMAI COCONUT PRODUCER COMPANY LIMITED | | | |
|---|--|--|---|
| U01409TZ2016PTC027637 | | | |
| 9 / 59, PERUMPATHI, ZAMINKALIYAPURAM (POST), | | | |
| POLLACHI, COIMBATORE - 642 110 | | | |
| BALANCE SHEET AS AT 31ST MARCH 2018 | | | |
| PARTICULARS | Note | As at 31 March, 2018 | As at 31 March, 2017 |
| A. EQUITY AND LIABILITY | | | |
| (1) SHAREHOLDERS' FUNDS | | | |
| (a) Share Capital | 1 | 2,57,000.00 | 1,00,000.00 |
| (b) Reserve and Surplus | 2 | -37,211.00 | -4,615.00 |
| (c) Money received against Share Warrants | | 0.00 | 0.00 |
| (2) SHARE APPLICATION MONEY PENDING FOR ALLOTMENT | | 0.00 | 0.00 |
| (3) NON CURRENT LIABILITIES | | | |
| (a) Long term Borrowings | 3 | 3,08,908.00 | 0.00 |
| (b) Deferred tax Liability (Net) | | 0.00 | 0.00 |
| (c) Other Long term Liabilities | | 0.00 | 0.00 |
| (d) Long term Provisions | | 0.00 | 0.00 |
| (4) CURRENT LIABILITIES | | | |
| (a) Short term Borrowings | 4 | 0.00 | 0.00 |
| (b) Trade Payables | 5 | 0.00 | 0.00 |
| (c) Other Current Liabilities | 6 | 12,500.00 | 12,500.00 |
| (d) Short term Provisions | 7 | 0.00 | 0.00 |
| TOTAL | | 5,41,197.00 | 1,07,885.00 |
| B. ASSETS | | | |
| (1) NON CURRENT ASSETS | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 8 | 39,637.00 | 0.00 |
| (ii) Intangible Assets | | 0.00 | 0.00 |
| (iii) Capital work in process | | 3,58,468.00 | 0.00 |
| (iv) Intangible Assets under develop. | | 0.00 | 0.00 |
| (v) Fixed Assets held for sale | | 0.00 | 0.00 |
| (b) Non Current Investments | | 0.00 | 0.00 |
| (c) Deferred Tax Assets (Net) | | 0.00 | 0.00 |
| (d) Long - term Loans and Advances | 9 | 0.00 | 0.00 |
| (e) Other Non - Current Assets | | 0.00 | 0.00 |
| (2) CURRENT ASSETS | | | |
| (a) Current Investments | | 0.00 | 0.00 |
| (b) Inventories | 10 | 0.00 | 0.00 |
| (c) Trade Receivables | 11 | 0.00 | 0.00 |
| (d) Cash and Cash Equivalents | 12 | 1,30,592.00 | 95,385.00 |
| (e) Short-term Loans and Advances | 13 | 0.00 | 0.00 |
| (f) Other Current Assets | 14 | 12,500.00 | 12,500.00 |
| TOTAL | | 5,41,197.00 | 1,07,885.00 |
| Summary of significant Accounting Policies | 2 | | |
| The Notes form an integral part of the Financial Statements. | | | |
| As per our report of even date attached | | | |
| For M SURESH & CO CHARTERED ACCOUNTANTS | For and on behalf of the Board of Directors | | |
| M SURESHKUMAR PROPRIETOR M.NO.230235 Place : Pollachi Date : 20.08.2018 | T. THIRUVENGADAM Director DIN No. 07451387 | T. GOVINDRAJ Director DIN No. 07451315 | C. PRABURAM Director DIN No. 01913753 |

Exhibit 5

FPO Data Sheet

All India Case Studies of selected well performing FPOs

Name of the FPO & State: Pasumai Coconut Producer Company Limited, Coimbatore, Tamil Nadu

Name of the President: Mr. Thiruvengadam

Name of the Facilitating Organization:

Vanavarayar Institute of Agriculture, Manakkadavu, Pollachi

(Please attach a small write up on the Facilitating Organization)

| | | |
|-----|--|---|
| 1.1 | No. of total registered members | 532 members |
| 1.2 | No. of active members | 300 |
| 1.3 | No. of villages (including) hamlets covered | 13 |
| 1.4 | No. of GPs and Blocks covered | 3 |
| 1.5 | Meeting frequency of BoD members/volunteers | Yes. 5 meetings per year |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | Rs.20000/- |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | 25000 per month |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 4000 per month |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | Rs.100/farmer / year |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 60% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 30% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 5% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | Nil |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | Approx. 10%. |
| | | |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | By infusing the activities such as dairy farming, increasing the forage production, best practices in |

| | | |
|-----|---|---|
| | | agriculture etc. the members are now earning permanent income. The members are having bank balance and also repaying the loan in time. The net annual income per individual member may be in the range of Rs.100 to 200/day. |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | Direct savings Cattle Feed - Rs.800/month/farmer for 100 farmers. Fertilizers – Rs.20000/year for 125 farmers Indirect Savings Insurance and annul savings through proper vaccination and disease reduction |
| 4.3 | Reduction in post-harvest wastage to members (in %) | Approx. Milk – 90%; Coconut – 40% Ground nut – 10%, Chilies – 8% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | From Rs.5.42 lakh during 2017-18 to Rs.50.40 lakh during the last financial year (2018-19). The growth in turnover was almost 800%. This is basically due to the creation of infrastructure (oil milling and atta chakki) for production of value-added products. |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/For a Few/ Mostly /All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/A Few/ Most /All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No/ Somewhat /Yes |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No/A Few/ Mostly / Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/ Somewhat / Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/ Medium /High |
| 5.7 | Soil pH to be around 7.0 | No/A Few/ Mostly /All |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/ Sometimes / Mostly /Always |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of | 100% (Agri University, CRS Aliyar Nagar, Veterinary University, Agri College, KVK, Banks) were |

| | | |
|-----|--|---|
| | the cluster | converged for providing services to the FPO |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 1. State Dept. of Agriculture 2. State Dept. of Agri. Engineering 3. Engineering College 4. Agricultural College The expertise from the above departments were used for stabilizing the operations of FPO |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | Pasumai CPCL facilitated with Coconut Development Board in obtaining the schemes and providing to the shareholders. Continuous efforts have been taken to deliver the govt. services to the shareholders |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/ Medium /High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/ Medium /High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/ Medium /High |

Promoted by: NABARD

Name of the CEO:

Signature and Date:

Exhibit 6

Awards, Certificates and Recognition for PCPCL

1. Outstanding farmer award - 2011 from Governor of Tamilnadu
2. Outstanding farmer award – 2016 from Tamil Nadu Animal husbandry Minister
3. Best Dairy Farmer award – 2016 from SKM animal feeds (India) Pvt. Ltd.
4. Best Farmer Award signed by State Agriculture Minister
5. Testimonial from ICAR – KVK, Vivekanandapuram
6. Certificate of appreciation from NABARD
7. Certificate received for bee keeping training course
8. Certificate received for Coconut Research Station, TNAU – ALIYAR for attending training programme on sustainable production in coconut cultivation
9. Certification received for appreciation from PASSED society from Palakkad for disseminating technology (success story of farmers club)
10. Certificate of appreciation from IFFCO
11. Letter of understanding between Dr. Mahalingam College of engineering and technology & DST, New Delhi, Pasumai Ulavar Mandram
12. Certificate received for SPIC agricultural services
13. Certificate received for participation – one day training on organic agriculture from TNAU
14. Certificate received for participation on commercial milch animal rearing from Tamil Nadu veterinary university
15. Certificate received for participation on tree growing
16. Certification received for training on establishment of agro processing Centre's from ICAR - Central Institute of Agriculture Engineering, Regional Centre, Coimbatore
17. Certificate received from TANVAS for participation on advanced techniques in dairy farming
18. Certificate received for attending an awareness programme on protection of plant varieties & farmer rights
19. Certificate received for training on processing & value addition in food crops from IICPT, Ministry of Food Processing Industries, Government of India
20. Received Exceptional work in the field of agriculture (i.e., contribution is commendable) in 2017
21. Certificate on Feeding Strategies for Better Reproductive Efficiency in Diary Cattle 2017
22. Participation in local festival encouraging rural harmony - Dinamalar daily paper news
23. Podhikai television programme conducted in “Nam Virundhinar” (Attached DVD)
24. Podhikai Television special interview usage of rain gun technology (Attached DVD)
25. Success story interview by Kodaipanpalai (Attached DVD)

Exhibit 7

First FPO Meeting



Awareness of the Farmer Producer Federation



NABARD and Vanavarayar institute of agriculture making the awareness of the opening farmer producer federation. The federation challenges briefly explain by Dr. N. Kembuchetty, Director, VIA.

Exhibit 8
Animal Care Special Camp



Exhibit 9

Honey bee training

Beekeeping is a rewarding and enjoyable occupation with many benefits. It has a number of advantages over other farm enterprises. In perumpathy village, Pasumai Farmers Club, Chief volunteer T.Thiruvankatam arranged one day bee keeping training program in village. In that training, about 50 farmers benefitted.



Beeswax is a natural wax produced by honey bees of the genus *Apis*. The wax is formed into "scales" by eight wax-producing glands in the abdominal segments of worker bees, who discard it in or at the hive.



Exhibit 10

Fodder Management

The fodder management techniques training program was arranged at Sri AvinashilingamKrishiVigyan Kendra which provided co-4 fodder, cofs fodder, Hedge Lucerne. In Azola cultivation, an exposure visit was arranged to Kanyakumari district in Tamil Nadu which benefitted 40 farmers.



KVIC's Bio gas usage and awareness



Exhibit 11

Milk Collection Centre in Village



Exhibit 12

Outstanding Farmer Award received from the Governor Thiru. Rosayya of TamilNadu



Best Dairy Farmer Award 2016 Given by Veterinary Minister, TANUVAS



Exhibit 13

Visit by the Principal Investigator, Prof. Amar Nayak to the FPO



Solar Dryer Unit:

The traditional method of copra drying is spreading the split coconuts on open surface for sun-drying. This takes about 6-8 days for drying and quality deterioration due to deposition of dirt, dust and microbial contamination of wet kernel is unavoidable. The production of copra using the solar tunnel dryer is an improved and effective method, which addresses the drawbacks associated with open-sun drying and kiln-drying. More importantly, utilization of solar energy for drying is an environmental-friendly technology and hence could be considered for carbon trading activities. A solar tunnel dryer of size 10m (L) x 4m (W) was designed, fabricated and installed at Negamam village, in Pollachi Taluk. It can dry a maximum of 5000 nuts per batch, keeping the nuts in three tiers. The temperature developed inside the dryer was 20-30°C higher than the ambient temperature. The drying could be completed in 3 days resulting in quality copra.



FPO - Case 6

Ramanar Millets Farmer Producer Company Limited

Promoted by NABARD

Livelihood Sustainability of Farmers through FPO

| S. No. | Particular | Details |
|--------|---|---------------------------------|
| 1 | Major Business Activity undertaken by FPO | Agriculture, Spice, Retail sale |
| 2 | No. of Villages covered | 112 |
| 3 | No. of total members | 2943 |
| 4 | No. of active members | 2943 |
| 5 | Total turnover (In 2018-19 FY) | INR 2,73,39,257 |

6.1 The Context

6.11 Background of FPO Members

Prior to the formation of Ramanar FPO in 2016; an NGO named SEEDS had worked with the people in the region since 1999. Under the Tamilnadu State Rural Livelihood Mission (TNSRLM) promoted SHGs in the region since 1999. In 2004, it implemented the Norwegian NHRF project in the area. Subsequently, it worked with NABARD and formed Farmer Interest Groups (FIGs) since 2009 in the region. Later in 2014, supported by NABARD, it also promoted Farmers Clubs. During 2013-15, SEEDS implemented another international funded Hunger Project in the area. In 2016 SEEDS promoted 128 Joint Liability Groups (JLGs) in the region. Finally, in 2016, it formed the Ramanar Farmer Producer Organization.

Ramanar Producer Company (FPO) was constituted with representatives of FIGs and JLGs. From these community-based organizations, 10 active farmer members, who had previously worked voluntarily in various rural agricultural development activities, were unanimously selected the directors of the company. The Chairman cum Managing Director of the company was also chosen from among these directors.

The FPO currently has 2943 members from 112 villages in 47 Gram Panchayats (GPs) from three Blocks, viz., Tiruchuli, Narikudi and Kariyapatti blocks of Virudhunagar District and another Block, viz., Kamuthi block of Ramanathapuram District.

The stated Vision of the FPO is ‘To attain the livelihood sustainability to the farmers through traditional agriculture’ and the stated Mission is to “Organize 5000 farmers as shareholders in

5 years and provide support on soil test, agricultural inputs, credit facilitation, price fixation, marketing and livelihood activities for its members”

6.12 Facilitating Agency: Social Education Economic Development Society (SEEDS)

SEEDS has been a non-profit organization promoted by Mr. S.D. Pandian, a Sarvodaya Worker in the year 1995. SEEDS has been working in Tiruchuli block villages with women empowerment, Education, Health and environment development activities. SEEDS promoted hundreds of SHGs in Tiruchuli block and federated them into PLFs and capacitated the members in financial inclusion, credit facilities, health and education with socio economic development in the society. Through convergence with schemes of the government departments SEEDS mobilize the identified target beneficiaries and implemented the various schemes in the area. Through Hunger project; the women PRI members were trained and involved in their own panchayat development activities. SEEDS insisted people to understand the environmental changes like global warming and its impacts on all aspects and exclusively on agriculture inputs and pest management.

With the idea of FPO germinating, SEEDS organized several meetings of the various community- based organizations (SHGs, JLGs, FCs, FIGs,) to discuss various issues of farmers and producers. Based on the views generated, the need for FPO formation was jointly developed. Subsequently, a general body meeting of the federation of CBOs was organized by SEEDS where the resolution to form the FPO with the guidance of SEEDS was made.

6.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact& Net Income):

SEEDS RI has been working with the area for last about 20 years through various forms of community organizations on multiple areas viz., education, social, local governance and economic development. Formation of the FPO has helped build a base to integrate the previous efforts of social impact and to realize better net incomes in every season from the agricultural produce and converge various development schemes of the government with the members through the FPO.

The company has been involved in business with 2943 members in 112 villages by procuring their agri produces like pulses, cereals, chilly, coriander and millets with perfect price, proper weighing, less transportation and instant payment. This has helped small producers to delink from the local traders who often had unfavourable terms of transactions with the small

producers. In this process, better pricing of crops, proper weighing for sale, lower cost of transportation and instant payment have been possible for the producer members. The volume of business has grown by ten times within three years from about INR 26 lakhs to INR 273 lakhs. Profits has increased to about INR 1,08,820 within three years of registration.

Highlights of Achievements through FPO approach:

The social mobilization and business mobilization have been very large. 2943 members of the FPO have been mobilized. 2107 are female members and 836 are male members. The categories of members include small farmers:1866, marginal farmers:694, landless/tenant farmers:226, and large farmers: 157.

Nearly 100 % of the members transact with the FPO in one way or the other. Over 70% sell their surplus produce to the FPO and procure groceries and other items from the FPO retail outlets. The members receive a small discount on their purchases from the FPO owned retail outlets. The remaining about 30% procure from FPO owned retail outlets and obtain other services from the FPO. This high percentage of participation of members in the FPO is indeed notable and is due to multiple reasons. The FPO is not only engaged in aggregating surplus agricultural produce but has been involved in providing multiple services to the people of the community for several years through the SEEDS NGO and now these services are being undertaken by the FPO.

The services include schooling for children, basic health care, facilitate and help people or members to avail the various schemes of the government such as housing schemes, health related schemes, agricultural schemes, etc. The landless and tenant farmers are supported with livestock. From 2020, the FPO has set up a small chilling plant for cow milk of these members. By typing with bulk milk buyers, the FPO has helped the members raise the price of milk from INR 27 per liter to IN 32 per liter. Current collection of milk is about 250 liters per day, and it has been gradually growing. In addition to these activities, the FPO has also set up retail outlets for grocery items where members can get a discount on their purchases. The FPO is also now dealing with cattle feed.

In continuation of its community service, the FPO during the covid times helped distribute essential grocery items to the disabled and vulnerable people of the community with the financial support of the local government. The mother NGO, SEEDs also tied up CSR funds from the local companies to buy oxygen concentrators and delivered them through the FPO to the village level hospitals. These temporary hospitals were set in school buildings in the

villages as the number of covid cases rose in the state of Tamil Nadu. The multiple product and service basket strategy has been the basis to stay connected and support the various types of members of the FPO. As members receive benefits through the FPO, their participation in the FPO increases.

The volume of business has also grown by 10 times and profit has grown to over 1 lakh in a short period of 3 years since inception. FPO has procured millets and pulses directly from the farmers with fair terms of trade viz., proper weighing, fair price, immediate payment and no cost of transportation for the member.

FPO has set up its own office with its own funds when very few FPOs in the country today have their own office. In addition, the FPO has set up a grocery shop (an agri-business centre) besides its FPO office with an investment of INR 15 lakhs. It also plans to set up 5 agri-business centres in five of its clusters.

Ownership (Equity, Assets, Revenue & Working Capital):

The current paid up share capital is INR 36,43,000. It has been able to obtain an equity grant INR 10,00,000 from SFAC, New Delhi.

The total asset base of the FPO as on March 2019 stood at INR 6,31,54,810.

The total revenue turnover for 2018-19 was 2,73,39,257 with a total profit of INR 1,00,623.

Further, it has indirectly facilitated credit linkage of over INR 942 lakhs.

There is huge credit requirement by the FPO. However, the profit margin is very small that is only 0.4% at this stage.

The FPO issued one hundred shares each worth of Rs.10/- to the members. As on 31st October 2019, 2943 had registered with the company. The composition of membership is given below:

| Total shareholders | Male | Female | Total |
|--|-------------------------|---------------|-------|
| | 836 | 2107 | 2943 |
| Total members from Farmer Interest Groups / Producer Business Groups/ SHGs | Type of Farmer | No. of Farmer | % |
| | Small farmer | 1866 | 63.4% |
| | Marginal Farmer | 694 | 23.5% |
| | Large Farmer | 157 | 5.3% |
| | Landless/Tenant farmers | 226 | 7.6% |

Governance & Managerial Capabilities:

The FPO is governed by 10 members of the Board of Director and the Chairperson is one of the lady BoD members, Mrs. Kalavathi. She has been one of the active and vocal SHG members. The BoD members are chosen to represent different clusters of the FPO region that

spans over four Blocks of two districts.

The Board members have formed various committees to look after different functions of the FPO, such as procurement committee, finance committee, marketing committee, etc. Each committee is headed by one of the members of the Board. For the first three years, the cost of management primarily that of the CEO was borne by NABARD. However, in the last two years, the cost of management is borne by the FPO itself.

In addition to the normal training on CEOs and BoDs of FPOs, the key to building the capabilities, competence, and confidence to successfully operate an FPO is by handholding the local CEO and BoDs for a long time. SEEDS NGO has been with the community for nearly 20 years and has helped the community leaders to grow and hence they have a very good and responsible team of Board members in the FPO.

Annual Business Plan (Product &Service mix):

The Annual financial turnover of the FPO from 2016-17 to 2018-19 grew from Rs.26,66,466 to Rs. 1,37,41,452 and then to Rs.2,66,47,670. The profits of the three years were Rs.60,698, Rs.13,18,670 and Rs.7,30,420 respectively. The FPO's product basket primarily consists of various millets and pulses. It also deals with other agricultural produce, depending on the availability and demand by the members. The details of major items procured during the last four years is shown below:

| Year | Commodity | Quantity | Amount | Total RS. |
|-------------|------------------|-----------------|---------------|------------------|
| 2016-17 | Black Gram | 33.2 | 2556500 | 2967271 |
| | Green Gram | 1.652 | 85904 | |
| | Ragi | 0.1745 | 4013 | |
| | Banyard Millet | 6.805 | 202978 | |
| | Maize | 6.822 | 95508 | |
| | Thinai | 0.932 | 22368 | |
| 2017-18 | Maize | 313.919 | 4583217 | 6736442 |
| | Black Gram | 15.051 | 1204080 | |
| | Chilly | 9.9991 | 949145 | |
| 2018-19 | Chilly | 22 | 2420000 | 4680500 |
| | Paddy | 3.25 | 98000 | |
| | Black Gram | 41.5 | 2075000 | |
| | Green Gram | 17.5 | 87500 | |
| 2019-20 | Green Gram | 1.777 | 92430 | 4400622 |
| | Black Gram | 71.14 | 3770420 | |
| | Coriander | 6.939 | 537772 | |

Since the FPO was based on the previous community-based organizations that dealt with credit and other services, the FPO is perceived to be indirectly contributing to these services. It also plans to establish input shop for seeds, fertilizers and pesticides in the coming year.

Nature of Technologies (Cost & Ease of Operation):

Since the FPO deals with local millets and pulses cultivated in the rain-fed area; there are no major technological interventions as of now. The cost of operation is low due to the traditional method of farming.

Value Addition &Marketing Landscape:

The FPO has been largely grading millet and trading them in the local market. It has however begun value addition and retail sales of some pulses. Black gram was graded and value added and sold to members for home consumption. This value addition and the sales created the new concept to launch the home product market shop within its own FPO office premise and it has planned to set up five such clusters in the operational area. The total sale of black gram is given below for two years.

| Year | Commodity | Quantity (Tonnes) | Amount (INR) |
|---------|------------|-------------------|--------------|
| 2017-18 | Black Gram | 22.1 | 1822200 |
| 2018-19 | Black Gram | 30 | 2550000 |
| | | 52.1 | 4372200 |

To deal with the vagaries of the local market, the FPO has taken the approval to start value addition of the millets. It has received a support of amount of INR 22 Lakhs from the Government to start a cattle-feed processing unit.

Marketing Challenges:

The marketing committee does a good monitoring of the prevailing wholesale prices, negotiates and then trades on the bulk of its procurement. Most of the items are sold within a distance of 60 km from the FPO.

The price realization has not been high as the bulk buyers have a strong control on the procurement process. The local traders also give a very hard competition to the FPO to be able to procure. The marketing challenges are typical of the commodity trading business. To reduce this risk, the FPO is trying to get into value addition of millets and pulses so that the pressure to trade commodities is lowered and sales of processed items in the local community can increase.

The other challenges of the FPO includes mobilization of members to jointly sell, input management, credit facilitation, procurement pricing and logistics and undertaking the other development activities in the community.

Credit Requirements

The credit requirement is broadly fulfilled by the following financial institutions as shown in the table below:

| Sl. No | Name of the Institution | Amount (Rs.) |
|--------|-------------------------|---------------------|
| 1 | NABKISAN | 9,00,000 |
| 2 | SAMUNNATI | 14,30,00,000 |
| 3 | ANANYA | 5,50,00,000 |
| | TOTAL | 19,89,00,000 |

The FPO facilitates loans to members for different purposes as shown in table below:

| S.NO | Activity | Number of loans | Amount (INR in lakhs) |
|------|---------------|-----------------|-----------------------|
| 1 | Crop | 731 | 232 |
| 2 | Cattle | 475 | 184.87 |
| 3 | Goat | 1249 | 434.8 |
| 4 | Agri & allied | 193 | 79.69 |
| 5 | Business | 59 | 53.00 |
| | Total | 2707 | 984.64 |

The volume of credit business has been very large. FPO is gradually reducing the credit business and getting more into product business and plans to get to value added activities to realize better margin and reduce risks of simple trading.

Social Capital of the FPO

Nearly two decades of prior work of the SEEDS NGO in the community has helped the FPO formation and business stabilization. The general social capital or trust of people with the BoD and the POPI has been good. About 50% of the members have also been involved in the business transactions of the FPO; which is also a good sign of social capital of FPO with the members. The BoD members working in different committees seem to increase the level of interactions which improves the social capital for the FPO as of now.

However, the geographic size of FPO is quite large. It operates in 49 GPs of 4 Blocks belonging to two different districts. After the initial success of business transaction, deepening of business may become difficult with the large geographic spread.

Operational Expenses

The FPO having reached a business turnover of over INR 2.7 crores. With good business turnover and active involvement of the BoD members, the FPO can cover its own expenses including the salary of the support staff and run independent of the financial grant support from NABARD.

6.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

Since the area in which Ramanar FPO has been operating is rain-fed; the traditional rainfed agriculture without the use of inorganic chemicals and pesticides has been common. However, with irrigation facilities and ground water exploitation increasing in the region as well as subsidies for fertilizers and chemicals, there is a tendency of people adopting these input intensive methods of farming. The FPO has also planned to start a business of fertilizers and pesticides for its farmer members, an activity that would harm the members soil health and productivity in the long run.

Nature of Governance in the Clusters/GP and interaction of FPO

FPO currently operates in 49 GPs under four Blocks of two different districts. The FPO has little interactions with each of these administrative and local governance units as it only works with people belonging to these units. The needs of the members are more connected to these local governing units than the FPO. The FPO may only serve in terms of procuring a part of their agricultural produce and meet some of their credit requirements. Hence the FPO may find hard to deepen its relationship and solidarity with its members. Convergence of resources at the local level will also be difficult or out of bounds for the FPO in the current spread of membership over large geographic area.

Relationships

The current relationships among members have been the work of last about two decades of the POPI, SEEDS NGO. The participation of the members in the business has been good. The FPO has also been able to provide credit to a large number of people or members in the area of operation. However, as the FPO has to gradually operate on its own without the support of POPI or NABARD, it does not seem to be designed at the moment to deepen relationships among the members in the future.

Role of the Facilitating Agency

The facilitating agency has played a great role in the success of this FPO; especially in

supporting the poor, weak, women farmers, small and marginal farmers through its various educational, economic and developmental programmes it implemented in the region prior to formation of the FPO. The POPI as mentioned earlier has worked for over two decades prior to the FPO interventions. It has executed several programmes of NABARD and other agencies which have also helped developed familiarity and trust between the people, agency and NABARD that increases the speed of implementation of different programmes.

Convergence: The POPI has been able to connect and maintained good rapport with government departments especially with agriculture, horticulture and agro engineering to acquire the schemes to the eligible member farmers through the FPO. Some of the convergences achieved are (a) one Tiller with 50% subsidy, (b) solar lamps to 60 farmers worth of Rs.4000/-per unit, (c) seed grant to 1000 farmers worth of Rs.2000/-each, (d) poly house subsidy Rs.2.0 lakhs to one member

6.4 Summary and major Findings:

The case of Ramanar FPO clearly shows the power of prior engagement with the cluster in establishing and stabilizing the business of an FPO in any given cluster. In this case, SEEDS NGO that served as the POPI had worked in the region for over two decades prior to forming the FPO. It had not only worked with the people but also with NABARD, the promoter of the FPO. Such prior engagement brings certain level of comfort and trust between the partners. The POPI has also been able to provide a large number of training and exposure visits to different stakeholders of FPO to build their capacity and tenacity to manage the FPO independently. Please see Exhibit 1 for the details.

The FPO consists of small and marginal farmers, women farmers in large numbers and BoD members are committed workers which makes the governance and management transparent. It has also been able to manage its operation without much support from the POPI. It has built its own office and retail outlets and is now able to connect with local government and district administration.

Ramanar FPO has mobilized large number of members within a short period of time and has increased its volume of business to over INR 200 lakhs with a period of three years. It has also made profit in all the three years and increased percentage of profits in the 4th year, 2019-20.

6.5 Suggestions to strengthen the Ecosystem of the FPO:

There are two suggestions for the FPO.

- The FPO needs to rethink on the geographical spread to 49 GPs in 4 Blocks of two different districts. While this helps in increasing the collection of commodities from the large producer base, it would hinder the deepening of engagement with its members over time and the FPO will become a paternalistic commodity trader for the members in the long run. Due to this spread and lack of focus to small cluster say a GP, it will not able to converge the resources and schemes in respective clusters that holds several necessary services and benefits to the members. It is therefore suggested that the FPO restructures to focus on specific GPs and work towards deepening the relationships among its members and develop strong solidarity in respective ecosystems.
- The FPO may avoid going into external inputs such as inorganic fertilizer and pesticide business that would reduce soil quality over time. Instead, it could promote organic, integrated sustainable agricultural systems in the communities for long term sustainability of the respective local ecosystems.

Exhibit 1:
Training & Exposure visits facilitated for the FPO

| Participants | Training Name | Date | Institutions |
|--------------------------|--|------------------------|--------------------------------------|
| BoDs & Staffs | FPO promotions & Value chain management | 28.12.15 to 29.12.05 | Thiruchi FPO, SHALOM Foundation |
| | Strategic Planning plan for FPOs and also Business Plan & Vision and Mission Statement. | 27.04.17 to 29.04.17 | RCPDS, Kodaikanal |
| | Climate Change Awareness Programme | 21.04.18 | NABARD, Virudhunagar |
| | Dairy Development Schemes. | 20.04.18 | NABARD, Virudhunagar |
| | Marketing Tie-up orientation cum training Programme | 27.01.16 | POLLACHI |
| CEO | Capacity Building Program for "Farmer Producer Organisation"(FPOs) | 24.01.2018 to 25.01.18 | IIT, Madras & CSIE |
| | Awareness training Programme on Protection of Plant Varieties & Farmers Rights Act-2001 | 17.03.18 | TNAU Research Station, Aruppukkottai |
| | Workshop on Commodity based Enterprises in Farmer Producer Companies | 30.01.18 | CESCI, Natham |
| | FPOs Issues & Challenges on ROC Compliances and GST | 04.12.17 to 05.12.17 | TNAU, Madurai |
| | Export issues & Government legal process | 27.08.18 | SAMUNNATI, Madurai |
| | Digitization of Agriculture | 16.08.18 | Cropin, Bangalore |
| | Interaction with FPOs for business promotion | 09.03.18 | NABARD, Virudhunagar |
| | Innovative mobile technology & advisory services on Livestock rearing | 10.05.19 | Vidiyal & Samunnati |
| | FPO network meeting | 19.02.19 | Vidiyal & Samunnati |
| | Commonwealth of Learning, Canada | 27.05.19 | Vidiyal & Samunnati |
| | Annual Action Plan for FPOs | 25.03.19 | NABARD |
| | Palm training module preparation | 28.03.19 | SEEDS |
| | Developing agribusiness models by linking farmer producer organizations and farmers groups to markets through value chain management". | 27.03.19 | TNAU, Madurai |
| | Sustainable Livelihood and Doubling Farmers Income | 27.02.19 to 29.02.19 | BIRD, Mangalore |
| | Agri Digitalisation - Cropin | 03.04.19 to 04.04.19 | SEEDS |

| | | | |
|----------------------|--|----------------------------|--|
| | Program on Bank Credit in Natural Resource Management Projects | 24.06.19 to 28.06.19 | NABARD, Madurai |
| | Field demo on Digital Financing - AVANTI | 14.06.19 | AVANTI |
| | State level workshop on Sustainability of FPOs | 01.03.19 to 02.03.19 | Reliance Foundation &Vidiyal, Karaikudi |
| | Chilies cultivation and 'ZERO cost farming' training programme was conducted and 40 farmers have participated in this training programme | 14.06.18 | Thummuchinnambatti |
| | Agri Technological Training for millets value addition process | | TNAU, Madurai |
| | Climate Change Awareness Programme | 09.03.18 | NABARD, Virudhunagar |
| | Dairy Development Schemes. | 09.03.18 | NABARD, Virudhunagar |
| | On lending to FPOs-BANKERS Meeting | 05.04.19 | Collectorate, Virudhunagar |
| | FPO Promotion | 24.11.17 | IIT, Chennai |
| | FPO formation, legal compliances, Business plan Preparation | Oct-17 | CIKS, Vaitheeswarankovil |
| | Value Chain Management | 17.03.18 | CESCI, Natham |
| | FPO Promotion | 30-Oct | Melmaruvathur |
| | BIRD-NABARD training on FPO promotion | 07.09.17 to 09.09.17 | GERMANUS, Madurai |
| | Pulses based value added Food preparation to Share Holders | 21.04.19 | TNAU, Madurai |
| Share Holders | Bank Awareness on Financial Inclusion for Rural Farmers | 07.08.16 | Reddiyapatti, Narikudi & Paralachi |
| | Climate Change Awareness Programme | 09.03.18 | NABARD, Virudhunagar |
| | Participatory Rural Appraisal for Farming aggregation | | Savvaspuram |
| | Pulses based value added Food preparation to Share Holders at Field level | 22.04.19 | Keelaramanathi |
| | Pulses based value added Food preparation to Share Holders | 21.04.19 | TNAU, Madurai |

Exhibit 2:**Statement of Profit and Loss (2017-18 & 2018-19)**

| M/s. RAMANAR MILLETS FARMERS PRODUCER COMPANY LIMITED | | | | |
|--|--|----------|----------------------|----------------------|
| CIN: U01100TN2016PTC110005 | | | | |
| NO.31/A, PLOT NO.18-23, SAVASPURAM, ARUPPUKOTTAI, VIRUDHUNAGAR - 626 159 | | | | |
| Statement of Profit and Loss for the year ended March 31, 2019 | | | | |
| S. No. | PARTICULARS | NOTE NO. | As on 31 March, 2019 | As on 31 March, 2018 |
| I | Revenue from Operations | 13 | 26,674,054 | 13,471,502 |
| II | Other Income | 14 | 774,023 | 269,950 |
| III | Total Revenue (I + II) | | 27,448,077 | 13,741,452 |
| IV | Expenses: | | | |
| | Purchase of stock in trade | 15 | 11,269,949 | 7,436,975 |
| | Financial Cost | 16 | 12,633,563 | 4,687,209 |
| | Employee Benefit expenses | 17 | 1,404,726 | |
| | Depreciation and amortization expense | 8 | 44,646 | 9,636 |
| | Other Expenses | 18 | 1,986,374 | 1,112,771 |
| | Total Expenses (IV) | | 27,339,257 | 13,246,591 |
| V | Profit before tax (III - IV) | | 108,820 | 494,861 |
| VI | Tax expense: | | | |
| (1) | Current tax | | 12,144 | - |
| (2) | Deferred tax | 23 | (3,947) | 87 |
| VII | Profit/(Loss) for the period (V - VI) | | 100,623 | 494,774 |
| VIII | Earning per equity share: | | | |
| (1) | Basic | 24 | 0.40 | 3.27 |
| (2) | Diluted | | 0.51 | 3.27 |
| Accompanying Notes to Financial Statements | | 1 to 28 | | |

For M/s. MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

F.R.N. 001997S

CA. I. Daniel Selvaraj

Partner

M. No. 200322

Madurai, 03/10/2019



For M/s. RAMANAR MILLETS FARMERS PRODUCER COMPANY LIMITED

Kalavathi Ramar

Director

(DIN - 07500145)

Muthumurugan Gurusamy

Director

(DIN - 07500144)

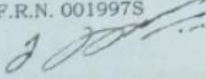
Exhibit 3:**Consolidated Balance Sheet of 2 years (2017-18 & 2018-19)**

| M/s. RAMANAR MILLETS FARMERS PRODUCER COMPANY LIMITED | | | | |
|--|---|----------|----------------------|----------------------|
| CIN: U01100TN2016PTC110005 | | | | |
| NO.31/A, PLOT NO.18-23, SAVASPURAM, ARUPPUKOTTAI, VIRUDHUNAGAR - 626 159 | | | | |
| Balance Sheet as on March 31, 2019 | | | | |
| S. No. | PARTICULARS | NOTE NO. | As on 31 March, 2019 | As on 31 March, 2018 |
| I. | EQUITY AND LIABILITIES | | | |
| 1) | Shareholder's Funds | | | |
| (a) | Share Capital | 2 | 2,514,000 | 1,514,000 |
| (b) | Reserves and Surplus | 3 | 638,295 | 537,672 |
| 2) | Share Application Money Pending Allotment | | | |
| 3) | Non Current Liabilities | | | |
| (a) | Long term Borrowings | 4 | 59,791,964 | 42,824,041 |
| 4) | Current Liabilities | | | |
| (a) | Short-term Provisions | 5 | 52,144 | 55,891 |
| (b) | Trade payables | 6 | 56,247 | |
| (c) | Other Current Liabilities | 7 | 102,160 | 26,032 |
| TOTAL | | | 63,154,810 | 44,957,636 |
| II | ASSETS | | | |
| 1) | Non Current Assets | | | |
| (a) | Fixed Assets | 8 | 76,468 | 96,164 |
| (b) | Deferred Tax Assets | 23 | 6,951 | 3,004 |
| 2) | Current Assets | | | |
| (a) | Inventories | 15 | 41,057 | 717,843 |
| (b) | Trade Receivables | 9 | 10,193,663 | 5,254,832 |
| (c) | Cash and cash equivalents | 10 | 5,442,474 | 7,333,885 |
| (d) | Short Term Loans and Advances | 11 | 47,241,349 | 31,533,727 |
| (e) | Other Current Assets | 12 | 152,847 | 18,182 |
| TOTAL | | | 63,154,810 | 44,957,636 |
| Accompanying Notes to Financial Statements | | 1 to 28 | | |

For M/s. MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

F.R.N. 001997S




CA. I. Daniel Selvaraj

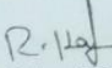
Partner

M. No. 200322

Madurai, 03/10/2019




For M/s. RAMANAR MILLETS FARMERS PRODUCER COMPANY LIMITED



Kalavathi Ramar

Director

(DIN - 07500145)



Muthumurugan Gurusamy

Director

(DIN - 07500144)

Exhibit 4:**FPO Data Sheet**

Name of the FPO & State: Ramanar Millets Farmer Producer Company Limited, Tamilnadu.

Name of the President: R.Kalavathi

Name of the Facilitating Organization: Social Education Environmental Development Society (SEEDS) *(Please attach a small write up on the Facilitating Organization)*

Promoted by: NABARD/SFAC/State/Other

| | | |
|-----|--|---|
| 1.1 | No. of total registered members | 2943 |
| 1.2 | No. of active members | 2943 |
| 1.3 | No. of villages (including) hamlets covered | 105 |
| 1.4 | No. of GPs and Blocks covered | 49 GPs in 4 Blocks |
| 1.5 | Meeting frequency of BoD members/volunteers | BoD Meetings held in Quarterly |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | Rs.2,11,89,924/- |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | Rs.43,72,200/- |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | NIL |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | Rs.4,28,12,022/- |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | Rs.43,79,027/- |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | Rs.53,24,865/- |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | Rs.2,10,36,381/- |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 25 to 60 KMs |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 1% |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | Incremental Income by 10% -15 % |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | 5%-20% of savings through reduce the expenditure of various services. |
| 4.3 | Reduction in post-harvest wastage to members (in %) | Being farm gate procurement the wastage reduced to 5% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 10% |

| | | |
|-----|--|---|
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/For a Few/Mostly/All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/A Few/Most/All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No/Somewhat/Yes |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No/A Few/Mostly/Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/Somewhat/Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/Medium/High |
| 5.7 | Soil pH to be around 7.0 | No/A Few/Mostly/All |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/Sometimes/Mostly/Always |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | 1562 Farmers were received like free seed, solar lamp, sprayers, power tillers, tarpoline. |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 1562 Farmers |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 96% of our shareholders availed services from FPO. Each and every member got services more than one time. |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/Medium/High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/Medium/High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/Medium/High |

Name of the CEO:

Signature and Date:

Exhibit 5

FPO Photos

FPO Preliminary Meeting



Staff Induction Training



Training on Lead Farmers Management



Livestock (Cow) Assistance to Shareholders



Livestock (Goat) Assistance to shareholders



Cropping Advisory with the Agriculture Department officials





Farm gate procurement and Quality Checking



Chilly Transportation & Value Addition



Annual General Body Meeting



National Level good performance award



During the FPO visit for the All India Case Study



FPO - Case 7

SEEDS Producer Company Limited

Promoted by NABARD

Expanding the horizon of business activities through Coconut and vegetables Farming

| S. No. | Particular | Details |
|---------------|---|--|
| 1 | Major Business Activity undertaken by FPO | Agriculture, Livestock activity, Seed, Fertilizer, Cattle feed |
| 2 | No. of Villages covered | 117 |
| 3 | No. of total members | 4715 |
| 4 | No. of active members | 4385 |
| 5 | Total turnover (In 2018-19 FY) | INR 4,70,83,601 |

7.1 The Context

7.11 Background of FPO Members:

SEEDS Farmers Producer Company Limited was incorporated on 18 December, 2014 and is located in Virudhunagar, Tamil Nadu. This FPO is promoted by the SEEDS Society. It is a little confusing as the name of the FPO is named after the facilitating agency.

As an NGO, SEEDS has been working in the district on various development projects since 1999. Some of the project included the SHG project under the Tamil Nadu State Rural Livelihood Mission (TNSRLM), Norwegian NHRF project, Hunger Project, Farmer Interest Groups (FIGs), Farmers Clubs, and Joint Liability Group (JLG) of NABARD. On this development background, the SEEDS FPO was founded. SEEDS FPO has a total membership of over 5400 farmer members from 117 villages spread over 8 GPs in 4 Blocks of Virudhunagar district.

95% of the members of this FPO are women and 5% are men. The number of landless, small and marginal farmers are 1064,3463 and 686 respectively. Of all the members, about 2356 members are from the SC community. The number of memberships of the FPO is shown in the table below:

| Year | Female | Male | Total |
|-------------|---------------|-------------|--------------|
| 2015-16 | 74 | 115 | 189 |
| 2016-17 | 872 | 79 | 951 |
| 2017-18 | 1604 | 55 | 1659 |
| 2018-19 | 760 | 3 | 763 |

| | | | |
|---------|------------|----------|------|
| 2019-20 | 1865 | 12 | 1877 |
| Total | 5175 (95%) | 264 (5%) | 5439 |

The above figure clearly establishes that the SEEDS FPO has been formed from among the SHG women members who were promoted by the SEEDS NGO under the SHG movement promoted by the Tamil Nadu State Rural Livelihood Mission since 1999.

7.12 Facilitating Agency:

Social Education Economic Development Society (SEEDS) is a non-profit organization promoted by Mr. S. D. Pandian, a Sarvodaya Worker. Mr. Pandian associated himself with the Sarvodaya Movement of Acharya Vinoba Bhava for more than two decades. Mr. Pandian voluntarily initiated rural development activities with the help of like-minded individuals in around Aruppukottai, Tiruchuli, and Kariyapatti Blocks. To strengthen the services better, a society was registered namely, “Social Education Economic Development Society” (SEEDS) in the year 1995 under the Tamil Nadu Societies Registration Act 27 of 1975.

SEEDS NGO has been implementing various development programmes since 1999. Some of the major programmes in which it has implemented include TNSRLM, Norwegian NHRF project, Hunger Project, Farmer Interest Groups (FIGs), Farmers Clubs, and Joint Liability Group (JLG) of NABARD and in the recent years FPOs through NABARD as well as SFAC.

SEEDS NGO currently has implemented and is implementing about 28 FPOs. Some of them are running largely independently or are still under handholding stage. The total business turnover of these FPOs in 2018-19 amounted to about INR 60 crores.

7.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact& Net Income):

In a period of about six years, this FPO has had an impact on over 4000 farmers in 117 villages of 4 Blocks of Virudhunagar district. As per the FPO’s information, the net annual income to individual members is about INR 24,000.

The total revenue for the year 2018-19 was INR 4,70,83,601 and total net profit was INR 8,17,370. This amounts to a net profit of 1.7% on the whole. This seems to be low as 70% of its sales are retails sales and only 30% of the sales are institutional. The total asset created by the FPO is INR 14,56,71,336.

Ownership (Equity, Assets, Revenue & Working Capital):

The financial position of the company is in very good position. The total share capital of FPO is INR 47,15,000. This also includes the INR 10,00,000 equity grant from SFAC. The total assets created as on March 2019 was INR 14,56,71,336. The total revenue for the year 2018-19 was INR 4,70,83,601.

55% of the credit is provided by Samunnati to the FPO; about 23% of the credit is from Avanthi and the balance is from nationalized bank and Ananya. The working capital requires has been growing with the growth of the FPOs business.

Governance & Managerial Capabilities:

The FPO has a Board of Directors that is supposed to govern the FPO. However, it appeared that the management team provided by the POPI, here the SEEDS NGO is largely undertaking the activities. The Board members who were invited to attend the meeting had little idea of the cost and finances and operations of the FPO. Although 95% of the members of the FPO are women, only 20% of the BoD is of women. The Secretary of the SEEDS NGO is the Chairperson of the SEEDS FPO. When enquired about these issues; the backwardness of the community where women do not easily participate in activities outside the village was cited as the reason for this imbalance. However, it was stated that there are efforts to make changes in this governance system.

The FPO has a good and capable management team that is largely managed by the executives of the POPI, SEEDS NGO. All the operational facilities of the FPO are housed within the premises of the SEEDS NGO. The office rent and administrative head of the FPO are paid to the NGO. It was surprising that the BoD members who were present in the meeting were unaware of this rental arrangement. The BoD members were also not acquainted with the office systems and the accessories in the FPO office.

The whole operation was managed by the team of personnel from the NGO. The SEEDS FPO has a large management team including staff of about 28 people manning the office, retail outlet, processing units, ware housing, storage, and marketing. The Board members of the FPO currently serve only as the face of the FPO, fulfilling the statutory requirement. Due to long period of working with the community, NGO has a good rapport and trust with the members in general. The Board members have been selected from amongst these people from the community, who also have shown trust in the work of the NGO.

However, owing to the feeling of the NGO that these BoD members lack confidence and competence, the NGO manages all the operations through the CEOs and professionals who are in the payroll of the NGO. The BoD members facilitate the FPO in connecting with the members, retain their trust and help collate the produce from the members.

During the discussions, although the BoD members expressed that they would try to take over the operations of the FPO in the next couple of years, the NGO did seem confident of that. How this transition will take place needs to be watched. The NGO could also be counseled by NABARD to make the transition of governance and management currently carried out by the NGO to the FPO Board and its CEO working under the Board, possible.

Annual Business Plan (Product & Service mix):

The annual business of the FPO has been growing over time. Given the prior development engagement of the SEEDS NGO with the community, the activities of the NGO/FPO includes credit services to the SHG members, their training and capacity building, watershed and drinking water issues, agricultural input management, procurement of surplus produce from the members followed by value addition, retail sales including products from other companies and bulk sale of millets and pulses to local traders and buyers.

Value Addition &Marketing Landscape:

SEEDS FPO has a leased facility with various value addition and storage and marketing purposes. Warehousing has capacity of 50 MT to protect and safe storage of the farm products that can help to find better market. Value addition unit has facility for processing dal, millets and spices. It also has an oil press. This unit has been supported to the tune of Rs. 10 lakhs by the mission for sustainable development agriculture of Government of Tamil Nadu.

The FPO also has a packing and storeroom with 70x27 sq ft and office premises with 33x22 sq ft both ground floor and 1st floor for staffing and indoor training purposes. The office facility is also used by the SEEDS NGO. However, the ownership and rental payment issues were not clearly explained by the team.

Marketing Challenges:

The FPO has been able to deal with its marketing challenges by opening its own retail outlets; where it not only sells its own products but also sells branded items of other companies. It also sources select items like processed pulses, millets, etc. from other FPOs that the POPI, SEEDS NGO has promoted and sells them under the SEEDS FPO.

In addition to its retail outlet, the FPO has agricultural input shop that sells seeds, fertilizers and pesticides cater to the needs of the members and help them to increase good harvest. The shop achieved Rs.4.59 lakhs as the total business turnover.

| Commodity | Quantity MT | Beneficiary | Turnover (Rs.) |
|-------------|-------------|-------------|----------------|
| Seed | 0.4 | 200 | 32,000 |
| Fertilizer | 67.0 | 197 | 1,211,000 |
| Cattle Feed | 150.0 | 56 | 3,352,975 |
| Total | 217.4 | 453 | 4,595,975 |

During the Covid 19 pandemic during April 2020, with partnership with the District Administration, SEEDS NGO and the FPO home delivered Rs. 1000 packages of groceries worth Rs. 10,00,000.

Credit Requirements

The FPO has been able to provide credit linkage to the tune of Rs.10,000 and Rs.50,000 towards the agricultural and animal husbandry needs of the members at low rate of interest. The amount of credit facilitation under the different heads is given below:

| Activity | Beneficiaries | Amount (Rs.) |
|------------------|---------------|--------------|
| Crop Loan | 1689 | 683.10 |
| Dairy | 751 | 375.50 |
| Goat & Livestock | 2555 | 2080.50 |
| Total | 4995 | 3139.10 |

The SEEDS NGO as the POPI in this case has been able to integrate this function with the FPO through its previous SHG activities.

Social Capital of the FPO

Due to the long years of working with the community, the SEEDS NGO has had a good rapport with the people in the community. The women associated in the SHG movement under the Tamil Nadu State Rural Livelihood Mission in the given blocks of the FPO have been roped in as members of the FPO. Given the large geographic extent of the FPO and that the FPO is primarily managed by the staff appointed by the SEEDS NGO, the social capital among the members did not seem to be strong.

Operational Expenses

The FPO having reached a business turnover of over INR 4.7 crores is very well poised to operate on its own. The NGO or the POPI is actively involved in the operations of the FPO with the head of the NGO as the Chairperson of the FPO. It has a very good business turnover,

and it covers all its operational expenses including the salary of CEO and other staff from the business of the FPO.

7.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

As part of its business; the FPO has been promoting inorganic fertilizers and pesticides. Its business turnover from sale of fertilizers amount to over INR 12,00,000. Sale of seeds to farmers was about 32,000 and sale of cattle feed was over 33,00,000. It has no specific program to help farmers go into sustainable agricultural system or organic farming.

Nature of Governance in the Clusters/GP and interaction of FPO

The FPO is primarily driven by the POPI or the NGO. Since the FPO is spread over large number of villages and GPs across four Blocks of Virudhunagar district, it has not particular connect with the respective GPs. The FPO has been built based on the goodwill generated through the previous development projects undertaken by the NGO and currently converges with the various programmes of the Government, NABARD and SFAC. It has not tried to converge resources of the local GPs with the FPO.

Relationships

The relationship among members of the FPO with the SEEDS NGO has been good due its long years of association through various development interventions. However, the relationships of among members within the FPO did not seem to be strong. The business transactions are largely driven by the staff of the SEEDS NGO.

Role of the Facilitating Agency

The success of the FPO can be largely attributed to the facilitating agency, here the SEEDS NGO. The staff or professionals of the NGO are appointed to work on the various functions of the FPO. Surprising the logo of the NGO is used as the logo of the FPO and no one seems to have raised any objection to this mode of operation.

Convergence: Due to its long years of working in the development sector, the SEEDS NGO has been able to converge various schemes and programmes of the government and other agencies in the clusters through the FPO.

Capacity Building: The facilitating agency has also provided various training and exposure visit to the women members in the course of its engagement with the producer members. The table provides a list of capacity building programmes that have been provided at different

points of time.

| Subjects | Farmers | Place |
|---|----------------|--------------|
| Livestock Management, Dairy & Goat Farming | 250 | KVK, APK |
| Azolla preparation, Vermi compost, Bee keeping | 135 | KVK, APK |
| Value addition of millet, Sustainable Agriculture | 185 | TNAU, CBE |
| TCS Technology, Kitchen Garden & Soil Test | 305 | YNAU, MDU |
| Insurances (Crop, Animal and life) | 250 | SEEDS Office |

7.4 Summary and major Findings:

The seeds FPO bring another huge learning to successful implementation of FPOs in general and the challenges making them operate independently in socially hierarchical communities with large gender disparity. It also raises the issue or possibility of facilitating agency riding over the weakness of the members of the community.

The growth of SEEDS FPO is an excellent success story from the mobilization of members and high business turnover perspective. The reason for this has been the prior engagement of the facilitating agency in the community for nearly 2 decades on various development works in the community prior to starting the FPO. Familiarity and trust of the facilitating agency and its professionals seem to be critical for the mobilization of members for the FPO.

It is also a great case of how the SHG women members from the economically poor, scheduled caste and scheduled tribe communities could be roped in to form an FPO with successful business transaction. In this FPO, 95% of members are women from largely the above vulnerable community. It also represents majority of the small, marginal and tenant farmers.

However, the issues of governance and management have been a concern in such an FPO. The Secretary of the NGO has been the Chairperson of the FPO. Further, the name of logo of the NGO is used as the logo and name of the FPO. The operational details of the FPO is managed by the management team provided by the NGO and the BoD members are not aware of many of the business decisions at this stage that is after six years of operation.

7.5 Suggestions to strengthen the Ecosystem of the FPO:

The FPO has done very well on mobilization of members and building the value chain with successful business transactions. However, it needs to work on the following issues:

- Extensive training and capacity building of producer members to operate the FPO on their own and gradually hand over the governance and management responsibility to the FPO members that largely represent the demography of the members.
- Reduce the geographic cluster size to be able to help the FPO get deeper into the needs and requirements of the members that can build greater relationship, solidarity and subsequently be able to manage their own affairs in the FPO.
- Avoid getting into inorganic fertilizer and pesticide business which can impact the long-term soil health of the poor and vulnerable producer members. Rather adopt and promote sustainable agricultural systems with family farming as the approach.

Exhibit 1:**Statement of Profit and Loss (2017-18 & 2018-19)**

| M/s. SEEDS FARMERS PRODUCER COMPANY LIMITED CIN: U01403TN2014PTC098509 1/435, Lakshmi Nagar, Athipatti, Sempatti post, Aruppukottai - 626 101 | | | | |
|---|--|----------|----------------------|----------------------|
| Statement of Profit and Loss for the year ended March 31, 2019 | | | | |
| S. No. | PARTICULARS | NOTE NO. | As on 31 March, 2019 | As on 31 March, 2018 |
| I | Revenue from Operations | 14 | 46,667,500 | 27,237,111 |
| II | Other Income | 15 | 416,102 | 1,389,823 |
| III | Total Revenue (I +II) | | 47,083,601 | 28,626,934 |
| IV | Expenses: | | | |
| | Purchase of Stock in Trade | 16 | 34,809,954 | 16,187,196 |
| | Cost of material consumed | 17 | (15,647,505) | (115,564) |
| | Employee Benefit Expenses | 18 | 1,753,968 | 637,410 |
| | Finance Cost | 19 | 21,518,172 | 8,312,893 |
| | Operating and other Expenses | 20 | 3,464,635 | 1,975,639 |
| | Depreciation and amortization expenses | 8 | 94,198 | 8,170 |
| | Total Expenses (IV) | | 45,993,422 | 27,005,743 |
| V | Profit before tax (III - IV) | | 1,090,179 | 1,621,191 |
| VI | Tax expense: | | | |
| (1) | Current tax | 24 | 209,750 | 484,309 |
| (2) | Deferred tax | | (63,059) | (1,099) |
| VII | Profit(Loss) from the period from continuing operations | | 817,370 | 1,135,783 |
| VIII | Profit/(Loss) for the period | | 817,370 | 1,135,783 |
| IX | Earning per equity share: | | | |
| (1) | Basic | | 2.04 | 2.84 |
| (2) | Diluted | | 2.04 | 2.84 |
| Accompanying Notes to Financial Statements | | 1 to 30 | | |

As per our report of even date

For M/s. MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

F.R.N. 0019978

CA. I. Daniel Selvaraj

Partner

M. No. 200322

07th September, 2019

Madurai

**For M/s. SEEDS FARMERS PRODUCER COMPANY PRIVATE LIMITED**

For and on behalf of Board of Directors

Guruswamy Palanichamy

(Director)

(DIN - 07017347)

Devadoss Pandian

(Managing Director)

(DIN - 06594718)

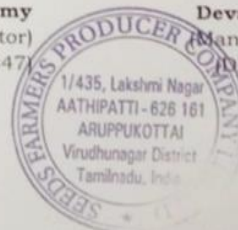


Exhibit 2:

Consolidated Balance Sheet of 2 years (2017-18 & 2018-19)

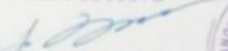
| <p style="text-align: center;">M/s. SEEDS FARMERS PRODUCER COMPANY LIMITED CIN: U01403TN2014PTC098509 1/435, Lakshmi Nagar, Athipatti, Sempatti post, Aruppukottai - 626 101</p> | | | | |
|--|---|----------|----------------------|----------------------|
| Balance Sheet as at March 31, 2019 | | | | |
| S. No. | PARTICULARS | NOTE NO. | As on 31 March, 2019 | As on 31 March, 2018 |
| I. | EQUITY AND LIABILITIES | | | |
| 1) | Shareholder's Funds | | | |
| (a) | Share Capital | 2 | 4,715,000 | 4,000,000 |
| (b) | Reserves and Surplus | 3 | 2,264,504 | 1,447,134 |
| 2) | Share Application Money Pending Allotment | | - | - |
| 3) | Non Current Liabilities | | | |
| (a) | Long term Borrowings | 4 | 138,170,730 | 79,036,192 |
| (b) | Deferred Tax Liabilities (Net) | 24 | 63,116 | 57 |
| 4) | Current Liabilities | | | |
| (a) | Trade Payables | 5 | - | 3,811,850 |
| (b) | Other Current Liabilities | 6 | 208,286 | 3,707,853 |
| (b) | Short-term Provision | 7 | 249,750 | 524,309 |
| | TOTAL | | 145,671,386 | 92,527,395 |
| II | ASSETS | | | |
| 1) | Non-Current Assets | | | |
| (a) | Fixed Assets | | | |
| (i) | Tangible Assets | 8 | 5270349 | 71,735 |
| (b) | Deferred Tax Assets | | - | - |
| (c) | Long term loans and advances | 9 | 203000 | 163,000 |
| 2) | Current Assets | | | |
| (a) | Inventories | 17 | 19,619,485 | 3,971,980 |
| (b) | Trade Receivables | 10 | 66,755,023 | 68,654,929 |
| (c) | Cash and cash equivalents | 11 | 16,793,454 | 5,880,059 |
| (d) | Short Term Loans and Advances | 12 | 37,014,090 | 13,770,594 |
| (e) | Other Current Assets | 13 | 15,987 | 15,098 |
| | TOTAL | | 145,671,386 | 92,527,395 |
| Accompanying Notes to Financial Statements | | 1 to 30 | | |

As per our report of even date

For M/s. MANOHAR CHOWDHRY & ASSOCIATES

Chartered Accountants

F.R.N. 001997S



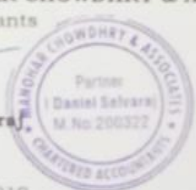
CA. I. Daniel Selvaraj

Partner

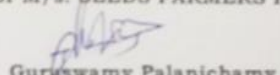
M. No. 200322

07th September, 2019

Madurai



For and on behalf of Board of Director
For M/s. SEEDS FARMERS PRODUCER COMPANY PRIVATE LIMITED

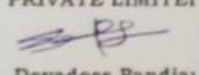


Guruswamy Palanichamy

(Director)

(DIN - 07017347)





Devadoss Pandiar

Managing Director

(DIN - 06594718)

Exhibit 3:

Achievements & Recognition

1. Innovative and Sustainable business achiever award in the year 2018 by the Hand an Hand Academy for Social Entrepreneurship.
2. Awarded for the excellent performance among the FPO under produce fund in 2018 by the NABARD.
3. Recognized for the best performance FPO in Tamilnadu in 2019 by FICCI's NAVEENA VIVASAYAM.
4. Awarded for the establishment of successful value chain in FPO in Tamil Nadu in the year 2019 by ICAR and NASF.

Exhibit 4:**All India Case Studies of selected well performing FPOs**

Name of the FPO & State: Seeds Farmer Producer Company Limited. Tamil Nadu

Name of the President: S. Pandian. Name of the Facilitating Organization: Social Education Environmental Development Society (SEEDS)

Promoted by: NABARD

| | | |
|-----|--|-----------------------|
| 1.1 | No. of total registered members | 4715 Farmers |
| 1.2 | No. of active members | 4385 |
| 1.3 | No. of villages (including) hamlets covered | 117 |
| 1.4 | No. of GPs and Blocks covered | 8 GPs in 4 Blocks |
| 1.5 | Meeting frequency of BoD members/volunteers | Monthly Meetings held |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | Rs.9 crores |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | Rs.4 crores |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | Rs. 1 lakh |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | Rs.8 Lakhs |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | Rs.40% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | Rs.30% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | Rs.30% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 40 KMs |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 20% |
| | | |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | Rs.24000/- |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | Rs.12000/- |

| | | |
|-----|--|-------------------|
| 4.3 | Reduction in post-harvest wastage to members (in %) | 15% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 20% |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | Most |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | Most |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No |
| 5.5 | Provision for open well & water supply system made by farmers | No |
| 5.6 | Organic carbon level of soil at medium to high value | Low |
| 5.7 | Soil pH to be around 7.0 | Mostly |
| 5.8 | Farms of Farmers with little or minimal pest problem | Sometimes |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | 8 Nos annually |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 5 Nos annually |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 10 times annually |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | High |

Name of the CEO: S. Sivakumar

Signature and Date: 31-12-2019

Exhibit 5: Photos
FPO level Training & Mobilization



FPO federation level Exposure visit & Mobilization



BoD Level Meeting



Banana Cultivation in Farmers Level & Farm Pond



Quality Checking & Procurement



FPO level Storage



FPO Seed Processing



FPO Branding & Marketing



FPO - Case 8

Savitribai Phule Goat Farming Producer Company Limited

Promoted by NABARD

Collective Goat rearing turns around lives of poor Women

| S. No. | Particular | Details |
|---------------|---|--|
| 1 | Major Business Activity undertaken by FPO | Goatery & Goat Milk, Retail sale of Organic Fertilizer, Cattle Feed, Construction Material (Calcium brick) |
| 2 | No. of Villages covered | 30 |
| 3 | No. of total members | 1041 |
| 4 | No. of active members | 650 |
| 5 | Total turnover (In 2018-19 FY) | INR 23,83,408 |

8.1 The Context

8.11 Background of FPO Members

Sinnar has been a drought prone area in Nashik District of Maharashtra State. First of all, its poor quality of soil, dry nature of land and scarce water resources, second natural calamities like e.g. severe droughts forced smallholder farmers to live in poverty. Most of the members are landless laborers and some of the members have only marginal land holdings. In above conditions, most small and marginal producers in the villages hardly can meet all their basic needs. Due to shortage of water in the region, small ruminants have been a source of income for the small, marginal and tenant farmers and the poor.

8.12 Facilitating Agency:

Yuva Mitra is a social development organization established in 1995 and has been working in Maharashtra since its inception. It has been working with women, farmers, children, youth and adolescents with a focus on water resource development and management, agriculture, livelihood development, institution building, health, education and skill development through people's participation. Yuva Mitra has been working on irrigation, de-silting of water bodies in collaboration with district administration of Nashik and Ahmednagar districts.

It has also worked for malnourished children and women towards building resilient ecosystem against malnutrition in Jawhar block of Palghar district. Yuva Mitra has been leading organization in implementing Farmer Producer Companies in Maharashtra. It has promoted 20 FPCs in its core working areas in Maharashtra and also provide technical and hand holding support to other FPCs across the country through various training and capacity building

programs and consultancy services.

8.2 Sustainability of Farmer Producer Organizations

Performance (Net Income & overall Social Impact):

Formation of FPO has helped the women members in several ways. Members are getting better and assured price for their goat. Many individual members are also availing bank finance for up-scaling the goatery activity due to assured marketing facilities. Women members have come out of debt trap of middlemen. They are managing the whole affairs of the business from collection, processing to marketing. Through the continuous motivation and systematic gradual interventions, many women members have developed their skills, leadership qualities, self-confidence and self-esteem.

- The total membership is about 1040 of which about 650 are active members. These members are spread over 30 GPs of one large Block.
- There has been an increase in incomes to members through the sale of Goat for meat & milk.
- FPC is marketing goat milk under the brand name SAHAJ to local markets and also to ABC Farm, Pune (50 liters/week) and is planning to build on the value chain by constructing their own slaughter house.
- Annual business turnover of the FPC, as on 31st March, 2019, was around INR 23 lakh.

Highlights of Achievements through FPO approach:

- FPO members, who were also members of the SHGs, were encouraged for goatery activities to increase their income.
- Per unit assistance of INR 10,000 helped needy members to purchase two goats, with INR 5000 as member's contribution.
- FPO also introduced the live weight-based payment services and farmers receive payment of INR 185/kg, which is generally over and above the payment of local traders by INR 20/kg.
- Periodic training programmes were organized for the members for scientific rearing of the goats so as to optimize the weight gain and fetch competitive prices.
- FPO is promoting indigenous goat breeds VIZ. Sangamneri and Osmanabadi among the members and provided pure breed buck in each village for breed development.
- The FPO, with the support of Yuva Mitra could mobilize the revolving fund assistance from HT Parekh Foundation as well as IL & FS.

- FPO has also developed a centralized marketing center at Sinnar, with a goat shed constructed out of share capital for selling goat milk.
- The FPO was also able to get a loan sanction of INR 87 lakh from NABKISAN in June 2018.

Ownership (Equity, Assets, Revenue & Working Capital):

The women members in the Board show the sense of ownership of the FPO. However, since the members belong to large geographical areas, the ordinary members do not know the Board Members who represent other villages and GPs. The FPO is primarily functioning with the managers of the POPI.

The ownership of equity, asset base and revenues look good indeed. As on 31st March 2019, the current equity of the FPO stands at INR 23,13,000. The asset base has increased to INR 79,87,694 and revenue was INR 23,83,408. The facility is being maintained well by the staff appointed by the POPI. Some of the Board members who came for the interactions were quite aware of goat rearing, milking and vermin-compost making. However, they did not have any idea about the cheese making of the goat milk that was in the same campus with different goat breeds. The processing and sales of cheese was undertaken by a third party and members seemed to have little knowledge on the process technology of cheese making and sales agreement with the third party.

Governance & Managerial Capabilities:

The BoD members came from different villages from the 30 GPs of from one large Block of the district. While the procurement process was in order, the members did not know all the BoD members of the FPO. The managerial capacity is fully backed by the POPI. The BoD members did not seem to be involved much in the operations and management of the FPO. The operations are primarily managed by the managers appointed by the POPI, Yuva Mitra.

As state level nodal agency for training and capacity building, Yuva Mitra have had the manpower and competence to operate the FPO successfully. While the BoD members seemed very committed to the business of the FPO, they do not seem to be ready to operate they FPO on their own. The large geographic spread of the FPO over 30 GPs can make it difficult for the FPO to be operated by any of the current women BoD members. It will most likely require a professional agency like Yuva Mitra run this operation. Women leaders from the FPO need to be identified, trained and handheld by Yuva Mitra so that they can operate the FPO on their own.

Annual Business Plan (Product &Service mix):

The business planning has been done quite professionally. The items for business transactions included live goat, goat milk, vermin compost, vermin bed, vermin culture, silage bags, mineral bricks, fodder seeds, calcium bricks. The FPO also provides veterinary services for the goats of the producer members.

Nature of Technologies (Cost & Ease of Operation):

The FPO has adopted technologies that are appropriate. The technologies adopted in cattle/goat rearing, cattle feed, vermin-compost, vermin wash, etc., are simple, natural and are easily understood by the producer members.

The processing technology of goat milk and cheese making, though is the standard technology, these processes are not understood by the producer members or members of the BoD. The small processing unit is managed by couple of technicians and the person who buys the product from the FPO. The buyer appoints his experts to ensure quality cheese and other milk product from the processing unit.

Value Addition &Marketing Landscape:

At present, only a small part of total number of goats and goat milk products are being sold out through the FPO. A small processing unit for goat milk has been set-up. The FPO is supplying goats in different places in Maharashtra while Goat cheese is supplied to different cities like Mumbai, Pune, Bengaluru, Kodaikanal etc. through just one buyer.

Nearly 40% of live goat sales are within the local markets and the balance is through institutional sales. However, 100% of goat milk and milk product is through institutional sales.

Marketing Challenges:

While live goat has good demand, the FPO has to compete with the traditional supply chain of traders and sellers of goat meat. However, through the POPI, the FPO has been able to get a decent deal of selling live goat through proper weighing; which has helped the members.

With regard to goat milk and cheese, there is little demand in the local market and hence the POPI has tied up the FPO with exclusive buyer from Pune. While this limits the choice of the FPO at the moment, it hopes to gradually have other buyers for its processed milk.

It currently sells its processed milk in the name of Sahaj. The branding efforts are on and it

hope to build the brand name over time so that the FPO can realize better prices for its products. The POPI has helped the FPO to focus on two goat breeds VIZ. Sangamneri and Osmanabadi among the members and provided pure breed buck in each village for breed development.

Credit Requirements

The POPI has facilitated the FPO to mobilize revolving fund assistance from HT Parekh Foundation, IL &FS and NABKISAN. In 2018, NABKISAN has approved INR 87 lakhs credit to the FPO.

In addition, since the women members have also been part of the SHGs, they also have direct link to bank for their smaller credit requirements at individual household level. Many of the women members were able to buy additional goats for rearing using their credit facility through SHG bank linkage.

Social Capital of the FPO

The geographic spread among the members who are typically the poor women is very large, spread over 30 GPs. The FPO members do not meet regularly and rarely know each other. It is only during the AGM that they get together like in a rally. The members only know their own representative in the Board of the FPO. The Board members also do not reach other as they belong to different GPs. It is only the POPI that knows and have selected the BoD members. Accordingly, the social capital within the FPO is weak as it is primarily managed by the professionals of the POPI, Yuva Mitra. Since the business transactions are also limited to one item, viz., goat, the members also have limited span of interest on this item amid many other livelihoods means that they are engaged in.

Operational Expenses:

The FPO has reached a business turnover of about INR 23 lakhs. With this lower volume of business, the FPO is unable to pay all the operational expenses on its own. The CEO is appointed by the POPI, and the salary is paid from the POPI.

8.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

The FPO is primarily engaged in one of the resource bases viz., goateries of the small and marginal farmers. While the smallholder farmers are typically engaged in multiple agricultural activities, the FPO is primarily involved in one of the activities. While the FPO has brought in an assurance of slightly better income through goat rearing; it appears to focus on single item and does not cater to the diverse needs of the smallholder farmers.

Nature of Governance in the Clusters/GP and interaction of FPO

The POPI as a state level resource institution has a good network at the state level and the district level. However, it has little touch with the local governance or the GP level governance where the individual member of the FPO has to actually engage with. Most of the resources and benefits of the individual small and poor producer is actually tied up with the local governance unit; where the FPO has little connect. Had the FPO had connect with the local governance, getting common land for the FPO would have been easy and solidarity among the members might have been better.

Relationships

Given the structure of the FPO in terms of product basket structure and therefore the geographic cluster size, it is not possible for the FPO to promote and strengthen the bonding among members. While the business of the FPO has been growing, it was challenging to find that the members did not know the BoD members of the FPO. Other than the AGM, the members have no occasion or reason to meet and discuss their problems, issues and plan their business. The current activities are managed by the professionals of the FPO; appointed by Yuva Mitra, the POPI.

Role of the Facilitating Agency

The business success of Savitri FPO is primarily its facilitating agency, Yuva Mitra. As a state resource agency for FPOs for both the national nodal promoting institutions viz., NABARD and SFAC, Yuva Mitra has played the key role in making of the FPO. It has provided a large number of training and awareness programmes, provided credit linkages, marketing linkages, and has helped converge various programmes for the FPO to emerge as a viable commercial unit.

8.4 Summary and major Findings:

Financially the FPO has done quite well. It is being professionally managed and its volume of business has been growing over the years. The professional credibility and reach of the POPI, Yuva Mitra has helped the FPO to get a good handholding support for undertaking business, credit linkage, get appropriate market linkages and make timely capital investments by the FPO.

The FPO however is able to stand with the support of the professionals of the POPI. Despite its revenue and asset growth, it does not have its own office. Its accounts and management are undertaken by the POPI. The members of the FPO do not know some of their BoD members

as they come from different GPs. The BoD members have little understanding and control of the operations of its processing unit and the overall business.

8.5 Suggestions to strengthen the Ecosystem of the FPO:

While the business turnover is good for the FPO; its performance is based on professionals who are part of another organization. A few internal transformations are required for this FPO before we can look into the ecosystem of the FPO.

- The POPI has to gradually hand over the reins of management to the BoD members. It is difficult in this case because of the limited business portfolio which in turn is linked to the geographic spread of its members (women) and who are also from the poorer communities
- The cluster size of the FPO has to be reduced and product-service basket of the FPO needs to be broadened so that it can cater to the needs of the members. As it grows in size and strength, it can connect gradually to the market demand.
- The processing facilities may be created at the current Block level that is by creating a federation of FPOs at the GP level.
- The ecosystem linkages such as institutional marketing linkages, linkages to government schemes and programme, training and capacity building, credit and bank linkages can be provided by the POPI, Yuva Mitra.

Exhibit 1:

Profit and Loss

| SAVITRIBAI PHULE GOAT FARMING PRODUCER COMPANY LIMITED Statement of Profit & Loss for the year ended 31.03.2019 | | | |
|--|-------|--------------------------------------|--------------------------------------|
| Particulars | Notes | For the year ended 31.03.2019 (₹) | For the year ended 31.03.2018 (₹) |
| I. Revenue From Operations | 11 | 18,14,164.00 | 14,35,920.00 |
| II. Indirect Incomes | 12 | 5,69,244.17 | 1,54,130.00 |
| III. Total Revenue | | 23,83,408.17 | 15,90,050.00 |
| IV. Expenses | | | |
| Purchases | 13 | 19,98,104.87 | 14,36,481.00 |
| Direct Expenses | 14 | 50,685.00 | - |
| Change in Stock | 15 | -3,41,850.00 | - |
| Employee Benefit Expenses , | 16 | 1,57,092.00 | 64,184.00 |
| Finance Cost | 17 | 75,218.55 | 1,463.50 |
| Depreciation & Amortization Expenses | 18 | 2,39,237.00 | 24,070.00 |
| Other Expenses | 19 | 5,87,319.25 | 60,779.00 |
| V. Total Expenses | | 27,65,806.67 | 15,86,977.50 |
| VI. Income before Exceptional & Extraordinary Items & Tax | | -3,82,398.50 | 3,072.50 |
| VII. Exceptional Items | | - | - |
| VIII. (Deficit)/Surplus before Extraordinary Items & Tax | | -3,82,398.50 | 3,072.50 |
| IX. Extraordinary Items | | - | - |
| X. (Deficit)/Surplus before Tax | | -3,82,398.50 | 3,072.50 |
| XI. Tax Expense: | | | |
| (1) Current Tax | | - | 3,350.00 |
| (2) Deferred Tax | | - | -2,562.00 |
| XII. (Deficit)/Surplus for the period from continuing operations | | -3,82,398.50 | 2,284.50 |
| XIII. Income from Discontinuing Operations | | - | - |
| XIV. Tax Expenses of Discontinuing Operations | | - | - |
| XV. (Deficit)/Surplus from Discontinuing Operations (after tax) | | -3,82,398.50 | 2,284.50 |
| XVI. (Deficit)/Surplus for the period | | -3,82,398.50 | 2,284.50 |
| XVII. Earnings per Equity Shares: | | | |
| (1) Basic | | Not Applicable | Not Applicable |
| (2) Diluted | | Not Applicable | Not Applicable |

Place : Nashik
Date : 19/08/2019
On Behalf of Board of Directors


 Manisha Pote
 Director,
 DIN No. :02956616


 Mirabai Avhad
 Director
 DIN No. :07441853

AS PER OUR REPORT ON EVEN DATE

For Mahadeokar & Yardi
 Chartered Accountants
 FRN- 135735W

 Saurabh Yardi
 Partner
 M. No. : 141171



Exhibit 2:

Balance sheet

SAVITRIBAI PHULE GOAT FARMING PRODUCER COMPANY LIMITED
Balance Sheet as on 31.03.2019

| Particulars | Notes | As on 31.03.2019 (₹) | As on 31.03.2018 (₹) |
|---------------------------------|-------|-------------------------|-------------------------|
| EQUITY & LIABILITIES | | | |
| <u>Shareholders Fund</u> | | | |
| Share Capital | 2 | 2313000.00 | 403500.00 |
| Reserves & Surplus | 3 | -377904.00 | 4494.50 |
| | | 1935096.00 | 407994.50 |
| <u>Non Current Liabilities</u> | | | |
| Long Term Loan | 4 | 4999871.42 | 0.00 |
| | | 4999871.42 | 0.00 |
| <u>Current Liabilities</u> | | | |
| Trade Payables | | 552232.00 | 180821.00 |
| Other Current Liabilities | 5 | 475475.00 | 492943.00 |
| Short term Provisions | 6 | 25000.00 | 23350.00 |
| | | 1052707.00 | 697114.00 |
| TOTAL | | 7987674.42 | 1105108.50 |
| ASSETS | | | |
| <u>Non Current Assets</u> | | | |
| <u>Fixed Assets</u> | | | |
| Tangible Assets | 7 | 7209335.37 | 946925.00 |
| | | 7209335.37 | 946925.00 |
| Non Current Investments | 8 | 50000.00 | 50000.00 |
| | | 50000.00 | 50000.00 |
| <u>Current Assets</u> | | | |
| Inventories | | 341850.00 | 0.00 |
| Loans & Advances | | 8000.00 | 8000.00 |
| Trade Receivables | | 44630.00 | -123900.00 |
| Cash & Cash Equivalents | 9 | 321297.05 | 221521.50 |
| Other Current Asset | 10 | 12562.00 | 2562.00 |
| | | 728339.05 | 108183.50 |
| TOTAL | | 7987674.42 | 1105108.50 |

Place : Nashik

Date : 19/08/2019

On Behalf of Board of Directors





Manisha Pote
Director
DIN No. :02956616

Mirabai Avhad
Director
DIN No. :07441853

AS PER OUR REPORT ON EVEN DATE

For Mahadeokar & Yardi
Chartered Accountants

FRN- 135735W




Saurabh Yardi
Partner
M. No. : 141171

Exhibit 3:
FPO Data Sheet

Name of the FPO & State: **Savitribai Phule Goat Farming Producer Co. Ltd.**

Name of the President: **NA**

Name of the Facilitating Organization: **Yuva Mitra**

Promoted by: **NABARD**

| | | |
|-----|--|---|
| 1.1 | No. of total registered members | 1041 |
| 1.2 | No. of active members | 650 |
| 1.3 | No. of villages (including) hamlets covered | 30 |
| 1.4 | No. of GPs and Blocks covered | 30 GP, 1 Block |
| 1.5 | Meeting frequency of BoD members/volunteers | Monthly |
| 2.1 | Amount of procurement of different produces from FPO members (in INR) | Live goats- Rs.7191590 Goat milk- Rs.2243814 Vermicompost- Rs.2172 |
| 2.2 | Amount of business from sale of consumables to members (in INR) | Vermi bed- Rs.168800 Vermiculture- Rs.12600 Silage bags- Rs.20240 Mineral bricks- Rs.1250 Fodder seeds- Rs.15205 |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in INR) | NA |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in INR) | NA |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | Live Goats- 37% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | Live Goats- 5% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | Live Goats- 58% Goat Milk- 100% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | The FPC is supplying goats in different places in Maharashtra while Goat cheese is supplied to different cities like Mumbai, Pune, Bengaluru, Kodaikanal etc. |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 2.6% |

| | | |
|-----|---|---|
| 4.1 | Increase in net annual income to individual members of FPO (in INR) | From live goat business- 684913.38 From goat milk business- 512871.93 Total- 1197185.31 |
| 4.2 | Net annual savings by members from various services of FPO (in INR) | - |
| 4.3 | Reduction in post-harvest wastage to members (in %) | NA |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | Sale - Fodder Seeds- Rs.15,205.00 Sales - Calcium Bricks - Rs.1,250.00 Sales - Goat Milk and milk products- Rs.47,96,587.06 Sales- Livestock Cattle - Rs.72,03,929.10 Sales - Silage Bag- Rs. 20,240.00 Sales- Vermi bed - Rs.1,68,800.00 Sales- Vermicompost- Rs. 34,230.00 Sales Vermiculture - Rs.12,600.00 Sales -Vermi wash - Rs.7,625.00 |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | NA (In case of goatery, pure breed buck is not available for breeding. FPC is providing this service to members) |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | Most |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | NA |
| 5.5 | Provision for open well & water supply system made by farmers | NA |
| 5.6 | Organic carbon level of soil at medium to high value | NA |
| 5.7 | Soil pH to be around 7.0 | NA |
| 5.8 | Farms of Farmers with little or minimal pest problem | NA |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | Yuva Mitra Dept. of animal husbandry |
| 6.2 | No. of convergence of different expertise to | Yuva Mitra |

| | | |
|-----|--|---------------------------|
| | stabilize the operations of the FPO | Dept. of animal husbandry |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | NA |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Medium |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | High |

Name of the CEO: Hiren Borkhatariya

Signature and Date: 15-04-2020

Exhibit 4: Photos

Training & Capacity building Programme Undertaken

| Training Data | | |
|---------------|------------------------|--------------------------------|
| Sr No. | Date | Training Subject |
| 1 | 11-03-2016 | Roles & Responsibility of BODs |
| 2 | 16-10-2016 | Capacity Building of BODs |
| 3 | 16th & 17th Dec 2017 | Training on Bussiness Plan |
| 4 | 23rd & 24th March 2018 | Training on Marketing |

Exhibit 5: Photos

An Integrated model of livelihood promotion through Goatery enterprise



Model Goat Shed



Goat Weighing Machine



Goat Milk Processing Plant



Goat Milk Processing sample collection



Product Advertisement

FIRST TIME IN INDIA

Direct from the state of the art processing facility.

सहज SAHAJ

GOAT MILK

FOR HEALTHY BODY AND STRONG MIND

500ml

250ml

BENEFITS OF DRINKING GOAT MILK:

- Anti-inflammatory
- Metabolism booster
- Easy to digest & good for lactose intolerants
- Decreases bad cholesterol
- Prevents anemia as it has high iron content
- Skin moisturizer
- High protein which help in growth of children
- Boost immunity
- Good source of vitamins
- Blood pressure friendly with high potassium
- Reduce anxiety, Influence brain development
- Filled with A2 casein, makes it close to mother's milk

BE A PART OF THE HAPPY STORY

Savitribai Phule Goat Farming Producer Company Ltd. is owned by 3000 rural women goat farmers. The members of the company are rearing goats with extra love and care to provide best hygiene and nutritious goats at your doorstep. This company is helping women to stand on their own feet by providing them economic independence. Women of the drought prone area of Sahaj are now creating a happy story with their commitment and passion of goat rearing.

Be a part of this happy story-Drink SAHAJ.

For feedback / suggestions / complaints, please reach out to Savitribai Phule Goat Farming Producer Company Ltd. An ISO 9001:2015 certified company. Email : sahajgoat@gmail.com, Whatsapp / Call : 8532031121 Website : www.sahajgoat.com

FPO - Case 9

Devnadi Valley Agricultural Producer Co. Ltd.

Initiated by Yuva Mitra

Aspirations, Dynamics & Challenges of a Farmer Enterprise

| S. No. | Particular | Details |
|---------------|---|---|
| 1 | Major Business Activity undertaken by FPO | Vegetable Cultivation, Retail sale of Agri Inputs |
| 2 | No. of Villages covered | 23 |
| 3 | No. of total members | 837 |
| 4 | No. of active members | 532 |
| 5 | Total turnover (In 2018-19 FY) | INR 70,25,842 |

9.1 The Context

9.11 Background of FPO Members

Sinnarhas been a drought prone area in Nashik District of Maharashtra State. First of all, its poor quality of soil, dry nature of land and scarce water resources, second natural calamities like e.g. severe droughts forced smallholder farmers to live in poverty. Most of the members are landless laborers and some of the members have only marginal land holdings. In above conditions, most small and marginal producers in the villages hardly can meet all their basic needs.

The farmers of this FPO were largely from the valley of River Devnadi. However, the river had polluted and dried up and so the farmers were short of water. Around 2009, Yuva Mitra through the irrigation programme of the Government of Maharashtra undertook de-silting of the river valley to rejuvenate water bodies in the area. It worked on about 22 water bodies in the valley during 2009-2018. With better water conservation, farmers were able to get water for their agricultural purpose. Yuva Mitra facilitated in getting other agricultural inputs like fertilizers, seeds and pesticides for increasing agricultural productivity and later it sought to market their agricultural produce. To facilitate these production and marketing support, an FPO was registered in 2011.

9.12 Facilitating Agency

Yuva Mitra is a social development organization established in 1995 and has been working in Maharashtra since its inception. It has been working with women, farmers, children, youth and adolescents with a focus on water resource development and management, agriculture,

livelihood development, institution building, health, education and skill development through people's participation. Yuva Mitra has been working on irrigation, de-silting of water bodies in collaboration with district administration of Nashik and Ahmednagar districts.

Yuva Mitra worked extensively on the de-silting of River Devnadi and helped rejuvenate around 22 water bodies in the valley. Subsequently it worked with the farmers of the area. It has also worked for malnourished children and women towards building resilient ecosystem against malnutrition in Jawhar block of Palghar district. Yuva Mitra has been leading organization in implementing Farmer Producer Companies in Maharashtra. It has promoted 20 FPCs in its core working areas in Maharashtra and also provide technical and hand holding support to other FPCs across the country through various training and capacity building programs and consultancy services.

9.2 Sustainability of Farmer Producer Organizations

Performance (Net Income & overall Social Impact):

The case of Devnadi FPO is special as it began well before the systematic support of FPOs was begun by NABARD and SFAC. As Devnadi river valley was de-silted, river water and ground water was available for farmers to increase agricultural productivity. At this stage the FPO played a role in supply of fertilizers, pesticides and seeds to farmers in collective manner. The FPO also played a role in marketing the agricultural produce especially the surplus vegetables and fruits of the famer members.

Formation and support activities through the FPO created a momentum among farmers to collective work and increase their net incomes. Although it was new to facilitating FPOs, Yuva Mitra facilitated the process for training, capacity building, credit linkages and marketing for the first 2-3 years and then gradually handed over the responsibility of management and governance to the farmers and the BoD members. The management was taken up the farmers themselves. Devanadi has had its ups and downs during the first nine years since 2011. It created a buzz among the farmer members as wells as the agricultural department of the Government in the early stages. It became the lone example for all discussions and presentation in the state of Maharashtra.

However, due to personal interests of the Chairman of the FPO, loose credit policy in supply of agricultural inputs to farmers, loose governance led managers becoming insincere and dishonest making the FPO unable to collect back payment from farmers. The new GST lead to dumping of fertilizer and pesticides by companies to the FPO and later the burden of higher

service taxes on the same came on the FPO leading to huge losses over a period of time. The losses ran to the tune of INR 80 lakhs by 2017.

The CEO started a shop of his own; opposite to the outlet of the FPO and started selling the same items of agricultural inputs to farmers in the area. All these weakened the FPO as every stakeholder was trying to keep their own personal interest above the collective interest.

In 2018, the FPO and Yuva Mitra signed an agreement where Yuva Mitra was to provide the professional support to the FPO and help it revive. Yuva Mitra restructured the management to begin with. It successfully tied up marketing with Sodex Hospital to supply vegetables to the tune of INR 100 lakhs per annum. Subsequently, it also managed to provide a tie-up to sell drip irrigation materials to farmers through the government subsidy. FPO was able to get a business of about 300 lakhs in a period of about 3 months. Further, it was able to file losses to the Insurance Company on account of damage of its fertilizer stored due to heavy rains in the area. It received full insurance cover towards the losses of fertilizer bags that was damaged due to heavy rains and was also able to realize some price by selling fertilizer bags that was damaged in the floods.

While the revenues have been growing over the recent years, the losses have risen over the years. The management however has gradually improved, it seems to recoup with the operational inefficiency and selling large quantities on credit to farmer members who subsequently defaulted. It hopes to make an operation profit in 2019-20. It is indeed a good case that brings out the individual aspirations of different individuals, dynamics of interrelationships of these interests and the nature of engagements with the FPO and challenges of making a collective enterprise stand on its own.

Further, the impact of selling fertilizers, pesticides and seeds while could have increased productivity in the short run; the long-term negative impact of such practice on soil health, productivity and net income could be large to the smallholder farmers.

Ownership (Equity, Assets, Revenue & Working Capital):

The equity base of the company was INR 9,37,000 and the total asset as on 31st March 2019 was INR 57,90,473. The total revenue for the same year was INR 70,25,842. The deficit or loss for the year was at INR 6,50,963).

While the revenue and asset base has grown, the sense of ownership has gradually dawned to a few of the BoD members. Mr. Anil Shinde has been a BoD member from the time of

inception; he has been the Managing Director during the past few tumultuous years of the FPO. The sense of ownership of the FPO among members may take some more time to develop.

Governance & Managerial Capabilities:

The issues of governance and management have been described earlier. The Governance and Management of the FPO gradually deteriorated over the years until 2018. However, it is getting a better shape now. The larger geographic spread of membership over 10 GPs from two Blocks make it difficult for members to meet and discuss. Further, the nature of business that includes bulk supply of vegetables typically sourced from outside of the FPO community reduces the link with the community. The sale of synthetic fertilizers and chemicals to members is one of the activities that keep the connection between members and the FPO.

Through the many trails and errors, the FPO has evolved and matured over time. The BoD members like Mr. Shinde has kept the FPO together and shaped the management and business of the FPO. Since this FPO has evolved from the rough patch of its business operations, it is more likely to emerge strong over time. It may however need guidance and training on sustainable agriculture and value of greater participation of members and Board members for its long term performance.

Annual Business Plan (Product &Service mix):

The annual business of FPO include sale of multiple vegetables like onion, potato, tomato, etc., in bulk to Sodex hospital and others. It sells agricultural inputs such as inorganic fertilizers, pesticides, chemicals, accessories for irrigation, etc., to farmers in the area.

Value Addition &Marketing Landscape:

The present value addition activities include grading, sorting and packaging of vegetables and make bulk supplies to canteens and bulk buyers. In addition to the institutional buyers it also sells in retail outlets. It also sells agricultural inputs as mentioned above from its retail outlet to farmer members of the FPO.

Marketing Challenges:

The FPO does have a decent tie-up with institutional buyers for marketing of vegetables in bulk. It also has a retail outlet for selling all types of agricultural inputs including fertilizers, pesticides and seeds.

The challenge has been in management and operations of the FPO. Anil Shinde, the current Managing Director seemed confident to undertake the business professionally. With the

external support of Yuva Mitra, the FPO seemed to handle its business better.

Credit Requirements

The credit requirement of the FPO will gradually increase as the business volume increases. The current business is of the tune of INR 70,00,000 INR. Since the credit period is reduced, the FPO is able to realize its money faster. However, the credit requirement is high and it will be able to obtain bank credit once its business show profit from 2019-20. It can obtain credit linkage from NABKISAN, Sammunati, IL&FS or any nationalized Bank.

Social Capital of the FPO

Over the years, due to bad governance and mismanagement, the social capital would be weaker. However, over the last about two years, the FPO has shown recovery and should get into profit making. The governance and management have been improved and therefore the connections with farmer members would improve. This would be possible if the business basket and geographic spread of the FPO were redesigned properly. This will lead to changes in governance structure and management.

Operational Expenses:

The FPO having reached a business turnover of over INR 70 lakhs is now covering all its operational expenses on its own. The POPI, Yuva Mitra only has a business partnership relationship, and the business is fully managed by a few committed BoD members.

9.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

Yuva Mitra promoted for diverse cropping system in the cluster. As per Yuva Mitra there are about 300 smallholder farmers who have adopted this method of farming in the area. However, use of synthetic fertilizers and chemicals has been promoted in the FPO as the FPO itself has been trading on these synthetic chemicals from the inception.

It appears that with better water availability, use of fertilizers and chemicals was seen as a means to improve productivity. This mainstream approach in the state needs to be carefully reviewed by the FPO, its members along with Yuva Mitra to enable a critical externality of the FPO.

Nature of Governance in the Clusters/GP and interaction of FPO

The FPO operates in 10 GPs of two different blocks. With the current structure of geographic spread, it would be difficult for the FPO to systematically and meaningfully interact with the

respective GPs of the FPO members who are closely tied up with the schemes and programmes of their respective GPs. The poor people are often more closely tied up with the benefits of the GP more than the benefits from the FPO.

Relationships

The narrow and hidden self-interest of early leaders and managers of the FPO gradually weakened the relationships among the producer members. Individual self-interest of different stakeholders clashed with the common interest of the FPO. This phenomenon is likely to be stronger in hierarchical community.

Role of the Facilitating Agency

The Facilitating Agency has been crucial in this situation. It was the one who helped form the FPO in the first place. It gave up its handholding support after couple of years when it realized that the people felt that the FPO was the responsibility of the Agency and not of the people. With the vacuum of a facilitating agency, the governance and management weakened and gradually reached its nadir. However, a renewed formal tie-up of the FPO with the facilitating agency, the FPOs seems to revive.

9.4 Summary and major Findings:

The case of Devnadi Valley FPO is indeed a very good case to see; how the narrow hidden individual interests can ruin the common interest of an FPO. The lack of understanding of the link of common interest to individual interest and the lack of patience to realize it leads to chaos, confusion and failure of a community enterprise system. There is a lesson for each of the stakeholders through this case. The absence of a promoting agency is also visible here in this case. The FPO grew organically and hence every stakeholder tried to play their best role based on their own perspectives.

The initial leaders saw this as a means to promote their own self-interest like it was in many cooperatives in the state of Maharashtra. The Government departments used this FPO as their model to showcase everywhere and reduced the involvement of the BoD to engage deeper in their business. With weaker governance, the professional managers tried to leverage the business network of the FPO to build their own personal agricultural input retail outlets and takeover the vegetable selling outlet of the FPO. While the Facilitating Agency began to promote diversified farming system, it missed to foresee the dynamics of facilitating supply of inorganic chemicals and pesticide to smallholder farmers. This is largely a gap in technical understanding of agricultural science of efficiency.

9.5 Suggestions to strengthen the Ecosystem of the FPO:

With the amount of experience, the stakeholders of this FPO require little suggestion if they come together to resolve their issues and challenges. They need only a few technical understandings of geographic cluster size, agricultural production strategy at a farmer field level, and business strategy to help the small and marginal farmers. It needs to rework its primary FPO at GP level, adopt agro-ecology farming at farmer level and plan for a diversified business basket at FPO level.

Exhibit 1

Profit & Loss Statement

DEVNADI VALLEY AGRICULTURAL PRODUCER COMPANY LIMITED
Statement of Profit & Loss for the year ended 31.03.2019

| Particulars | Notes | For the year ended 31.03.2019 (₹) | For the year ended 31.03.2018 (₹) |
|---|-------|--------------------------------------|--------------------------------------|
| I. Revenue From Operations | 16 | 70,25,842.87 | 1,13,96,738.33 |
| II. Other Incomes | 17 | 71,862.00 | 6,04,786.10 |
| III. Total Revenue | | 70,97,704.87 | 1,20,01,524.43 |
| IV. Expenses | | | |
| Purchase of Stock in Trade | 18 | 61,54,284.36 | 1,04,02,543.99 |
| Changes in Inventory | 19 | 8,630.31 | 28,77,999.65 |
| Direct Expenses | 20 | 20,216.51 | 31,478.00 |
| Employee Benefit Expenses | 21 | 4,27,127.00 | 4,25,164.00 |
| Depreciation & Amortisation | 22 | 1,39,875.42 | 1,88,691.54 |
| Finance Costs | 23 | 5,27,986.00 | 6,00,640.00 |
| Other Expenses | 24 | 4,70,548.87 | (2,81,228.69) |
| V. Total Expenses | | 77,48,668.47 | 1,42,45,288.49 |
| VI. Income before Exceptional & Extraordinary Items & Tax | | (6,50,963.60) | (22,43,764.06) |
| VII. Exceptional Items | | | - |
| VIII. (Deficit)/Surplus before Extraordinary Items & Tax | | (6,50,963.60) | (22,43,764.06) |
| IX. Extraordinary Items | | | - |
| X. (Deficit)/Surplus before Tax | | (6,50,963.60) | (22,43,764.06) |
| XI. Tax Expense: | | | |
| (1) Current Tax | | - | - |
| (2) Deferred Tax | | - | - |
| XII. (Deficit)/Surplus for the period | | (6,50,963.60) | (22,43,764.06) |

Place : Nashik
Date : 07th September 2019
On Behalf of Board of Directors

AS PER OUR REPORT ON EVEN DATE

For Mahadeokar & Yardi
Chartered Accountants
FRN- 135735W

Karbhari Sangale
Director
DIN: 03145383

Anil Shinde
Director
DIN: 03207195

Saurabh Yardi
Partner
M. No. : 141171
UDIN: 19141171AAAAES6461

Exhibit 2

Balance Sheet

DEVNADI VALLEY AGRICULTURAL PRODUCERS CO. LTD.
Balance Sheet as on 31.03.2018

| Particulars | Notes | As on 31.03.2018 | As on 31.03.2017 |
|---------------------------------|-------|---------------------|---------------------|
| | | (₹) | (₹) |
| EQUITY & LIABILITIES | | | |
| Shareholders Fund | | | |
| Share Capital | 2 | 9,37,000.00 | 8,50,640.00 |
| Reserves & Surplus | 3 | 22,19,209.33 | 24,554.73 |
| | | 12,82,209.33 | 8,75,194.73 |
| Non Current Liabilities | | | |
| Long Term Loan | 4 | 36,276.00 | 11,84,596.00 |
| Current Liabilities | | | |
| Short Term Borrowings | 5 | 46,17,417.50 | 30,17,819.36 |
| Trade Payables | 6 | 19,08,103.91 | 46,73,431.55 |
| Other Current Liabilities | 7 | 2,19,302.20 | 82,940.00 |
| Short term Provisions | 8 | 6,57,541.40 | 1,41,129.40 |
| | | 74,02,365.01 | 79,15,320.31 |
| TOTAL | | 61,56,431.68 | 99,75,111.04 |
| ASSETS | | | |
| Non Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 9 | 8,42,508.96 | 11,93,555.50 |
| | | 8,42,508.96 | 11,93,555.50 |
| Long term Loans & Advances | | - | - |
| Non Current Investments | 10 | 11,156.00 | 10,397.00 |
| | | 11,156.00 | 10,397.00 |
| Current Assets | | | |
| Inventories | 11 | 24,01,399.13 | 52,79,398.78 |
| Loans & Advances | 12 | 3,88,000.00 | 4,33,000.00 |
| Trade Receivables | 13 | 23,64,565.99 | 26,49,949.44 |
| Other Current Assets | | - | - |
| Cash & Cash Equivalents | 14 | 1,48,801.60 | 4,08,810.32 |
| | | 53,02,766.72 | 87,71,158.54 |
| TOTAL | | 61,56,431.68 | 99,75,111.04 |

Place : Nashik
Date : 6th September, 2018
On Behalf of Board of Directors

AS PER OUR REPORT ON EVEN DATE

For Mahadeokar & Yardi
Chartered Accountants
FRN- 135735W

Saurabh Yardi
Partner
M. No. : 141171



Karbhari Sangale
Director
DIN: 03145383

Anil Shinde
Director
DIN: 03207195

Exhibit 3

DEVNADI VALLEY AGRICULTURAL PRODUCER COMPANY LIMITED Balance Sheet as on 31.03.2019

| Particulars | Notes | As on 31.03.2019 (₹) | As on 31.03.2018 (₹) |
|--|-------|-------------------------|-------------------------|
| I.EQUITY & LIABILITIES | | | |
| <u>(1)Shareholders Funds</u> | | | |
| (i)Share Capital | 2 | 9,37,000.00 | 9,37,000.00 |
| (ii)Reserves & Surplus | 3 | (28,70,172.93) | (22,19,209.33) |
| | | (19,33,172.93) | (12,82,209.33) |
| <u>(2)Non Current Liabilities</u> | | | |
| (i)Long Term Loan | 4 | - | 36,276.00 |
| <u>(3)Current Liabilities</u> | | | |
| (i)Trade Payables | 5 | 24,53,021.21 | 19,08,103.91 |
| (ii)Short Term Provisions | 6 | 2,06,858.40 | 6,57,541.40 |
| (iii)Short Term Borrowings | 7 | 47,81,044.50 | 46,17,417.50 |
| (iv)Other Current Liabilities | 8 | 2,82,721.96 | 2,19,302.20 |
| | | 77,23,646.07 | 74,02,365.01 |
| TOTAL | | 57,90,473.14 | 61,56,431.68 |
| II.ASSETS | | | |
| <u>(A)Non Current Assets</u> | | | |
| <u>(1)Fixed Assets</u> | | | |
| (i)Tangible Assets | 9 | 6,83,614.24 | 8,42,508.96 |
| | | 6,83,614.24 | 8,42,508.96 |
| (ii)Non Current Investments | 10 | 24,411.00 | 11,156.00 |
| | | 24,411.00 | 11,156.00 |
| <u>(2)Current Assets</u> | | | |
| (i)Inventories | 11 | 23,92,768.82 | 24,01,399.13 |
| (ii)Deposits | 12 | 3,88,000.00 | 3,88,000.00 |
| (iii)Trade Receivables | 13 | 20,64,241.19 | 23,64,565.99 |
| (iv)Deferred Tax Asset | | - | - |
| (v)Cash & Cash Equivalents | 14 | 1,69,380.08 | 1,48,801.60 |
| (vi)Other Current Assets | 15 | 68,057.81 | - |
| | | 50,82,447.90 | 53,02,766.72 |
| TOTAL | | 57,90,473.14 | 61,56,431.68 |

Place : Nashik
Date : 07th September 2019
On Behalf of Board of Directors

AS PER OUR REPORT ON EVEN DATE

For Mahadeokar & Yardi
Chartered Accountants
FRN- 135735W

Karbhari Sangale
Director
DIN: 03145383

Anil Shinde
Director
DIN: 03207195

Saurabh Yardi
Partner
M. No. : 141171
UDIN: 19141171AAAAES6461

Exhibit 4

FPO Data Sheet

Name of the FPO & State: **Devnadi Valley Agricultural Producers Company limited (Maharashtra)**

Name of the President: **Mr. Anil Dattatraya Shinde**

Name of the Facilitating Organization: **YUVA MITRA**

Promoted by: NABARD/SFAC/State/**✓** Others

| | | |
|-----|--|-------------------------|
| 1.1 | No. of total registered members | 837 |
| 1.2 | No. of active members | 532 |
| 1.3 | No. of villages (including) hamlets covered | 23 |
| 1.4 | No. of GPs and Blocks covered | 10 AND 2 BLOCKS |
| 1.5 | Meeting frequency of BoD members/volunteers | MONTHLY |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | APPROX 10-15 CR |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | APPROX 1-1.5 CR |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | - |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | - |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | - |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | - |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | - |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 50 KM |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 20K -30K |
| | | |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | UPTO 50K – 1 LAC YEARLY |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | 20K-30K YEARLY |

| | | |
|-----|--|---|
| 4.3 | Reduction in post-harvest wastage to members (in %) | 20% - 25% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 30% |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/For a Few/ <input checked="" type="checkbox"/> Mostly/All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/ <input checked="" type="checkbox"/> A Few/Most/All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | <input checked="" type="checkbox"/> No/Somewhat/Yes |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No/ <input checked="" type="checkbox"/> A Few/Mostly/Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/Somewhat/ <input checked="" type="checkbox"/> Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/ <input checked="" type="checkbox"/> Medium/High |
| 5.7 | Soil pH to be around 7.0 | No/A Few/ <input checked="" type="checkbox"/> Mostly/All |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/ <input checked="" type="checkbox"/> Sometimes/Mostly/Always |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | - |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | - |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | - |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/Medium/ <input checked="" type="checkbox"/> High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/ <input checked="" type="checkbox"/> Medium/High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/ <input checked="" type="checkbox"/> Medium/High |

Name of the CEO: DEEPAK CHANDRABHAN WARUNGASE

Signature and Date: 15/4/2020

Exhibit 5: Photo

Agricultural Store by the FPO



Agricultural disease and protection measures advice to the Farmers



Grading and Packing Store Centre of FPO



Storage Facility of Potatoes & Onions sourced from outside



Selling Centre of fertilizers and Pesticides of the FPO



FPO - Case 10

Maa Machna Crop Producer Company Ltd.

Promoted by NABARD

Reaping benefits through the marketing network of the POPI

| S. No. | Particular | Details |
|---------------|---|---|
| 1 | Major Business Activity undertaken by FPO | Maize, Wheat, Sale of Agri Inputs & Seeds |
| 2 | No. of Villages covered | 38 |
| 3 | No. of total members | 1160 |
| 4 | No. of active members | 755 |
| 5 | Total turnover (In 2018-19 FY) | INR 1,0981,135 |

10.1 The Context

10.11 Background of FPO Members

A total of 1160 small and marginal farmers make this FPO; of which about 755 are active members. These members are from as many as 38 villages from two Blocks of Shahpur and Chicholi in Betul District. The total number of villages in the two blocks would include about 150 villages. This district is far off from the state capital, Bhopal. This region lies at an altitude of over 650 meters from sea level. Though Madhya Pradesh has the one of the highest number of dams and canals for irrigation purposes, this region being high in altitude and remotely located, the water availability for agriculture has been poor.

With the intervention of Action for Social Advancement (ASA), through the watershed projects of the Government, water for farming to a few farmers has been possible. Though ASA has been promoting integrated farming in the area, people have been largely growing soya bean in the region. But as the cost for cultivating this has increased over time as compared to the price that they get from it, they have gradually moved to maize cultivation. Depending on the rainfall, the second crop grown in the area may include wheat and gram.

10.12 Facilitating Agency:

The facilitating agency, Action for Social Advancement (ASA) is a very well-known agency in the FPO sector in Madhya Pradesh. It was established in 1996 by Mr. Asis Mondal. The focus of the organization has been on land, water and natural resource management in poorer communities in Madhya Pradesh. It works largely emphasizes on the poor and women. ASA has been in the implementation of NRM programs, financial inclusion, sustainable agriculture,

promotion of farmer producer companies, capacity building of PRIs, etc. It has been the pioneer NGO in promoting FPOs and Producer Companies in the state as part of the Madhya Pradesh District Poverty Initiative Project in the early 2000s. It currently works in 22 districts of MP, Chhattisgarh, Jharkhand and Bihar.

10.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

Ma Machna Producer Company has had an overall large social impact in the community where it operates. The earlier engagement of the POPI in the region related to natural resource management especially on land and water has had a positive impact. The general benefits of a people-based producer collective in terms of proper weighing and assurance of payment to the small holder farmers have been ensured. The increase in net annual income (average) to members has however been only about INR 400 as reported by the FPO. Typically, through the FPO, the farmers are able to get an additional price of about 50 paisa per Kg as compared to the prices offered by the local traders.

Highlights of Achievements through FPO approach:

The FPO has done well on mobilizing membership and business turnover through a good business process management. The whole process though is manned by executives from the POPI, SAS. Its past work in the block relating to natural resource management in terms of land and water management through minor irrigation projects has given the POPI to facilitate greater convergence for the FPO. The POPI has been able to converge large amount of funds through the irrigation project schemes and other agricultural programmes through the FPO.

Ownership (Equity, Assets, Revenue & Working Capital):

The equity of the Producer Company increased from INR 100,000 in 2017 to INR 240,000 in 2018. In 2019, the share capital has increased to INR 700,000. The revenue increased from INR 112,500 in 2017 to 6,948,170 in 2018. In 2019, the revenue from operations increased to INR 10,981,135. Being part of the large network, the promoting institution, ASA has been successfully linked credit to the FPO. Without the working capital, the FPO would not be able to raise the business operations to this high level within two years. The source of this data is the CEO of the FPO.

Governance & Managerial Capabilities:

FPO has a good Board of Directors. The members were active and animated. The management of the FPO is largely undertaken by the CEO who is appointed from ASA, the POPI. The CEO

has been very active and has been working very hard to achieve progress that has been achieved in the FPO. It appeared that the high financial performance of the FPO has been due to the managerial capability of the CEO and back-up by the logistics support from the POPI, ASA. There was little role of the members and the BoD in the management of business. The BoD members did not even have much idea on the expenses of the office; leave alone the business transaction of the FPO.

The whole FPO was operated and managed, rather well by the POPI. When asked should the FPO be not managed by the members and the BoD of the FPO, the BoD members present assured to take charge of the management of the FPO in the next 2-3 years' time. In addition to the normal training on CEOs and BoDs of FPOs, the key to building the capabilities, competence, and confidence of the BoD members to successfully operate an FPO is by handholding the local CEO and BoDs for a long time. The POPI of this FPO, ASA need to take the initiative to make this possible.

Annual Business Plan (Product &Service mix):

The annual business primarily includes maize (60%), wheat (25%) and fertilizers and hybrid seeds (15%). In other words, the product basket is currently limited as the business is focusing on building a commodity-based trading. Since farmers get better price on gram by selling on their own based on 'minimum selling price', the FPO does not deal with this item. Produce from integrated farming system is not yet operational now in the area.

Nature of Technologies (Cost & Ease of Operation):

Currently, the FPO is largely into trading of agricultural crops; where simple methods of sorting, grading and packing are undertaken by the members and the function of the FPO is ensure that it is sold out in the market. On the production end, the intent of the POPI is to facilitate integrated farming among the farmers; however, the business of FPO is largely based on agricultural commodities and therefore there is no scope for dealing with multiple produce that members could produce at the farmer level. Moreover, the current business model deals with fertilizers, pesticides and hybrid seeds that is in line with the conventional farming methods as in industrial farming systems.

Value Addition &Marketing Landscape:

Present value addition includes only grading, sorting and packing. There is no further value addition of the produce at this stage. The business largely involves trading of commodities to institutional buyers. Currently, nearly 90% of the produce is sold to institutional buyers and

traders in the local and nearby urban markets. The marketing team of the POPI, ASA based in Bhopal largely provides the back-up for identification of buyers, logistics and payment issues. Currently, the FPO is therefore supplying materials to different states through various intermediaries, brokers and transporters. Only around 10% of the produce is sold in the retail market.

Based on the market price, ASA back calculates the price for the producer members. On the open market price, it adds the cost of transportation (say INR 3/Kg), say 1-3% margin for the FPO and the rest is passed on to the producer member. This amounts to a net benefit of about 50 paisa per Kg to the producer member.

Marketing Challenges:

The FPO has been able to sell its produce to intermediaries and traders. The transaction to sell is also not high as it is able to sell off the produce to local intermediaries. The challenge however has been the price realization from the sale. Very small increases in net annual income to farmers suggest the price of sale is low. Second, the current marketing structure allows for 90% of the produce being sold to wholesalers and not to retailers or direct consumers, limiting the realization of profit margin by the farmers.

Credit Requirements

The volume of business has grown by over 200% during the last one year. The business grew from about INR 6,948,170 in 2018 to INR 10,981,135 in 2019. There is a much credit need by this FPO. It is able to reduce its credit requirement by rotating the capital faster. However, it still requires a good amount of credit. Several financial institutions such as Nabkisan (with an annual rate of 11.95%), Sammunati (with annual rate of interest of 16%), Ananya, Rang-de, Star Agri have been negotiating to provide credit to the FPO. Ma Machna having been promoted and NABARD and that Nabkisan (a subsidiary of NABARD) with better rate of interest has been the preferred financial institution by the FPO.

In the last financial year, The FPO had borrowed INR 800,000 from Nabkisan. This year, it has borrowed INR 3,500,000 credit from Nabkisan. It has already paid back INR 2,200,000 and balance is under use. This credit is primarily employed to procure agricultural commodities from farmers and traded with large buyers. Agri inputs are also brought in bulk quantities through the FPO and sold to farmers.

Social Capital of the FPO

The FPO has been primarily formed on the basis of financial transactions. Therefore, the effort has been to get the potential members from a larger geography (here in this case 2 Blocks) to form the FPO. The density of members from the same geography is very low and hence their collectivization for different purposes is not strong. Of the over 150 villages in the whole cluster only few farmers from 38 villages are part of the FPO and hence the solidarity among members is limited and interaction among them is also limited. All the interactions are only through the executives of the FPO appointed by the POPI, ASA.

Operational Expenses:

The FPO has reached a business turnover of over INR 109 lakhs. With this volume of business, the FPO could manage its operations. However, it is currently manned by the POPI, ASA. The CEO is appointed by the POPI, and the salary is paid by the POPI.

10.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

The POPI, ASA has been facilitating the supply of fertilizers, pesticides and hybrid seeds to the members of the FPO. About 15% to 30% of its business is based on the sale of these items to the members. Though the POPI aims to facilitate integrated sustainable farming for the members it has been promoting industrial inputs among the producers. In the current year, ASA received free seeds of maize from the company Bayer.

The FPO distributed these hybrid seeds among its members by charging 20% of the price of the seeds. Due to input intensive mono crop farming, the soya bean cultivation became unprofitable for the farmers with increase in cost of external inputs and increase in pest and disease on the crop. Over the last few years, farmers have moved out of soy bean and farming maize. A similar trend in pest problem and cost may soon wait the farmers of Ma Machna in the near future because of industrial mono cropping practices.

Nature of Governance in the Clusters/GP and interaction of FPO

The FPO is based on few farmers from 38 villages out of over 150 villages in the two blocks of Shahpur and Chicholi. Since the members are dispersed and as they do not belong to a compact cluster or GP, their interactions among themselves is limited. Members interact with the executives of the FPO primarily for their sale of crops or procurement of agricultural inputs. The FPO as a collective therefore has a little say in the local governance as there are probably few members of the FPO that belong to any Gram Panchayat. Convergence of resources

through agricultural projects has been primarily through the coordination of POPI with the state irrigation and agricultural departments.

Relationships

The relationship of executives of the FPO and its members are primarily based on economic transaction. Their relationships are not based on social solidarity and larger goal of self-reliance and sustainability. The geographic spread and structural arrangement do not seem to be designed for enhancing the depth of interactions among the members. The operations of the FPO has been largely undertaken by the executives of the FPO appointed by the POPI, ASA and the marketing and finance team of ASA based in Bhopal head office. Although there is an annual general body meeting of the members of the FPO; the business is largely handled by the executives and there seem to be a long way before the strength of the FPO will be based on the relationship and solidarity among the farmer producer members of the FPO.

Role of the Facilitating Agency

The financial success of the FPO can be fully attributed to the well-structured management of the facilitating agency, here ASA. The CEO with a few support staff in the two Blocks handles the procurement and sales of agri-inputs of the FPO and the sales and marketing, working capital and accounting aspects are undertaken by the professional team at the head office of the facilitating agency at Bhopal. The successful convergence of minor irrigation project and agricultural schemes has also been through the good offices of the facilitating agency. The role and involvement of board members of the FPO in all these key functions of the FPO has been limited at this stage.

Convergence:

The large network and experience of the POPI, ASA has helped the FPO to converge with large number of relevant schemes and programmes. So far, the total convergence from different agricultural scheme amounted to INR 318.47 lakhs; from minor irrigation projects, towards land and water resource development, the amount converged has been INR 1009.14 lakhs. Amount from other convergences amounted to INR 62.19 lakhs. Indeed, these convergences have been the basis for the POPI, ASA to be able to mobilize people in the two blocks where the FPO has been promoted.

10.4 Summary and major Findings:

The financial performance of the FPO has been par excellence as of now. The volume of business has been growing very fast. The issues of working capital management, sales and

marketing have also been tied up well. Convergence of resources from the state departments has been of significant amount and has been coordinated very well.

While the size of membership is an optimal level for financial and commercial viability, the sparsely spread members from a large area viz., two Blocks makes it hard for any meaningful interactions among the members. The structure and design provide little for deepening relationships among members and enhancing the solidarity of members within the community; which has also been the goal of ASA that is participatory governance and decision making.

The scope of business is limited to two main commodities viz., maize and wheat and the third set of items includes sale of agricultural inputs, viz., fertilizers, pesticides and hybrid seeds to the farmer members which is against the agro ecological principles and sustainable agriculture. It may be perceived that in future the facilitating agency can include product basket strategy that will include several agricultural products of the farmer members and cater to their different needs. However, this may be difficult as the facilitating agency has been gearing itself to operate in a linearized structure of agricultural commodity markets with high transaction cost at the higher level. Even in the current stage with subsidies and grants, the farmers are not able to get more than INR 1 per Kg as additional net profit from any items that they sell to the FPO. With greater linearization in the commodity market space, the very purpose of ASA and FPO would get undermined.

While integrated farming system that is sustainable has been the goal of ASA, the FPO is promoted as a commodity-based organization and farmers are encouraged to grow monocrops using fertilizers, pesticides and hybrid seeds. This will make the soil system weak and make small holder farmers vulnerable in the future as it happened with soya bean cultivation in the same area of the FPO.

Although the revenue turnover and assets of the FPO has increased substantially, it does not have an office of its own. It is being managed through rented spaces and is fully managed by the CEO appointed by the facilitating agency. The Board members of the FPO did not seem to be involved in the expenses and account management of the FPO. On the job training to build their capacity to operate the FPO on their own was still 2-3 years away.

10.5 Suggestions to strengthen the Ecosystem of the FPO:

ASA is one of the best facilitating agencies in the FPO sector. However, its approach to facilitate a linear production and trading value chain of commodities can undermine their own


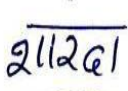



noble objective as an NGO and the very purpose of the FPO. It therefore needs to rethink on how to empower the small and marginal farmers and women members.

Based on its groundwork on natural resource management, ASA can form FPOs in smaller clusters with greater social mobilization from the cluster such that more people become part of the FPO and that they intensively participate in the decision-making process.

Sustainable Integrated Farming Systems can be promoted by ASA among the members of the FPO. This has a chance of reducing the cost and increasing more net income and healthy food production by the small and marginal farmers and women members. This approach will demand for promotion of circular economy leading to development of the local economy vis-avis the linear model of trade and business that usually enriches the key players at the higher end of the value chain.

Exhibit: 1**Profit & Loss Statement**

| MA MACHNA CROP PRODUCER CO. LTD TRADING & PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st March 2018 | | | |
|---|--------------|--|--|
| Particulars | Note No. | AS ON 31ST MARCH 2018 Amount (Rs.) | AS ON 31ST MARCH 2017 Amount (Rs.) |
| Income | | | |
| Revenue from Operations | 13 | 69,48,170.48 | 1,12,500.00 |
| Other Incomes | 14 | 84,794.07 | 0.00 |
| Administrative Grant | | 1,69,370.00 | 29,000.00 |
| | Total | 72,02,334.55 | 1,41,500.00 |
| Expenses | | | |
| Cost Of Material Consumed | 15 | 63,81,038.98 | 1,07,500.00 |
| Depreciation Charges | | 13,402.75 | 185.00 |
| Administrative Expenses | 16 | 5,44,939.80 | 34,693.75 |
| Profit (Loss) before Tax | | 2,62,953.03 | (878.75) |
| Tax Expense | | | |
| Provision for Income tax | | 81,044.00 | 0.00 |
| Net Profit(Loss) from continuing operations | | 1,81,909.03 | (878.75) |
| | Total | 72,02,334.55 | 1,41,500.00 |

| | | |
|--|--|--|
| As per our Annexed Report of even date For RATH DINESH & ASSOCIATES Chartered Accountants Firm Regn.No.008344C  Ajay Rath (Partner) M. No. 075111 Date :19th May 2018 Place : Bhopal | For and on behalf of the Board   |   |
|--|--|--|

MA MACHNA CROP PRODUCER CO. LTD
TRADING & PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED 31st March 2019

| Particulars | Note No. | AS ON 31ST MARCH 2019 Amount (Rs.) | AS ON 31ST MARCH 2018 Amount (Rs.) |
|---|----------|--|--|
| Income | | | |
| Revenue from Operations | 13 | 1,09,81,135.40 | 69,48,170.48 |
| Other Incomes | 14 | 61,504.52 | 84,794.07 |
| Administrative Grant | | 1,13,876.00 | 29,000.00 |
| Total | | 1,11,56,515.92 | 70,61,964.55 |
| Expenses | | | |
| Cost Of Material Consumed | 15 | 90,89,320.80 | 63,81,038.98 |
| Depreciation Charges | | 23,944.99 | 185.00 |
| Administrative Expenses | 16 | 19,84,517 | 5,44,939.80 |
| Profit (Loss) before Tax | | 58,733.59 | 1,35,800.77 |
| Tax Expense | | | |
| Provision for Income tax | | 11,301.00 | 17,664.91 |
| Net Profit(Loss) from continuing operations | | 47,432.59 | 1,18,135.86 |
| Total | | 1,11,56,515.92 | 70,61,964.55 |

As per our Annexed Report of even date

For RATH DINESH & ASSOCIATES

Chartered Accountants

Firm Regn.No.008344C


Ajay Rath
(Partner)

M. No. 075111

Date : 28th June 2019

Place : Bhopal



For and on behalf of the Board



Exhibit 2

Balance Sheet

| MA MACHNA CROP PRODUCER CO. LTD BALANCE SHEET AS AT 31ST MARCH 2018 | | | |
|--|-----------------|-----------------------|-----------------------|
| | | AS AT 31ST MARCH 2018 | AS AT 31ST MARCH 2017 |
| EQUITY & LIABILITIES | Note No. | Amount (Rs.) | Amount (Rs.) |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 2,40,000.00 | 1,00,000.00 |
| (b) Reserves and Surplus | 2 | 1,81,030.28 | (878.75) |
| (2) Non Current Liabilities | | | |
| (a) Long Term Borrowings | 3 | 3,99,944.19 | 0.00 |
| (3) Current Liabilities | | | |
| (a) Trade Payables | 4 | 67,850.00 | 0.00 |
| (b) Short Term Provisions | 5 | 97,653.00 | 12,650.00 |
| (c) Other Current liabilities | 6 | 2,14,571.00 | 2,39,230.00 |
| Total | | 12,01,047.97 | 3,51,000.75 |
| ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets (Tangible Assets) | 7 | 47,442.38 | 7,615.00 |
| (b) Investments | 8 | 5,000.00 | 5,000.00 |
| (2) Current Assets | | | |
| (a) Trade Receivables | 9 | 5,79,759.94 | 0.00 |
| (b) Cash and Bank Balances | 10 | 4,41,478.00 | 3,18,386.25 |
| (c) Inventories | 11 | 46,143.71 | 0.00 |
| (d) Short Term Loans & Advances & deposits | 12 | 81,224.44 | 20,000.00 |
| Total | | 12,01,047.97 | 3,51,000.75 |

See accompanying notes forming part of the financial statements 17

As per our Annexed Report of even date
For RATH DINESH & ASSOCIATES
Chartered Accountants
Firm Regn.No.008344C

Ajay Rath
Ajay Rath
(Partner)
M. No. 075111



For and on behalf of the Board

21/201 गुणदीप सिंह

Directr




Date : 19th May 2018
Place : Bhopal

MA MACHNA CROP PRODUCER CO. LTD
BALANCE SHEET AS AT 31ST MARCH 2019

| | | AS AT 31ST MARCH 2019 | AS AT 31ST MARCH 2018 |
|--|-----------------|--------------------------|--------------------------|
| EQUITY & LIABILITIES | Note No. | Amount (Rs.) | Amount (Rs.) |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 7,00,000.00 | 2,40,000.00 |
| (b) Reserves and Surplus | 2 | 2,28,462.86 | 1,81,030.28 |
| (2) Non Current Liabilities | | | |
| (a) Long Term Borrowings | 3 | 0.00 | 3,99,944.19 |
| (3) Current Liabilities | | | |
| (a) Trade Payables | 4 | 1,98,485.00 | 67,850.00 |
| (b) Short Term Provisions | 5 | 1,50,631.50 | 97,653.00 |
| (c) Other Current Liabilities | 6 | 2,82,484.00 | 2,14,571.00 |
| ASSETS | Total | 15,60,062.86 | 12,01,047.97 |
| (1) Non Current Assets | | | |
| (a) Fixed Assets (Tangible Assets) | 7 | 44,654.38 | 47,442.38 |
| (b) Investments | 8 | 5,000.00 | 5,000.00 |
| (2) Current Assets | | | |
| (a) Trade Receivables | 9 | 6,01,448.64 | 5,79,759.94 |
| (b) Cash and Bank Balances | 10 | 5,13,905.61 | 4,41,478.00 |
| (c) Inventories | 11 | 3,75,054.73 | 46,143.71 |
| (d) Short Term Loans & Advances & deposits | 12 | 20,000.00 | 81,224.44 |
| | Total | 15,60,062.86 | 12,01,047.97 |

See accompanying notes forming part of the financial statements

17

As per our Annexed Report of even date

For **RATH DINESH & ASSOCIATES**

Chartered Accountants

Firm Regn.No.008344C

Ajay Rath

(Partner)

M. No. 075111

Date : 28th June 2019

Place : Bhopal



For and on behalf of the Board

Director



Director

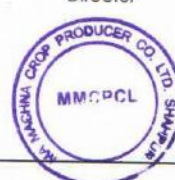


Exhibit 3:

FPO Data Sheet

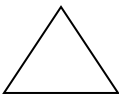
Name of the FPO & State: **Ma Machna Crop Pro. Co. Ltd**

Name of the President: **Sharda Durvey**

Name of the Facilitating Organization: **Action for Social Advancement (ASA)**

Promoted by: **NABARD**

| | | |
|-----|--|--|
| 1.1 | No. of total registered members | 1160 |
| 1.2 | No. of active members | 755 |
| 1.3 | No. of villages (including) hamlets covered | 38 |
| 1.4 | No. of GPs and Blocks covered | Two Block – Shahpur & Chicholi |
| 1.5 | Meeting frequency of BoD members/volunteers | Monthly |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | 1,95,94,140/- |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | 21,80,977/- |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 44,654/- |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | 700000 /- (500/- Rs Each by 920 members and 1000/- each by 240 members) as share money during the formation of FPO. |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) F.Y. 19-20 | 21,80,977/- 10.43% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | - |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) F.Y. 19-20 | 1,87,32,361/- 89.77% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 10-15 km |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | CISSPO |
| | | |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | 400/- |

| | | |
|-----|--|---|
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | 500-600 Rs per year per member from all services. |
| 4.3 | Reduction in post-harvest wastage to members (in %) | 5-10% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 200% |
| | | |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | (Inter FPO) For a Few |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | Most  |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | A Few |
| 5.5 | Provision for open well & water supply system made by farmers | Mostly |
| 5.6 | Organic carbon level of soil at medium to high value | Medium (Expert Feedback, but no such analysis done) |
| 5.7 | Soil pH to be around 7.0 | Mostly |
| 5.8 | Farms of Farmers with little or minimal pest problem | Mostly |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | 1389.80 lakhs |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | Agri –318.47 lakhs LWRD – 1009.14 lakhs Other – 62.19 lakhs |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Medium |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Medium |

Name of the CEO:

Signature and Date:

Exhibits 4:

Field Photos



Minor Irrigation Project undertaken by ASA in the FPO cluster



Farm Tank



Poly House



Collection and Packaging Centre of Maize



Vegetable Cultivation



Vegetable Cultivation



Interaction of the DDM NABARD & Principal Investigator on All India FPO studies with BoD Members



FPO - Case 11

Phalam Sampada Producer Company Ltd.

Promoted by NABARD

Driven by local Entrepreneurship

| S. No. | Particular | Details |
|---------------|---|----------------------------|
| 1 | Major Business Activity undertaken by FPO | Agriculture, NTFP, Cereals |
| 2 | No. of Villages covered | 16 |
| 3 | No. of total members | 600 |
| 4 | No. of active members | 274 |
| 5 | Total turnover (In 2018-19 FY), INR | 1,886,000 |

11.1 The Context

11.11 Background of FPO Members

The district of Chhindwara is the largest district of Madhya Pradesh in terms of geographical area. It is one of the remote districts from the state capital, Bhopal. It is endowed with rich natural resources, flora and fauna. It is largely populated by tribal communities. The members of the FPO belong largely to tribal communities. The members from 16 villages spread over 9 GPs. The total number of registered members is 600; whereas about 274 are active members as of now. The members are largely built from the former women Self Help Groups (SHGs). This collective has evolved with highly entrepreneurial local champions such as Guru Dayal. These women collect Non-Timber-Forest-Produce (NTFP) and process various items such as raw honey, Jamun, Amla, etc. Their product basket includes processed honey, Jamun Vinegar, Triphala Powder, Amla Candy, Jamun squash, Bel squash, etc. In addition, they also make nutritious bakery items from locally available raw material such as maize, kodo-kutki, mahua and other items.

11.12 Facilitating Agency:

Despite huge production of Non-timber forest produce (NTFP) in the area, the rural community was not getting the reasonable remuneration for the forest produce collected by them. In order to empower these tribal families and create sustainable development, NABARD, in partnership with the POPI Viz. Madhya Pradesh Vigyan Sabha (MPVS), has created a model of small business through this FPO. NABARD has supported the FPO since 2014 onwards by way of providing grant assistance for capacity building, training, registration as well as marketing. It has also sanctioned a Rural Mart at Chhindwara; such that the FPO can sell its produce in an

urban location and be able to realize better price for members of the FPO.

Established in 1985 as registered (No. 15667) non-government organization, MPVS has more than 5000 members including scientists, doctors, engineers, social scientists, academicians, and students from all over the states of MP and Chhattisgarh (CG). In addition to 4 full-fledged centers in MP and 2 centers in CG, it has units in all the districts. The head office is housed in its own campus of about 70,000 sq. ft in Gyan Vigyan Parisar, Sagoni Kalan, Raisen Road, Bhopal. MPVS is committed to generate scientific temperament among the people for quality of life sustainable development and environmental conservation.

The objective of MPVS has been to popularize science & technology; development and dissemination of appropriate technologies for integrated sustainable development and enhancement of rural livelihood especially tribal / weaker sections; conservation of environmental /forest, promotion of scientific agriculture / animal husbandry, health, hygiene, literacy, and education.

During the field visit, it was apparently visible that the personnel from the facilitating agency or POPI have facilitated local leadership in the FPO to emerge and take charge of the operations in the FPO. The CEO appointed also seemed to have a lesser say than the President and members of the BoD of the FPO; an ideal graduation process for the FPO.

11.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

Formation of the FPO has given a lot of confidence to the active members consisting over 270 members of the FPO. There is a sense of solidarity among the active members. The local leadership of the FPO showed an entrepreneurial spirit to take forward the FPO. Though limited in its reach in the cluster, the FPO has had a positive hope and impact among the members who have been active in business operations of the FPO.

Although the annual revenue of the FPO is little over INR 1,886,000 only, the average net additional gain per member is over INR 1,200. Though the current net gain to members of Phalam Sampada can be further enhanced; it compares far better than many FPOs around in the country. Indeed, the figure of net income to members of Phalam Sampada is three times that of large FPOs with annual revenue of over ten times that of Phalam Sampada. Further, the large FPOs are managed by external professionals and the local leadership or BoD members play little role in the operations of the FPOs.

Highlights of Achievements through FPO approach:

- Formation of the FPO helped bring together the members of the women SHGs to come together and helped them to move to the next stage of working cooperatively.
- The business transaction of the women groups has gradually increased through the formation of the FPO.
- FSSAI registration for processing and packing of honey and other food products have been possible through the FPO.
- NABARD sanctioned a Rural Mart to the members as they could operate this successfully through the FPO.
- The reach of the members to various agencies and organization has been possible through the FPO and therefore some convergence and on training and capacity building on say harvesting of honey has been possible through the FPO.

Ownership (Equity, Assets, Revenue & Working Capital):

The equity of the FPO has been at INR 500,000 and the total asset of the company has been INR 431,274. While both the equity and total assets have not grown, it has been a stable organization. The assets for processing and office facility are actually in very good working condition and are being used well and maintained neatly. Initially, the working capital of INR 50,000 was available from NABARD and the balance of about INR 127,000 was from the share capital of the FPO. This is was rotated 3-4 times to generate a business of about INR 11,00,000 in the year 2016. Gradually its working capital requirement has been met from parent bank and Nabkisan.

Governance & Managerial Capabilities:

The governance and management of the FPO is fully undertaken by the Board of Directors of the FPO. The facilitating agency and the CEO have fewer roles in the overall operations. From the first round of interactions and guidance from the former facilitating agency, Nageshwara Rao Charitable Trust and its coordinator Mr. Mahesh Gandole, the FPO made several losses and then subsequently, the Board members did not want to work based on the decisions of the facilitating agency and finally the Board members began to take their own decisions which has been working out well for the members and the FPO.

The accounts are being undertaken by the staff supported by the facilitating agency; however, the board of directors are comfortable with doing accounts and are confident of undertaking this activity on their own or appoint their own accountant after the project period is over for the implementing agency. Through various trails and errors, the BoD members of this FPO has

matured to manage their business operations on their own and show the promise to grow strong in the future.

Annual Business Plan (Product &Service mix):

The business plan of the FPO includes a mix of several forest products and agricultural crops. The products consist of honey, Jamun (raw), Jamun (juice), jamun (vinegar), harada, bahada, tamarind, different varieties of millet (kodo, kutki, sama, etc.), wheat, gram, pulses, and maize. In Honey is the major product as it worth over INR 1,500,000. Wheat and maize amounts to about INR 110,000. All the items vary from INR 20,000 to INR 50,000 per annum. However, the amount transacted over the years has been increasing steadily but typically consist of all items that are produced in surplus by the members of the FPO.

Nature of Technologies (Cost & Ease of Operation):

The process technologies used have been simple and low cost. They are also easy to operate by the women members and are also affordable by the FPO. Methods of sustainable harvesting of honey have also been taught to members of the community by the facilitating agency that focuses on appropriate technology among masses.

Value Addition &Marketing Landscape:

Depending on the product types, the FPO undertakes value addition of different items. It undertakes grading, drying, milling, processing, filtering, packaging and branding. It has a marketing outlet promoted through rural mart of NABARD to sell all its items. It also supplies to bigger stores such as TRIFED and others. It also sells its items during trade fairs and seasonal melas organized by different agencies and departments of the state government. It has been able to market its products well.

Credit Requirements

The credit requirement has been growing gradually. The current requirement of credit is to the tune of INR 2,000,000. The FPO has already borrowed INR 1,000,000 from Nabkisan at a rate of interest of 10%. The FPO is working with its parent banker Central MP Grameen Bank (11%-12%). Other financial institutions viz., Sammunati (15%-20%), Jai Kisan (17%), Bank of Maharashtra (12%) have also contacted for providing credit to the FPO.

However, in future, the FPO will require more credit and is looking forward to banks and financial institutions such as Nabkisan and Central MP Grameen Bank with favorable rate of interest for its credit requirements.

Social Capital of the FPO

Formation of social capital of the FPO has been good. The members have gone through bad times with facilitating agency and come together to develop a good business plan that has worked well for them. This has increased their cohesion and solidarity. However, this solidarity is limited to only about 270 members out of a total of about 600 members. The local leadership may not be able to reach out to a larger and diverse group of people in the community. The facilitating agency has an important role to play to build the membership base and increase the participation of the existing members of the FPO. Further, the current geographic spread of membership is also large and hence getting a compact geography or cluster say at a level of GP may be better plan. However, as this FPO focuses on forest produce, an FPO may consist of a couple of GPs.

Operational Expenses

The FPO having reached a business turnover of over INR 18 lakhs and yet is now covering all its operational expenses on its own. The BoD members are very active, and they are working together to increase the activities and business of the FPO on their own. The POPI only provides some technical support wherever required.

11.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

The FPO has been primarily on collection of forest produce and a few field crops. On the field crops there is little use of fertilizers and chemicals in this tribal region. So the area is largely organic by default. However, there are some farmers who apply fertilizers and chemicals on their farm for increasing volume of production in the short term. Since the field crops are only wheat and maize and the members value the worth of organic farming, the FPO can plan to make most people aware of the advantages of sustainable farming as compared to industrial model of farming. The facilitating agency may also take up this issue.

Nature of Governance in the Clusters/GP and interaction of FPO

The FPO and the local leadership is currently working on an entrepreneurial mode and have not thought of connecting with the local governance. NABARD and the facilitating agency can make the FPO leadership on the advantages of connecting with the local GP level governance for future convergence and holistic development. However, this will also require redesign of cluster size.

Relationships

Relationship among the core group members is high because of achieving business success through their own efforts. The interactions among the active members would also be good because of the variety of products that the FPO has been procuring from them. Further, the net gain from the business transaction has also been decent for members to develop a sense of trust with each other. However, the relationship among the 600 registered members seem to be less and the relationship of the FPO with the community as a whole may still be lower and their reach to the community is limited as of now.

Role of the Facilitating Agency

There have been two facilitating agencies that have worked with the FPO. The first agency Nageshwara Charitable Trust, Nagpur did not go well with the FPO as its business advice led to the losses for the FPO and the members. Mr. Mahesh Gandole was the coordinator from the Trust. He advised the FPO to pack raw jamun and custard apple to Bhopal market. Typically from packing to reaching the market, it took three days; the fruits would get overripe and would not sell. The board members became aware of this challenge after one round of transaction but on insistence of Mr. Gandole, there were asked to repeat which lead to losses. Mr. Gandole was not aware about the harvesting behaviour of the tribal farmers as they did not know how long it must stay in transit before it exhibited for sale to wholesalers in Bhopal.

The FPO did not want to work with this agency and made a representation to NABARD on this. After consultation NABARD arranged MPVS to be new facilitating agency. The board members of the FPO began to take their own decision. The second agency viz., MPVS was appointed by NABARD and played a supporting role to the board of the FPO and this combination has worked well. MPVS is focussed on making science aware among the masses and works on appropriate technology that suits the FPO. The processing facilities and required registration FSSAI for food processing unit have been facilitated by the facilitating agency, MPVS. Unfortunately, the two other FPOs facilitated by Nageshwara Charitable Trust in the same district have almost become defunct.

Convergence

Knowledge convergence has been possible through MPVS. The FPO has linked up with five key institutions viz., agriculture department & KVK of MP, Central Institute of Agricultural Engineering, MP TRIFED, and Zila Panchayat of Chindwara district as of now.

Zila Panchayat provided grant to build the shed where the current office and processing

facility of the FPO is located. It is built on the land of one of the board members, Mr. Ram Kisan. Though the land has been given on lease for so years at an annual rent of INR 12,000, Mr. Ram Kisan has not charged any fee till now. Agriculture department and NABARD have largely provided the milling, grinding and processing units to the FPO. The total worth of machinery and processing unit would amount to about INR 400,000 and the FPO would have invested about INR 80,000 from its own funds. It hopes to convergence more technical know-how and resources from the various stakeholders of the state in the future.

11.4 Summary and major Findings:

Phalam Sampada seems to have the basic foundation for the FPO to stay for long and do well for the members as it has already tried its hands on governing and managing the business on its own by its members of the Board. Though the current level of business may seem to be lower than many large FPOs, it has the potential to grow in business in the future.

The facilitating agency in this case has not been the driver of the activity of the FPO. Its first experiment of the agency driving the FPO did not work out and so the agency was replaced and with MPVS, the FPO has been able to play the lead role and the agency the supporting role in making the operations of the FPO profitable.

About a third of the registered members have been active and the FPO has to work to ensure that most of the members participate in the activities of the FPO. As the average active membership in SHGs have been about 25%, a similar trend seems to be the case in this FPO that has been formed by bringing together the SHGs. The large geographic size of the FPO may also be cause for limited interactions among the members.

The processing facilities are well maintained and managed. The quality of products is good and has already obtained the FSSAI registration. It is also able to market its products well and get good prices for its products. It markets its products from its rural mart located in the urban location. It has also tied with retail chains and supplies its products to them in Madhya Pradesh and outside the state.

11.5 Suggestions to strengthen the Ecosystem of the FPO:

The FPO needs to activate the other 65% of the members by incorporating produce that these members produce in surplus or include services that these members can benefit from the FPO. Further, saturate membership from each village and GP from where the current members come from.

The FPO currently has members from 16 villages and 9 GPs which itself is pretty large. It needs to rethink on its geographic cluster size. An ideal size would be a GP. It might have to add a few GPs only for the purpose of honey and a few select forest produce as large size reduces the interaction intensity among the members that is vital for building solidarity among the members.

It did appear to have the threat of being taken over by the local elite or leadership. NABARD and the facilitating agencies must orient the local leadership on the value of broad basing the membership and long-term benefits of greater solidarity among the members in the community. If this issue is managed well, the FPO will emerge a very good and sustainable FPO.

Exhibit 1: Profit & Loss

PHALAM SAMPADA PRODUCER COMPANY LIMITED
Regd. Office : School Colony, Tehsil Tamia, Tamia - 48559, M.P.
CIN : U01403MP2014PTC032150

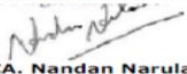
Statement of Profit and Loss for the year ended 31st March 2017

| (Amount in Rupees) | | | |
|---|----------|---|--|
| Particulars | Note No. | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
| I. Revenue from operations | | 250183.00 | 550610.00 |
| II. Other Income | | 0.00 | 0.00 |
| III. Total Revenue (I + II) | | 250183.00 | 550610.00 |
| IV. Expenses: | | | |
| Cost of materials consumed | | 109464.00 | 418102.04 |
| Purchase of Stock-in-Trade | | 0.00 | 0.00 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | | 0.00 | 0.00 |
| Employee benefit expense | 8 | 99540.00 | 79526.00 |
| Financial costs | | 0.00 | 25.50 |
| Depreciation and amortization expense | 6 | 735.00 | 1470.00 |
| Other expenses | 9 | 37928.00 | 45851.00 |
| Total Expenses | | 247667.00 | 544974.54 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 2516.00 | 5635.46 |
| VI. Exceptional Items | | 0.00 | 0.00 |
| VII. Profit before extraordinary items and tax (V-VI) | | 2516.00 | 5635.46 |
| VIII. Extraordinary Items | | 0.00 | 0.00 |
| IX. Profit before tax (VII-VIII) | | 2516.00 | 5635.46 |
| X. Tax expense: | | | |
| (1) Current tax | | 0.00 | 0.00 |
| (2) Deferred tax | | 196.00 | 262.50 |
| XI. Profit/(Loss) for the period (IX-X) | | 2320.00 | 5372.96 |
| XVI. Earning per equity share: | | | |
| (1) Basic | | 0.05 | 0.11 |
| (2) Diluted | | 0.05 | 0.11 |

The Notes form an integral part of these financial statements

As per our report of even date

For MNB AND CO.
Chartered Accountants
Firm Registration No. : 016459C


CA. Nandan Narula
Partner
Membership No. : 416186



Place : Bhopal
Dated : 1st September 2017

For and on behalf of the Board of
Directors



Director


Director

NOTES TO THE FINANCIAL STATEMENTS

Exhibit 2:
Profit & Loss

| PHALAM SAMPADA PRODUCER COMPANY LIMITED Regd. Office : Village Jamuniya Khurd, Post Tamia, Tehsil Tamia, Dist. Chhindwara - 480559, M.P. CIN : U01403MP2014PTC032150 | | | |
|---|---|---|--|
| Statement of Profit and Loss for the year ended 31st March 2018 | | | |
| (Amount in Rupees) | | | |
| Particulars | Note No. | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
| I. Revenue from operations | | 1150685.00 | 250183.00 |
| II. Other Income | | 411950.00 | 0.00 |
| III. Total Revenue (I + II) | 10 | <u>1562635.00</u> | <u>250183.00</u> |
| IV. Expenses: | | | |
| Cost of materials consumed | | 985664.00 | 109464.00 |
| Purchase of Stock-in-Trade | | 0.00 | 0.00 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 7 | -50100.00 | 0.00 |
| Employee benefit expense | 11 | 147116.00 | 99540.00 |
| Financial costs | | 0.00 | 0.00 |
| Depreciation and amortization expense | 6 | 5765.78 | 735.00 |
| Other expenses | 12 | 433530.80 | 37528.00 |
| Total Expenses | | <u>1521976.58</u> | <u>247667.00</u> |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 40658.42 | 2516.00 |
| VI. Exceptional Items | | 0.00 | 0.00 |
| VII. Profit before extraordinary items and tax (V-VI) | | <u>40658.42</u> | <u>2516.00</u> |
| VIII. Extraordinary Items | | 0.00 | 0.00 |
| IX. Profit before tax (VII-VIII) | | <u>40658.42</u> | <u>2516.00</u> |
| X. Tax expenses: | | | |
| (1) Current tax | | 0.00 | 0.00 |
| (2) Deferred tax | | -450.55 | 196.00 |
| XI. Profit/(Loss) for the period (IX-X) | | <u>41108.97</u> | <u>2320.00</u> |
| XVI. Earning per equity share: | | | |
| (1) Basic | | 0.82 | 0.05 |
| (2) Diluted | | 0.82 | 0.05 |
| The Notes form an integral part of these financial statements | | | |
| As per our report of even date | | | |
| For MNB AND CO. Chartered Accountants Firm Registration No. : 016459C | For and on behalf of the Board of Directors | | |
| CA. Nandan Nandan Partner Membership No. : 416186 | Director | | |
| Place : Bhopal Dated : 1st July 2018 | Director | | |

Exhibit 3: Balance Sheet

PHALAM SAMPADA PRODUCER COMPANY LIMITED
Regd. Office : School Colony, Tehsil Tamia, Tamia - 48559, M.P.
CIN : U01403MP2014PTC032150

Balance Sheet as at 31st March, 2017

| (Amount in Rupees) | | | |
|--|----------|---|--|
| Particulars | Note No. | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 500000.00 | 500000.00 |
| (b) Reserves and Surplus | 2 | -90124.27 | -92444.27 |
| (c) Money received against share warrants | | 0.00 | 0.00 |
| (2) Share application money pending allotment | | 0.00 | 0.00 |
| (3) Non-Current Liabilities | | | |
| (a) Long-term borrowings | | 0.00 | 0.00 |
| (b) Deferred tax liabilities (Net) | 3 | 499.10 | 303.10 |
| (c) Other Long term liabilities | | 0.00 | 0.00 |
| (d) Long term provisions | | 0.00 | 0.00 |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | | 0.00 | 0.00 |
| (b) Trade payables | 4 | 0.00 | 92320.00 |
| (c) Other current liabilities | | 0.00 | 0.00 |
| (d) Short-term provisions | 5 | 20900.00 | 20000.00 |
| Total | | 431274.83 | 520178.83 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 6 | 9395.38 | 10130.36 |
| (ii) Intangible assets | | 0.00 | 0.00 |
| (iii) Capital work-in-progress | | 0.00 | 0.00 |
| (iv) Intangible assets under development | | 0.00 | 0.00 |
| (b) Non-current investments | | 0.00 | 0.00 |
| (c) Deferred tax assets (net) | | 0.00 | 0.00 |
| (d) Long term loans and advances | | 0.00 | 0.00 |
| (e) Other non-current assets | | 0.00 | 0.00 |
| (2) Current assets | | | |
| (a) Current investments | | 0.00 | 0.00 |
| (b) Inventories | | 0.00 | 0.00 |
| (c) Trade receivables | | 0.00 | 0.00 |
| (d) Cash and Bank balances | 7 | 421879.45 | 510048.47 |
| (e) Short-term loans and advances | | 0.00 | 0.00 |
| (f) Other current assets | | 0.00 | 0.00 |
| Total | | 431274.83 | 520178.83 |

The Notes form an integral part of these financial statements

As per our report of even date

For MNB AND CO.
Chartered Accountants
Firm Registration No. : 016459C

CA. Nandan Narula
Partner
Membership No. : 416186

Place : Bhopal
Dated : 1st September 2017

For and on behalf of the Board of Directors

Director

Director



[Signature]

[Signature]

Exhibit 4:
Balance Sheet

| PHALAM SAMPADA PRODUCER COMPANY LIMITED | | | |
|--|----------|---|--|
| Regd. Office : Village Jamuniya Khurd, Post Tamia, Tehsil Tamia, Dist. Chhindwara - 480559, M.P. | | | |
| CIN : U01403MP2014PTC032150 | | | |
| Balance Sheet as at 31st March, 2018 | | | |
| (Amount in Rupees) | | | |
| Particulars | Note No. | Figures as at the end of current reporting period | Figures as at the end of previous reporting period |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 1 | 500000.00 | 500000.00 |
| (b) Reserves and Surplus | 2 | -49015.30 | -90124.27 |
| (c) Money received against share warrants | | 0.00 | 0.00 |
| (2) Share application money pending allotment | | | |
| | | 0.00 | 0.00 |
| (3) Non-Current Liabilities | | | |
| (a) Long-term borrowings | | 0.00 | 0.00 |
| (b) Deferred tax liabilities (Net) | 3 | 48.55 | 499.10 |
| (c) Other Long term liabilities | | 0.00 | 0.00 |
| (d) Long term provisions | | 0.00 | 0.00 |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | 4 | 450000.00 | 0.00 |
| (b) Trade payables | | 0.00 | 0.00 |
| (c) Other current liabilities | | 0.00 | 0.00 |
| (d) Short-term provisions | 5 | 25900.00 | 20900.00 |
| Total | | 926933.25 | 431274.83 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 6 | 56589.60 | 9395.38 |
| (ii) Intangible assets | | 0.00 | 0.00 |
| (iii) Capital work-in-progress | | 0.00 | 0.00 |
| (iv) Intangible assets under development | | 0.00 | 0.00 |
| (b) Non-current investments | | 0.00 | 0.00 |
| (c) Deferred tax assets (net) | | 0.00 | 0.00 |
| (d) Long term loans and advances | | 0.00 | 0.00 |
| (e) Other non-current assets | | 0.00 | 0.00 |
| (2) Current assets | | | |
| (a) Current investments | | 0.00 | 0.00 |
| (b) Inventories | 7 | 50100.00 | 0.00 |
| (c) Trade receivables | | 0.00 | 0.00 |
| (d) Cash and Bank balances | 8 | 780243.65 | 421879.45 |
| (e) Short-term loans and advances | 9 | 40000.00 | 0.00 |
| (f) Other current assets | | 0.00 | 0.00 |
| Total | | 926933.25 | 431274.83 |
| The Notes form an integral part of these financial statements | | | |
| As per our report of even date | | | |
| For MNB AND CO. Chartered Accountants Firm Registration No. : 016459C | | For and on behalf of the Board of Directors | |
| CA. Nandan Narula Partner Membership No. : 416186 | | Director | |
| Place : Bhopal Dated : 1st July 2018 | | Director | |

Exhibit 5:
Data Sheet of FPO

All India Case Studies of selected well performing FPOs

Name of the FPO & State: Phalam Sampad Producer Company Ltd.

Name of the President: Gurudyal Dhurvey

Name of the Facilitating Organization: -----Madhya Pradesh Vigyan Sabha

Promoted by: NABARD/SFAC/State/Others: NABARD

| | | |
|-----|--|--------------|
| 1.1 | No. of total registered members | 600 |
| 1.2 | No. of active members | 274 |
| 1.3 | No. of villages (including) hamlets covered | 16 |
| 1.4 | No. of GPs and Blocks covered | 9 |
| 1.5 | Meeting frequency of BoD members/volunteers | 3 Months |
| | | |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | 1,886,000.00 |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 12400.00 |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | NIL |
| | | |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 5% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 30% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 65% |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 300 KM. |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 15 to 20 % |
| | | |

| | | |
|-----|--|--|
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | 1200.00 |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | 400.00 |
| 4.3 | Reduction in post-harvest wastage to members (in %) | 20% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 5% |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | (NA) |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | (NA) |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | (NA) |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | (NA) |
| 5.5 | Provision for open well & water supply system made by farmers | (NA) |
| 5.6 | Organic carbon level of soil at medium to high value | (NA) |
| 5.7 | Soil pH to be around 7.0 | (NA) |
| 5.8 | Farms of Farmers with little or minimal pest problem | (NA) |
| | | |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | 5 Institutions (Agriculture Dept., KVK, CIAE, TRIFED, Zila Panchayat) |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | 3 |
| | | |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | Services given by the FPO as per requirements like usage of Toilets, Jan Dhan Yojana, NRLM activities etc. |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Medium |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Medium |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Medium |

Name of the CEO:

Signature and Date:

Exhibit 6:

Photo

Meeting for formation of FPO



Food Powder making through machine



Marketing their product



Vikas Yatra (Honour)



FPO - Case 12
Jaivik SRI Farmers Producer Company Ltd.
Promoted by NABARD
Sustainable Agriculture through FPO

| S. No. | Particular | Details |
|--------|---|---|
| 1 | Major Business Activity undertaken by FPO | Agriculture, Cereals, Horticulture, Livestock, & Pisciculture |
| 2 | No. of Villages covered | 37 |
| 3 | No. of total members | 551 |
| 4 | No. of active members | 335 |
| 5 | Total turnover (In 2017-18 FY) | INR 1,229,604 |

12.1 The Context

12.11 Background of FPO Members

The district of Koraput is one of the main tribal districts of Odisha. It is based in the southern part of Odisha, far from the state capital. It is on a high altitude with dense forest cover; though many parts of the district have gradually been denuded for exploitation of natural resources over the last several decades. By default, the area has had rich organic carbon in the soil and most of the tribal farmers adopt organic farming methods. With time there has been infiltration of industrial inputs of fertilizers and pesticides into the farming practices. Agriculture and forest produce collection has been the main source of livelihood for the majority of the tribal population as well as for people of other communities including scheduled castes.

The district has been endowed with natural resources such as water, forest and minerals, and bauxite ores; construction of hydro-electric dams and bauxite mining in the district has made the population more diverse with people from the urban and coastal district gradually settling in the district. With government departmental interventions, modern industrial inputs of agriculture viz., fertilizers, pesticides, large machinery, etc. have also been introduced in the district. The confluence of industrial inputs, policy, credit, trade, business and people with the tribal culture and people have created some level of imbalance in the natural ecosystem of the district.

Considering the Agro-based livelihoods as major theme, PRAGATI and NABARD collaborated to implement a project on productivity enhancement of three major crops (Paddy, Pulses, Vegetables and NTFP) of Koraput area. One component of the project was to form Farmers Producer Organization and to achieve this, village level institutions like Self Help

Groups (SHGs), and Farmers Producer Company were encouraged in order to strength the Agro- based livelihoods of the farming community of the project area. Agricultural training was undertaken for farmers wherein the farmers had first-hand knowledge about new varieties, efficient organic cultivation, use of organic inputs and boiling machines. Enthused by the results, farmers, on their own with some support cost from NABARD, purchased truck load of seed and used it for cultivation. Average income level increased. As it was understood that through FPO, farmers could ensure transfer of technology, bulk purchase of inputs, processing, marketing of agricultural products etc., NABARD sanctioned grant assistance under PRODUCE fund to from an FPO in the cluster where prior agricultural productivity project was implemented.

Local farmer producers have generally not been able to negotiate with the local traders, business men and intermediaries form the conventional system of government, business and commerce while selling their agricultural produce. The flow of money and credit has created some more issues for the small and marginal farmers of the small tribal communities. In the above context, the government has facilitated self-help group formation during the past about 30 years; and now in the recent years, a larger version of this viz., farmer producer organization (FPO) has been initiated.

As part of this effort, Jaivik Shri was initially promoted by one of the very good NGO of the state in this sector, viz., Harsha Trust. However, as it was unable to manage it; the responsibility to given to Pragati that worked in the communities on the land and water management and productivity enhancement programme with the support of NABARD. The FPO was registered on 18th May 2016. As of now, it has members from 37 villages from 13 GPs from 3 Blocks.

12.12 Facilitating Agency: PRAGATI

Pragati was registered in 1994, by a group of local youth with a passion to change the quality of lives of the poor and downtrodden in the remote areas of Koraput District. Today it works with more than 1 lakh families on multiple activities in the southern districts of Odisha state. One of the main areas of its intervention is natural resource management. It facilitates farming system as part of the larger eco-system of Land, Water and Forests.

It initially started with only conservation and protection of Community Forests in few villages, and today it has scaled up its operation to community forest management, sustainable agriculture, soil and water conservation and demonstrating use of renewable energy. It helps strengthen the eco-systems for the rural poor by focusing on the right resources and food

security in the larger context of climate change. It has worked on the System of Rice & Millet Intensification, ecofriendly Irrigation through gravity fed systems and solar pumps.

Pragati's effort has been to create enabling environment for people's participation in the community-based organizations, and local self-governance while enhancing their skills in farm and non-farm sector, increased access to resources and rights. Over time its conviction that the need of the poor communities and their participation are keys to achieve larger development goals has grown.

The organization has built good relationship with a diverse, expanding and unique network of agencies, research institutes and benevolent supporters of its causes. Pragati is helping the communities to incorporate adaptation measures into their livelihoods, basing on their needs and building their capacities.

12.2 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

The FPO has had an overall good impact on the members. Many of the tribal farmer members have become vocal and articulate in their expression with external bodies. They have gained the experience of working together to collective plan for their organic production of crops and vegetables and to market their produce. They have also gained the experience of operating an organization (FPO) through the handholding of Pragati. Currently the Board of Directors of the FPO are able to fairly manage their own affairs. The POPI, Pragati has planned to handover all the office and training facility that it has created over the years to the FPO. The FPO has also invested in a few infrastructure facilities related to poultry farming and goatery and marketing outlet in the same premises.

As reported by the POPI, increase in net annual income to members through the formation of FPO varies from **INR 14,000 to 32,000**. This indeed is a remarkable performance as compared to the net income earned by most of the FPO in the country. In addition, it reports that members would have received benefits to the tune of INR 10,000 per annum from various services facilitated through the FPO.

Highlights of Achievements through FPO approach:

- ❖ FPC has set-up input center starting with agricultural implements to know dealing with all input supplies major crop seeds. Through consolidation of demands and direct purchase from dealers, FPC is providing all inputs to the members at the rates, which

are at least 5-10% cheaper than market rates. This has reduced overall cost of cultivation of farmers.

- ❖ FPC has started custom hiring center, which is continuously expanding with addition of new machineries. As a result, farmers have reduced cost of acquiring and maintaining implements.

Ownership (Equity, Assets, Revenue & Working Capital):

The equity amount of this FPO with the tribal members is at INR 100,000 as of March 2018. The total revenue for the year 2017 was INR 935,484 which increased INR 1,229,604 in 2018. The FPO shows a modest profit of INR 3243 (in 2017) and 5331 (in 2018). These operational profits though positive are not significant. However, the relatively very high net gains to members have been the significant aspect of this FPO. As recorded by the POPI, the members have got additional net incomes ranging from INR 13,000 to INR 32,000 per annum.

Governance & Managerial Capabilities:

The POPI, Pragati has been trying to handover all roles and responsibilities to the FPO. The Board of Directors with the support of POPI is gradually taking charge of the operations of the FPO. Both the governance and management of the FPO is currently largely in the hands of the BoD members of the FPO. While there seemed to be the required energy and enthusiasm among the members to be able to operate the FPO; handholding by the POPI may be required for a couple of more years before they are left to operate on their own.

Annual Business Plan (Product & Service mix):

The annual plan includes paddy, rice, millets, arrowroot powder and fish. These are the major surplus items of the members. In addition to these items of procurement from the members, the FPO provide services related to farm equipment such as tractor, power tiller, weeder, pump sets, threshers, etc. In other words, the FPO's business plan consists of multiple products and services that the members need.

In addition, the FPO through the support of the POPI facilitates procurement of seeds, fish fingerlings, and other support through a mode of convergence from the government departments.

Nature of Technologies (Cost & Ease of Operation):

The business activities are based on simple technologies and systems. The operations are also simple as the FPO operates largely in the local ecosystems and therefore the technologies are usually low cost and ease of operation is high. Simple machinery such as weeder, power tillers,

tractors, etc. is used in the cultivation processes that are easy to use. The inputs such as seeds and fish fingerlings are either from the local community or from the local government and research centers and therefore, these too are easily adapted in the agricultural systems of the farmer members.

Value Addition &Marketing Landscape:

The FPO undertakes simple value addition for its indigenous paddy, millets and pulses. The processing of these items requires simple machinery that is locally available. Marketing of these items are in the local area. Its sales include 50% as retail sales in local community, 30% retails sales at Block level and remaining 20% as institutional sales. This approach to market landscape also reduces transaction cost for the FPO and the members.

Marketing Challenges:

Since the volume of business has been within INR 1,000,000 it has not faced any significant marketing challenges. Further, the diverse product portfolio and local marketing network has helped them to executive their marketing plan more efficiently with minimal transaction costs. If it strengthens its circular model of business, it can deal with marketing issues even with larger volume of business.

Credit Requirements

It has already begun talking to Nabkisan, local commercial banks and Sammunati for its credit requirements. Given its prior performance, the FPO with the coordination of the POPI should be able to manage to get the required credit on time.

Social Capital of the FPO

Social capital within the group seemed to be good. A few members in the BoD were vocal and articulate; this is noteworthy as this FPO is primarily consisting of tribal farmers. The understanding among the BoD members also seemed to be on a stronger base. However, the large geographic size of the membership might create a problem to hold them together in the future. Currently the FPO operates in 37 villages spread over 13 GPs of 3 Blocks. This is too large an area for members to participate in decision making. If the cluster size is not reduced, the cost of transaction of business operations will increase due to non-participation of members, reduced transparency and gradual decay in trust and cooperation among members in the FPO.

Operational Expenses

The FPO having reached a business turnover of over INR 12 lakhs and yet is now covering all

its operational expenses on its own. The BoD members are very active, and they are working together to increase the activities and business of the FPO on their own. The POPI is actively involved in providing the marketing linkages and all potential resource convergence for the FPO.

12.3 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems

The POPI, Pragati has facilitated organic farming in the area and among the members of the FPO. Most features of sustainable agriculture are in practice by the members as of now. Local and indigenous seeds are promoted. The POPI has also facilitated seed exchange and seed bank in the area. Farmers have been trained and exposed to the benefits of diverse integrated farming systems. Farmer members have been supported with gravity flow of water from within the local ecosystem using solar pumps. It seems to work out for the farmers in the given hilly ecosystem. In-situ water harvesting is still adopted by the farmers though. Issues of soil health have not been focused and there are some issues with regard to pest attack on crops.

Nature of Governance in the Clusters/GP and interaction of FPO

Given that the geographic cluster size has not been a part of the design of the FPO, it operates in 13 GPs from three different Blocks. This will make it harder for the FPO to work closely with any GP and get the commitment of the GP representatives and officials in the current design. The good rapport of the POPI with the government departments over the years has given them the ability to connect FPO with the schemes of the different departments of the respective blocks. However, once the POPI hands over the responsibility to the FPO, the ability to maintain the rapport will go down as the current arrangement for convergence at local level is not based on people's participation and involvement.

Relationships

The current relationship among the members of the Board of Directors has been good. It has been largely facilitated by the POPI. The interactions of the BoD members with all members and the interactions among the members will be less due to the geographic spread of the members who belong 13 Gram Panchayats from three different Blocks. Although, all the members try to cultivate following organic methods; the lack of regular interactions among them and their interactions with majority of farmers who follow inorganic industrial methods of cultivation can divert them from what they like to do as a group.

Role of the Facilitating Agency

The Facilitating Agency has been critical in social mobilization of the members to form the FPO and decide on the nature of farming they could undertake. As it has been operating in the region in the area of natural resource; land and water management for a long time, it has had a good network with development agencies and has been in touch with people in the local communities. The agency has also been attempting to help the FPO to function on its own as soon as possible. It has facilitated the FPO to have its own office for its business operations.

Convergence:

The facilitating agency has been fairly done well in converging the resources and expertise of the development agencies and government departments with the FPO and its members. Since 2017, it has been able to converge about INR 4,065,568 from agencies and departments, viz., NABARD, Central Institute of Fisheries and Aquaculture (CIFA), ATMA, Livolink Foundation and National Horticulture Mission and from its (POPI's) own sources.

12.4 Summary and major Findings:

The agricultural production strategy of members of the FPO has been in the right lines. The foundation for which was laid with productivity enhancement of important crop in the area by NABARD through the support of the local facilitating agency, Pragati, the current POPI for the Jaivik Sri FPO. The technique for water management was through a simple diversion technique using renewable solar energy.

The POPI has been able to bring together the farmers adopting organic farming. About 300 members of the total of about 500 members are actively participating. The geographic size of 37 villages from 13 GPs and 3 different blocks seem to be the constraint for the limited participation of members.

The product and service basket strategy of the FPO has been mixed and seem to work well for the members given their production competence and surplus quantity of these items. Further, its market landscape strategy is largely local; this too serves well with the diverse product portfolio. The cost of transaction is minimized and the net income to individual members increases in this approach.

The FPO has been increasing its volume of business operations and there has been operational profit of the FPO. It has the required infrastructure in terms of its office space, nursery, storage space and marketing outlet to take the business to the next level. The POPI has a large role to

play in making these infrastructures available to the FPO.

12.5 Suggestions to strengthen the Ecosystem of the FPO:

Large geographic spread spanning 37 villages from 13 GPs from 3 different Blocks appears to be the major hurdle for the FPO in strengthening the interaction intensity of members of the FPO, the basis for social capital of the FPO. With lowered social capital, transparency and transaction cost for the FPO would increase over time and gradually make the FPO unviable. To avoid this potential problem, the POPI in consultation with the FPO need to reorganize its geographic spread and preferably limit an FPO to one GP and saturate the GP with good agricultural practices that the FPO members have been following so far. Accordingly, more number of FPOs may be promoted in the same cluster of 37 villages. Other minor issues of production planning, agricultural practices, product-service basket, credit issues can be easily improvised and with little guidance to the POPI.

Exhibit 1: Profit and Loss Statement

JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED PUJARIPUT, DIST- KORAPUT, ODISHA PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2017

| Sr. No | Particulars | Sch. No. | Figures as at the end of current reporting period |
|--------|---|------------|---|
| I | Revenue from operations | 9 | 935,484.00 |
| II | Other Income | 10 | - |
| III | III. Total Revenue (I +II) | | 935,484.00 |
| IV | Expenses: | | |
| | Purchase cost of Land Sold | | - |
| | Employee Benefit Expense | 11 | 22,000.00 |
| | Financial Costs | 12 | - |
| | Depreciation and Amortization Expense | 13 | - |
| | Other Administrative Expenses | 14 | 916,727.38 |
| | Total Expenses (IV) | | 938,727.38 |
| V | Profit before exceptional and extraordinary items and tax | (III - IV) | - 3,243.38 |
| VI | Exceptional Items | | - |
| VII | Profit before extraordinary items and tax (V - VI) | | - 3,243.38 |
| VIII | Extraordinary Items | | - |
| IX | Profit before tax (VII - VIII) | | - 3,243.38 |
| X | Tax expense: | | |
| | (1) Current tax | | - |
| | (2) Deferred tax | | - |
| XI | Profit(Loss) from the period from continuing operations | (IX-X) | - 3,243.38 |
| XII | Profit/(Loss) from discontinuing operations | | - |
| XIII | Tax expense of discounting operations | | - |
| XIV | Profit/(Loss) from Discontinuing operations (XII - XIII) | | - |
| XV | Profit/(Loss) for the period (XI + XIV) | | - 3,243.38 |
| XVI | Earning per equity share: | | |
| | (1) Basic | | -0.32 |
| | (2) Diluted | | -0.32 |

Schedules referred to above and notes attached there to form an integral part of Profit & Loss Statement
This is the Profit & Loss Statement referred to in our Report of even date.

FOR PATRO & CO.,
CHARTERED ACCOUNTANTS

JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED

(CA. N. ANANDA RAO, FCA)
Partner
Membership No. : 051656
Firm Reg. No.: 310100E

Surendra Kumar
DIRECTOR Producer Company Ltd. Koraput
Tankad
DIRECTOR
PLACE: JEYPORE
DATED: 28.09.2017



Surendra Kumar
DIRECTOR Producer Company Ltd. Koraput
Tankad
DIRECTOR
PLACE: JEYPORE
DATED: 28.09.2017

JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED

PUJARIPUT, DIST- KORAPUT, ODISHA

PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2018

| Sr. No | Particulars | Sch. No. | Figures as at the end of current reporting period |
|--------|---|------------|---|
| I | Revenue from operations | 9 | 1,229,604.00 |
| II | Other Income | 10 | 361,637.00 |
| III | III. Total Revenue (I +II) | | 1,591,241.00 |
| IV | Expenses: | | |
| | Purchase cost of Land Sold | | - |
| | Employee Benefit Expense | 11 | 20,000.00 |
| | Financial Costs | 12 | - |
| | Depreciation and Amortization Expense | 13 | - |
| | Other Administrative Expenses | 14 | 1,576,572.06 |
| | Total Expenses (IV) | | 1,596,572.06 |
| V | Profit before exceptional and extraordinary items and tax | (III - IV) | - 5,331.06 |
| VI | Exceptional Items | | - |
| VII | Profit before extraordinary items and tax (V - VI) | | - 5,331.06 |
| VIII | Extraordinary Items | | - |
| IX | Profit before tax (VII - VIII) | | - 5,331.06 |
| X | Tax expense: | | |
| | (1) Current tax | | - |
| | (2) Deferred tax | | - |
| XI | Profit(Loss) from the period from continuing operations | (IX-X) | - 5,331.06 |
| XII | Profit/(Loss) from discontinuing operations | | - |
| XIII | Tax expense of discounting operations | | - |
| XIV | Profit/(Loss) from Discontinuing operations (XII - XIII) | | - |
| XV | Profit/(Loss) for the period (XI + XIV) | | - 5,331.06 |
| XVI | Earning per equity share: | | |
| | (1) Basic | | -0.53 |
| | (2) Diluted | | -0.53 |

Schedules referred to above and notes attached there to form an integral part of Profit & Loss Statement

This is the Profit & Loss Statement referred to in our Report of even date.

FOR PATRO & CO.,
CHARTERED ACCOUNTANTS

JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED

(CA. N. ANANDA RAO, FCA)
Partner
Membership No. : 051656
Firm Reg. No.: 310100E



Surendra Mohan
Jaivik Sri Farmers Producer Company Ltd. Koraput
Tankadha
Director
Jaivik Sri Farmers Producer Company Ltd. Koraput

PLACE: JEYPORE
DATED: 28.09.2018

Exhibit 2: Balance Sheet

JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED

PUJARIPUT, DIST- KORAPUT, ODISHA

BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Sch. No. | Figures as at the end of current reporting period |
|--|----------|---|
| ₹ | | |
| I. EQUITY AND LIABILITIES | | |
| (1) Shareholder's Funds | | |
| (a) Share Capital | 1 | 100,000.00 |
| (b) Reserves and Surplus | 2 | 3,243.38 |
| (c) Money received against share warrants | | - |
| (2) Share Application money pending allotment | | - |
| (3) Non-Current Liabilities | | |
| (a) Long-Term Borrowings | 3 | - |
| (b) Deferred Tax Liabilities (Net) | | - |
| (c) Other Long Term Liabilities | | - |
| (d) Long Term Provisions | | - |
| (4) Current Liabilities | | |
| (a) Short-Term Borrowings | 4 | 1,650,326.00 |
| (b) Trade Payables | | - |
| (c) Other Current Liabilities | | - |
| (d) Short-Term Provisions | 5 | - |
| Total Equity & Liabilities | | 1,747,082.62 |
| II. ASSETS | | |
| (1) Non-Current Assets | | |
| (a) Fixed Assets | | |
| (i) Gross Block | 6 | 965,900.00 |
| (b) Non-current investments | | - |
| (c) Deferred tax assets (net) | | - |
| (d) Long term loans and advances | | - |
| (e) Other non-current assets | | - |
| (2) Current Assets | | |
| (a) Current investments | | - |
| (b) Inventories | | - |
| (c) Trade receivables | | - |
| (d) Cash and cash equivalents | 7 | 781,182.62 |
| (e) Short-term loans and advances | 8 | - |
| (f) Other current assets | | - |
| Total Assets | | 1,747,082.62 |
| NOTES TO ACCOUNTS | 15 | |
| Schedules referred to above and notes attached there to form an integral part of Balance Sheet | | |
| This is the Balance Sheet referred to in our Report of even date. | | |
| FOR PATRO & CO., | | |
| Chartered Accountants | | JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED |
| (CA. N Ananda Rao, FCA) | | |
| Partner | | |
| Membership No. : 051656 | | |
| Firm Reg. No.: 310100E | | |
| | | Surendra Masti |
| | | DIRECTOR |
| | | Tankasree |
| | | Director |
| | | Jaivik Sri Farmers Producer |
| | | Company Ltd. Koraput |
| | | PLACE: JEYPORE |
| | | DATED: 28.09.2017 |

JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED
PUJARIPUT, DIST- KORAPUT, ODISHA
BALANCE SHEET AS AT 31ST MARCH, 2018


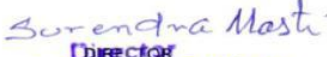

| Particulars | Sch. No. | Figures as at the end of current reporting period |
|---|----------|---|
| I. EQUITY AND LIABILITIES | | |
| (1) Shareholder's Funds | | |
| (a) Share Capital | 1 | 100,000.00 |
| (b) Reserves and Surplus | 2 | 957,325.56 |
| (c) Money received against share warrants | | - |
| (2) Share Application money pending allotment | | - |
| (3) Non-Current Liabilities | | |
| (a) Long-Term Borrowings | 3 | - |
| (b) Deferred Tax Liabilities (Net) | | - |
| (c) Other Long Term Liabilities | | - |
| (d) Long Term Provisions | | - |
| (4) Current Liabilities | | |
| (a) Short-Term Borrowings | 4 | - |
| (b) Trade Payables | | 398,500.00 |
| (c) Other Current Liabilities | | 81,800.00 |
| (d) Short-Term Provisions | 5 | - |
| Total Equity & Liabilities | | 1,537,625.56 |
| II. ASSETS | | |
| (1) Non-Current Assets | | |
| (a) Fixed Assets | | |
| (i) Gross Block | 6 | 1,003,400.00 |
| (b) Non-current investments | | - |
| (c) Deferred tax assets (net) | | - |
| (d) Long term loans and advances | | - |
| (e) Other non-current assets | | - |
| (2) Current Assets | | |
| (a) Current investments | | - |
| (b) Inventories | | - |
| (c) Trade receivables | | - |
| (d) Cash and cash equivalents | 7 | 534,225.56 |
| (e) Short-term loans and advances | 8 | - |
| (f) Other current assets | | - |
| Total Assets | | 1,537,625.56 |
| NOTES TO ACCOUNTS | 15 | |
| Schedules referred to above and notes attached there to form an integral part of Balance Sheet | | |
| This is the Balance Sheet referred to in our Report of even date. | | |
| FOR PATRO & CO., | | |
| Chartered Accountants | | |
| (CA. N Ananda Rao, FCA) Partner Membership No. : 051656 Firm Reg. No.: 310100E | | |
|  | | |
| JAIVIK SRI FARMERS PRODUCER COMPANY LIMITED | | |
|  Surenendra Masti Director Jaivik Sri Farmers Producer Company Ltd. Koraput | | |
|  Tanu Kachhikar Director Jaivik Sri Farmers Producer Company Ltd. Koraput | | |
| | | PLACE: JEYPORE DATED: 28.09.2018 |

Exhibit 3: FPO Data Sheet

All India Case Studies of selected well performing FPOs

Name of the FPO & State: Jaivik SRI Farmers' Producer Company Ltd. Koraput, Odisha

Registration No.: CIN-U011000R2016PTC025269, Dated. 18 May 2016

Name of the President: Mr. Surendra Masti

Name of the Facilitating Organization: Pragati, Koraput

Promoted by: NABARD

| | | |
|-----|--|--|
| 1.1 | No. of total registered members | There are total 551 farmer shareholders, out of which 63 are women members. |
| 1.2 | No. of active members | There are 335 active members who access the services, inputs and market their produce through the Company. |
| 1.3 | No. of villages (including) hamlets covered | 37 |
| 1.4 | No. of GPs and Blocks covered | 13 GPs & 3 Blocks of Koraput and Nowrangpur Districts. |
| 1.5 | Meeting frequency of BoD members/volunteers | The BoD meets in each quarter and in case of any urgency the BoD meets at short notice. |
| 2.1 | Amount of procurement of different produces from FPO members (in INR) | INR 649,000 which involved the produces like paddy, rice, millets and pulses. |
| 2.2 | Amount of business from sale of consumables to members (in INR) | INR 848,800. The major consumables included paddy, rice, millets, pulses, arrowroot powder and fish. |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in INR) | INR 670,329 from rental services of tractor, power tiller, weeder, pump set, thresher |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in INR) | INR 670,329 from rental services of tractor, power tiller, weeder, pump set, thresher |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 50% |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | 30% |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 20% |

| | | |
|-----|---|---|
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 50 km radius |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 2% |
| 4.1 | Increase in net annual income to individual members of FPO (in INR) | INR 14000 to INR 32000 |
| 4.2 | Net annual savings by members from various services of FPO (in INR) | INR 10000 |
| 4.3 | Reduction in post-harvest wastage to members (in %) | 10 to 12% |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | 5% |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | Mostly ✓ Quality seeds of indigenous and high yielding seeds of paddy, millets, pulses, vegetables are timely made available to the farmers at fair price. Around 90% of the farmer members of the Producer company can now get quality seeds in time and at fair prices in comparison to the market. |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | Most The farmer members practice integrated farming with different crops like paddy, millets, pulses, vegetables along with horticulture, and livestock rearing like goaterly and poultry. 143 farmer members are adopting Pisciculture which fetches them additional income along with meeting their consumption needs. |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | Yes Seed banks are available at block level where seeds are procured and stocked. The farmers access the seeds from the seed banks. |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | A Few |
| 5.5 | Provision for open well & water supply system made by farmers | Yes Farmers in 37 villages have increased access to irrigation through gravity flow systems and solar pumps with support of Pragati, Koraput. |
| 5.6 | Organic carbon level of soil at medium to high value | Medium |
| 5.7 | Soil pH to be around 7.0 | A Few |
| 5.8 | Farms of Farmers with little or minimal pest problem | Sometimes |
| 6.1 | No. of convergence of the GP/Block/District level | 1. The Company is implementing the Special Programme for Promotion of Millets in |

| | |
|--|---|
| <p>institutions with the FPO to deliver their respective services to the members/people of the cluster</p> | <p>Tribal areas of Odisha” supported by Odisha Millet Mission in Nandapur Block of Koraput District since June 2017. Due to the implementation of the programme, 3525 farmers of 12 Gram Panchayats in Nandapur block has adopted System of Millet Intensification. The farmers are getting incentives and also selling the surplus @minimum support price fixed by Government. During Kharif 2019-20 the Company has established linkage with DSMS for marketing of 4000 quintals of finger millet which will fetch minimum support price of Rs3150 per quintal.</p> <ol style="list-style-type: none"> 2. The Company has established linkage with National Horticulture Mission and received Rs 500000 for excavation of a Pond for Pisciculture. 3. The Company has received support of farm machines like tractor, power tiller, weeder, millet threshing machine, chain fencing machine from Pragati, Koraput and established an Agro Service Centre in Nandapur Block of Koraput District. Out of the revenue generated from the center, the Company has procured tractor and other farm equipment and established another agro service center in Koraput block. 4. The Company has established convergence with horticulture department for drip irrigation for 114 farmers and seedling support for 450 farmers. 5. The Company in convergence with ICAR-CIFA, Bhubaneswar is promoting Pisciculture in 4 blocks of Koraput District namely Borigumma, Kotpad and Koraput blocks. During 2019, carp fish fingerlings were stocked for 131 fish farmers. 6. Three carp fish breeding portable hatchery unit is set up by the Jaivik SRI Farmers Producer Company in Borigumma (2 No) and Koraput (1 No) block with support from Pragati and ICAR-CIFA, Bhubaneswar. Each hatchery has the capacity to produce 10-lakh spawn in one production cycle. It can take up 4 to 5 productions in a year which will be marketed by the Company. 7. The Company with support of Pragati, Koraput is promoting System of Rice Intensification (SRI) in Jeypore Block of |
|--|---|

| | | |
|-----|--|--|
| | | <p>Koraput District and Kosagumuda Block of Nowrangpur District. The farmers are provided input support like seeds which include indigenous and stress tolerant varieties, black rice, red rice etc., organic manure kits and weeders. During Kharif 2019, SRI promotion programme is taken up for 396 farmers in 200 acres in 22 villages of Jeypore Block of Koraput District and 111 farmers in 100 acres in 5 villages of Kosagumuda block of Nowrangpur District. During Rabi 2020, the Company is promoting pulses in 50 hectares for 150 farmers.</p> <p>8. The Company in convergence with ICAR-Indian Institute of Soil and Water Conservation is promoting off farm livelihood for its members through trainings and support on poultry farming, quail farming and mushroom cultivation. So far 120 members are trained on these off-farm livelihoods.</p> |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | <ol style="list-style-type: none"> 1. Capacity building of the BOD & CEO 2. Exposure of BoD & CEO 3. Interface with NABKISAN for financial linkage 4. Interface with bankers for financial linkage 5. Convergence with DSMS for market linkage of farmers |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | <p>More than 10 times</p> <ul style="list-style-type: none"> ➤ Promoting system of millet intensification for farmers in one cluster i.e. Nandapur Block which includes linkage for incentives and marketing linkage for securing minimum support price. ➤ Making available quality seeds in time ➤ Making available farm mechanization at subsidized prices ➤ Processing and market linkage of aromatic paddy, millets and spices ➤ Awareness creation for crop insurance |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | <p>High: The Facilitating organisation, Pragati Koraput has given total freedom to the Board in identification produces, nature of services, service delivery, governance and utilization of funds. Pragati only guides the Board and ensures that funds are utilized properly and legal compliances are done within the scheduled time.</p> <p>As Pragati has promoted the Company under</p> |

| | | |
|-----|--|---|
| | | the NABARD scheme, Pragati has to ensure the indicators of achievement as agreed in the MOU. |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | High: As members of the producer Company, the farmers have developed greater trust and cooperation among themselves due to the benefits they have got after being the members of the Company. They have access to information, services, inputs, farm mechanization at subsidized prices and access to markets. Being members of Producer Company, they are aware of markets and able to sell their produces at better prices. |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Medium: The members of the producer company have increased level of confidence in their collective strength. As a collective, they have better access to inputs, services, technology as well as markets. |

Name of the CEO: Mr. Krushna Chandra Dalei

Exhibit 4: Grant received from different Convergence Programmes

Jaivik SRI Farmers Producer Company Limited
(Amount in INR)

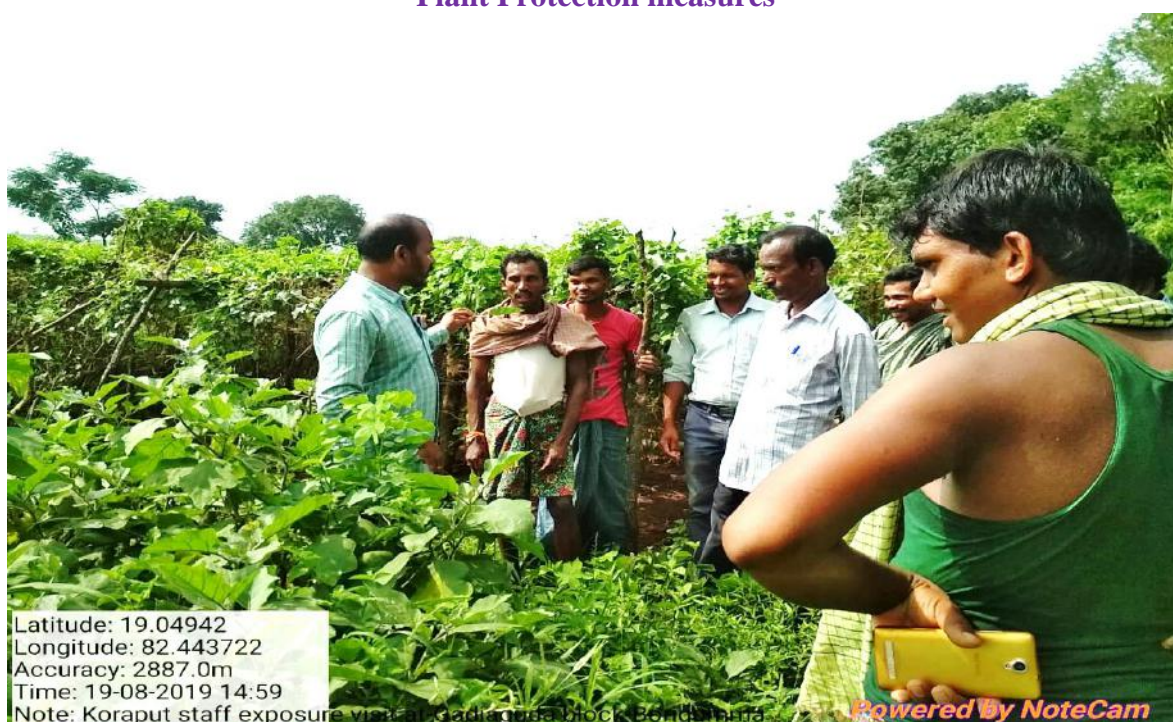
| Year | NABARD, Bhubaneswar | Pragati, Koraput | CIFA, Bhubaneswar | OMM, ATMA, Koraput | Livolink Foundation Bhubaneswar | National Horticulture Mission, Bhubaneswar | Total |
|--------------|----------------------------|-------------------------|--------------------------|---------------------------|--|---|----------------|
| 2017 | 363000 | 0 | 0 | 180000 | 12000 | 0 | 555000 |
| 2018 | 72000 | 583150 | 0 | 425000 | 0 | 0 | 1080150 |
| 2019 | 0 | 0 | 82000 | 430000 | 0 | 0 | 512000 |
| 2020 | 214900 | 91700 | 199818 | 912000 | 0 | 500000 | 1918418 |
| Total | 649900 | 674850 | 281818 | 1947000 | 12000 | 500000 | 4065568 |

Exhibit 5: Photos

Collection of Vegetables from the Producer Group members



Exposure visit & Interaction with the Agricultural Official related to Plant Protection measures



Fish Stock Distribution



Participated in Seed Mela, Koraput



Participated in Seed Mela, Udayapur



FPO - Case 13

Patneswari Agri Producer Company Ltd. (PAPCL)

Jeypore, Koraput district, Odisha, PIN- 764001

Tribal Farmers reap increased income through Farmers Producers' Company

| S. No. | Particular | Details |
|--------|---|--|
| 1 | Major Business Activity undertaken by FPO | Agriculture produce, fertilizers, animal husbandry, plantation, and NTFP |
| 2 | No. of Villages covered | 116 |
| 3 | No. of total members | 570 |
| 4 | No. of active members | 448 |
| 5 | Total turnover (In 2017-18 FY) | INR 4,24,09,746 |

13.1 The Context

Background of FPO Members:

The Koraput district is one of the industrially least developed districts of Odisha. It is dominated by the tribal communities. Literacy level is very low particularly among the farmers. Agriculture is the primary occupation. Above 95% of these tribal households predominantly dependent on agriculture. Lack of water and irrigation facilities have made agriculture and farmers less productive in this district. NTFP collection from the forests and animal husbandry has been important livelihood activity. The poor quality of soils, lack of awareness regarding modern farming practices and lack of capital for investment has led to low productivity of crops in this area.

Due to the non-availability of irrigation, rabi cultivation was almost non-existent. During monsoons, only crops like paddy, pulses, seasonal vegetables, etc. were grown restricting the farmers income to the minimal levels. Hence, formation of an FPO for efficient agriculture, farming and collective marketing in the region was thought of as a possible solution by Harsha Trust (POPI). Patneswari Agri Producer Company Ltd. (PAPCL) is a body of corporate, registered Farmer Producer Company (FPC) under amended Companies Act, 1956. It was registered in the year 2013-14. The Producer Company (PC) has 570 shareholders with paid-up capital of Rs. 15.80lakh and spread over the geographical areas of Koraput and Rayagada District of Odisha. Major business activities are providing all kinds of services, credit, and market linkages with firsthand value addition by using producer farmers' natural resources.

Facilitating Agency:

Harsha Trust was created by a group of professionals under the leadership of Bismaya

Mahapatra. It was incorporated on January 29, 2002. Young professionals came into working with disadvantaged communities—mainly the tribes—of south and west Odisha, to enhance their livelihoods. Harsha Trust is registered under the Indian Trusts Act, 1882, *vide* Registration No. 211/2002.

Harsha Trust's purpose is *to improve the quality of life of the rural poor*. Harsha Trust primarily aims at implementing grassroots development projects for sustainable natural resource/enterprise-based livelihood generation and better health. It also undertakes consulting projects that have a bearing on the quality of life of the rural poor. Its approach is to work directly with the community, local NGOs, and Panchayati Raj Institutions, building their capability to sustain interventions.

The activities of Harsha Trust include the promotion of Self-Help Groups, Community-based Natural Resource Management, Community-based organizations, Farm- and non-farm-based livelihoods. Harsha Trust operates in the Nawarangpur, Kalahandi, Koraput, Rayagada, Malkangiri, Nuapada and Kandhamal districts of Odisha. Harsha Trust is headquartered at Bhubaneswar, Orissa; district units in seven districts and 16 field teams in over 1000 villages. Harsha Trust has been perceived as one of the good and well-known NGOs in the state of Odisha.

13.2 Highlights of Achievements through FPO approach

Membership:

Patneswari FPCL has a total of 570 members of which nearly 80% (448) members are active. The members are from as many as 116 villages, 28 Blocks and two districts viz., Rayagada and Koraput. The Share capital was at INR 12,16,000 and the reserves and surplus was at 23,32,212.

Business Turnover:

The total business turnover in 2017-18 was INR 4,24,09,746. This indeed is an impressive figure within 5 years of registration of the FPO. This included procurement of surplus produce of farmers to the tune of INR 7,50,000. Amount of sale from business of consumables included INR 9,23,000, Amount of service fee included INR 8,80,000.

Convergence Measures:

The POPI has taken several initiatives to facilitate convergence of the schemes and programmes with the FPO. The table below shows the nature and amount of convergence over

the last five years. Convergences has been in the areas of construction of household toilets, water supply for irrigation and households, kitchen gardens, commercial vegetable cultivation and solar irrigation.

Achievement of Convergence activities from the date of starting implementation

| Particulars | Supported by | Year of accomplishment | Financial Outlay (in INR) |
|--|-------------------------------|-------------------------------|----------------------------------|
| Toilet Constructed for 3089 HHs in 76 villages | TATA Trusts and RWSS | 2015-18 | 394.17 lakh |
| Water Supply for irrigation and Household use for 4725 HHs in 103 villages | TATA Trusts and RWSS | 2015-18 | 498.94 lakh |
| Kitchen Garden with 1050 HHs in 45 villages | Tata Trusts / Hans Foundation | 2018-19 | 10.50 lakh |
| Commercial Vegetable Cultivation for 400 households | NABARD under UPNRM | 2017-19 | 164.00 lakh |
| Solar Irrigation | Schneider and Harsha Trust | 2018-20 | 50.24 lakh |

Credit Position:

- The annual turnover of the FPO is about INR 4.2 crores
- For alignment of the business operations and to gradually expand the operations, the FPO however requires about INR 25 lakhs per month.
- NABARD has covered the salary and other transportation charges. However, the credit needs are not met fully.
- The Commercial Banks have been providing the required credit and hence rotating the business has been challenging. Based on the credit support from Harsha Trust, FPO has been trying to run its business.

13.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

As reported by the FPO, net annual income to individual (active) members of the FPO as in the financial year 2017-2018 was INR 27,000.

The FPO has indeed undertaken multiple activities for the members. It has not only procured surplus produce but has also provided services through sales of inputs, such as seeds, equipment and machinery services, and procurement of surplus produce of the farmer members.

The POPI has facilitated convergence of some critical inputs such as drinking water and irrigation facility, kitchen gardens, organic farming, and other services to the farmer members. It has converged the support from Tata Trusts, NABARD, and other private corporations on irrigation, solar pumps, and solar power-driven solar systems. This case appears to be an exemplary case of FPO making a holistic intervention for the small tribal farmers in a remote southern district of Odisha during the last about seven years of its registration.

We may however go a little deeper into the analysis to assess the impact on the producer member such that we understand the challenges and way forward for building effective FPOs in the future. Of the total turnover of the FPO with about 570 members, the amount of transaction relating to procurement of surplus produce of the farmers was INR 7,50,000 for the year 2018-19. This amounts to an average annual procurement of INR 1315 per member. These 570 members are from 116 villages spread over 28 blocks of two different districts. In other words, the density of members from any given village or habitat is very low and hence the solidarity among members of the FPO would be technically very low.

Given the physical distance and topography in the hilly district, the ability of the members of the Board to meet regularly is low. The members of the FPO are less likely meet during a year in the current geographic spread. This implies that the FPO will not be functional without the support of an external facilitator and hence the members are unlikely to develop the ownership of the FPO.

Governance & Managerial Capabilities:

The BoD of the FPO meets every quarter. The BoD members represent members from 116 villages of 28 blocks of 2 different districts. The larger geographic spread of the FPO suggests lower affinity among the members on various social and cultural fronts. The frequency of meeting among the ordinary members in the above context would be further lower; they may not meet with each other even in a year. In the above design and structural setting, the role of the POPI becomes paramount and it may become hand over the governance to the BoD members.

The managerial capability of the FPO has been sound and good. The management of finances, accounts and marketing has been done well and financial statements look very good. The POPI deserves the credit for the financial performance on sales, profit, equity, and surplus and reserves. However, it is to be noted that the executives are employed by the POPI and report to the POPI. The managers work as professionals with not deep connect with the needs and concerns to empower the farmers.

Annual Business Plan (Product &Service mix):

The mix of product and service basket is diverse; a business strategy that is increases business potential and reduces the risk of the farmers. Its business portfolio consists of procurement of surplus produce, agricultural input services, rental services of farm machinery, and retail services to the members. It has also converged other services such as sanitation, irrigation, kitchen garden and commercial crop cultivation that helps enhancing overall transaction by the FPO.

Nature of Technologies (Cost & Ease of Operation):

The POPI has tried to adopt appropriate technologies for members of the FPO. It has adopted solar power-driven water pumps and cold storage for vegetables. On agricultural inputs, it has gradually moved from fertilizers and chemicals to organic inputs. The POPI has gradually moved from promoting cultivation of commercial trees (mostly in unused land) that are required for the local paper company to crop and vegetable cultivation by the producer members.

Value Addition &Marketing Landscape:

The current value addition includes grading and sorting at farmer family level. The FPO markets most of its produce to large trader/institutional buyers within about 200 KM. A small part of the total sale however is also sold in the local market.

Marketing Challenges:

While the FPO facilitates a few members in other agricultural value addition activities such as grading, processing, and packaging of grains and cereals; it needs to increase the scale and further scope of engagement of members to increase the diversity of product basket to ensure a more regular income through its operations.

Social Capital of the FPO:

The Board of Directors meets every month to discuss various issues and developments. While the geographic spread is large to facilitate greater and deeper social capital, the long years of service of Harsha Trust on credit facilitation in the region has given the confidence and keep the members stay connected. However, the large geographic size of the FPO is such that technically it will be harder to find enhance continuous interactions among the member themselves and gradually can reduce the social capital, the backbone to robust business transactions.

Operational Expenses:

The FPO having reached a business turnover of over INR 4 crores is able to cover its own expenses and run independent of the financial grant support from NABARD. However, the POPI is fully managing this FPO.

13.4 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level: The primary occupation of the FPO members has been agriculture. Given the topology and lack of irrigation facility, farmers do not get sufficient water for agriculture throughout the year and hence the agricultural productivity has been stagnant or has fluctuated depending on the annual rainfall. Water shortage in the region has led people to engage in animal husbandry activities and NTFP collection activities in the region. Lack of sustainable agricultural production limits the sustainability of the FPO members in the long run.

Relationships among farmers in the Clusters: The degree of trust and cooperation among the farmers is at a medium level. The members indeed are highly loyal. It is observed that the farmers/producers have exhibited medium degree of fearlessness so far as sufficiency in resources, agricultural and allied activities are concerned. Even, the rate of confidence of farmers/producers on their capabilities is on a medium scale.

Role of the Facilitating Agency: The present level of performance of Producer Company can

be fully attributed to the Facilitating Agency or the Producer Organization Promoting Institution (POPI). The role of facilitating agency becomes more important and critical in institutionally weaker communities, as in this case.

Nature of Governance in the Clusters/GP and interaction of FPO:

The very structure of geographic spread of the FPO is so large spread over two districts and so thinly represented from each local level governance units that the producer members will have little influence in the local community level decision making. The interaction of the members with the FPO shall largely limit itself to some business transaction. The FPO members are likely to have little engagement with the larger concerns and development of the cluster or GP.

13.5 Summary and Major Findings:

- The POPI's past development work in the districts of South Odisha has helped it mobilize good number of farmers (570) from 28 Blocks to form the Patneswari FPCL.
- Harsha Trust as a well-established POPI has been able to establish an FPO with a very good business turnover.
- Given its network and credibility, the POPI has also been able to converge several related assistances from other agencies and organizations.
- The social capital and depth of relationship among the members of the FPO is weak and in the current situation is primarily dependent on the POPI even after seven years of operation with a good business turnover.

13.6 Suggestions to strengthen the Ecosystem of the FPO:

- The POPI must find a way to hand over the management of the FPO to the Board of the FPO in the next couple of years.
- The BoD of the FPO needs much training to take over the responsibilities of the FPO
- The FPO needs to have its own office and learn to operate on its own; with its own set of executives to be paid from the FPO and not through the POPI.
- The geographic size of the FPO is too large and dispersed; it needs to be segregated into smaller units preferably at the GP level.

Exhibit 1
Statement of Profit and Loss (2017-18)

| M/S PATNESWARI AGRI PRODUCER COMPANY LIMITED | | | |
|--|----------|---------------------------|---------------------------|
| CIN-U01400OR2013PTC017371 | | | |
| Regd Office:-1st Lane, Parabada, Behind Saraswati Sishu Mandir | | | |
| Jeypore, Koraput-764001, Odisha. | | | |
| Profit and Loss Statement for the Period ended 31st March, 2018 | | | |
| Particulars | Note No. | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
| | | Rs. | Rs. |
| A CONTINUING OPERATIONS | | | |
| I Revenue from operations (gross) | 13 | 5,513,702.00 | 9,738,608.60 |
| Revenue from operations (net) | | - | - |
| II Other income | 14 | 36,896,044.49 | 28,209,724.84 |
| III Total revenue (I+II) | | 42,409,746.49 | 37,948,333.44 |
| IV Expenses | | | |
| (a) Cost of materials consumed | | - | - |
| (b) Purchases of stock-in-trade | 15 | 5,840,499.52 | 8,768,575.68 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 16 | -832,418.90 | -146,045.14 |
| (d) Employee benefits expense | | - | - |
| (e) Finance costs | | - | - |
| (f) Depreciation and amortisation expense | 7 | - | 48,636.00 |
| (g) Other expenses | 17 | 36,507,077.23 | 27,515,830.39 |
| Total expenses | | 41,515,157.85 | 36,186,996.93 |
| V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV) | | 894,588.64 | 1,761,336.51 |
| VI Exceptional items | | - | - |
| VII Profit / (Loss) before extraordinary items and tax (V ± VI) | | 894,588.64 | 1,761,336.51 |
| VIII Extraordinary items | | - | - |
| IX Profit / (Loss) before tax (VII ± VIII) | | 894,588.64 | 1,761,336.51 |
| X Tax expense: | | | |
| (a) Current tax expense for current year | | 230,356.00 | 535,081.99 |
| (b) (Less): MAT credit (where applicable) | | - | - |
| (c) Current tax expense relating to prior years | | - | - |
| (d) Net current tax expense | | 230,356.00 | 535,081.99 |
| (e) Deferred tax | | - | - |
| XI Profit / (Loss) from continuing operations (IX ± X) | | 664,232.64 | 1,226,254.52 |
| B DISCONTINUING OPERATIONS | | | |
| XII Profit / (Loss) from discontinuing operations (before tax) | | - | - |
| XIII Tax expense of discontinuing operations | | - | - |



Dhenuy Singbo

DIRECTOR
Patneswari Agri Producer Company Ltd.
Jeypore, Koraput.

XIV Profit / (Loss) from discontinuing operations (XII-XIII)

- -

C TOTAL OPERATIONS

XV Profit / (Loss) for the year (XI+XIV)

664,232.64 1,226,254.52

XVI Earnings per share (of Rs. 100/- each):

(a) Basic

(i) Continuing operations

54.62 102.10

(ii) Total operations

54.62 102.10

(b) Diluted

(i) Continuing operations

54.62 102.10

(ii) Total operations

54.62 102.10

XVII Earnings per share (excluding extraordinary items) (of 10/- each):

(a) Basic

(i) Continuing operations

54.62 102.10

(ii) Total operations

54.62 102.10

(b) Diluted

(i) Continuing operations

54.62 102.10

(ii) Total operations

54.62 102.10

The accompanying notes including other explanatory information form an integral part of the financial statements.

In terms of our report attached.

For C MANASINGH & CO

Chartered Accountants

Firm Regn. No. 328154E

Chittaranjan Manasingh
Chittaranjan Manasingh
Proprietor
M. No. 529866



Place : Bhubaneswar
Date: 01/08/2018

For and on behalf of the Board of Directors
Patneswari Agriproducer Company Limited

Dhanurjay Sengarbi

Dhanurjay Sengarbi
Director

Nakul Bagadaria

Nakul Bagadaria
Director

DIRECTOR
Patneswari Agri Producer Company Ltd.
Jeypore, Koraput.

DIRECTOR
Patneswari Agri Producer Company Ltd.
Jeypore, Koraput.

Exhibit 2
Consolidated Balance Sheet (2017-18)

M/S PATNESWARI AGRI PRODUCER COMPANY LIMITED

CIN-U01400OR2013PTC017371

Regd Office:-1st Lane, Parabada, Behind Saraswati Sishu Mandir
Jeypore, Koraput-764001, Odisha.

Balance Sheet as at 31st March 2018

| Particulars | Note No. | As at 31 March, 2018 Rs. | As at 31 March, 2017 Rs. |
|--|-------------|--------------------------------|--------------------------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 2 | 1,216,000.00 | 1,201,000.00 |
| (b) Reserves and surplus | 3 | 2,332,212.21 | 1,667,979.57 |
| (c) Money received against share warrants | | - | - |
| 2 Share application money pending allotment | | - | - |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | | - | - |
| (b) Deferred tax liabilities (net) | | - | - |
| (c) Other long-term liabilities | 4 | 17,491,396.37 | 21,198,060.19 |
| (d) Long-term provisions | | - | - |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | | - | - |
| (b) Trade payables | | 289,963.14 | 123,479.80 |
| (c) Other current liabilities | 5 | 28,419,675.00 | 567,319.00 |
| (d) Short-term provisions | 6 | 230,386.57 | 1,085,777.80 |
| TOTAL | | 49,979,633.29 | 25,843,616.36 |
| II ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | 7 | - | 48,636.00 |
| (i) Tangible assets | | - | - |
| (ii) Intangible assets | | - | - |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible assets under development | | - | - |
| (v) Fixed assets held for sale | | - | - |



Dheeraj Singh

DIRECTOR
Patneswari Agri Producer Company Ltd.
Jeypore, Koraput.

| | | | |
|-----------------------------------|----|----------------------|----------------------|
| (b) Non-current investments | | - | - |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long-term loans and advances | 8 | 3,044,206.37 | 13,245,111.26 |
| (e) Other non-current assets | | | |
| 2 Current assets | | | |
| (a) Current investments | 9 | 158,265.49 | 150,495.00 |
| (b) Inventories | 10 | 3,033,853.20 | 2,201,434.30 |
| (c) Trade receivables | | 626,951.69 | 1,666,927.00 |
| (d) Cash and cash equivalents | 11 | 31,414,346.89 | 7,089,436.56 |
| (e) Short-term loans and advances | | 3,567,450.00 | - |
| (f) Other current assets | 12 | 8,134,559.65 | 1,441,576.24 |
| TOTAL | | 49,979,633.29 | 25,843,616.36 |

Significant Accounting Policies

1

The accompanying notes including other explanatory information form an integral part of the financial statements.

In terms of our report attached.

For C MANASINGH & CO

Chartered Accountants

Firm Regn. No. 328154E

CA. Chittaranjan Manas Singh

Proprietor

M. No. 529866

Place : Bhubaneswar

Date : 01/08/2018

For and on behalf of the Board of Directors

Patneswari Agri Producer Company Limited

Dhanurjay Sengarbi ନକୁଲ ବାଗଦାରୀ

Dhanurjay Sengarbi
Director

Nakul Bagadaria
Director

DIRECTOR
Patneswari Agri Producer Company Ltd.
Jeypore, Koraput.

DIRECTOR
Patneswari Agri Producer Company Ltd.
Jeypore, Koraput.

Exhibit 3

FPO Data Sheet All India Case Studies of selected well performing FPOs

Name of the FPO & State: PATNESWARI AGRI PRODUCER COMPANY LTD (PAPCL), Odisha

Name of the President: DHANURJAYA SEINGERBI

Name of the Facilitating Organization: HARSHA TRUST

Promoted by: NABARD

| | | |
|-----|--|---|
| 1.1 | No. of total registered members | 570 |
| 1.2 | No. of active members | 448 |
| 1.3 | No. of villages (including) hamlets covered | 116 |
| 1.4 | No. of GPs and Blocks covered | 28 |
| 1.5 | Meeting frequency of members/volunteers of BoD | QUARTERLY |
| 2.1 | Amount of procurement of different produces from FPO members (in Rs.) | 7,50,000/- (Support for market linkages only) |
| 2.2 | Amount of business from sale of consumables to members (in Rs.) | 9,23,700/- |
| 2.3 | Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 8,80,000/- |
| 2.4 | Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | 1,64,200/- |
| 3.1 | Amount of Retail sales in the local community of the PO (as % of total sale) | 6,73,930/- |
| 3.2 | Amount of Retail sales at the block and district level markets (as % of total sales) | Local and nearby markets' sales only. |
| 3.3 | Amount of institutional sales in local and urban markets (as % of total sales) | 3,11,00,000/- |
| 3.4 | Maximum distances that different products have to travel where the FPO sells directly to her customers | 200 km. |
| 3.5 | Annual marketing cost of the FPO (as % of total sales) | 5% |
| 4.1 | Increase in net annual income to individual members of FPO (in Rs.) | 27,000/- |
| 4.2 | Net annual savings by members from various services of FPO (in Rs.) | 5,000/- to 10,000/- |
| 4.3 | Reduction in post-harvest wastage to members | 75 % of earlier wastage. |

| | | |
|-----|--|---|
| | (in %) | |
| 4.4 | Annual revenues from sale of various services by FPO (% increase) | Decreased by 30 % |
| 5.1 | Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | No/For a Few/Mostly/ All |
| 5.2 | Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | No/A Few/ Most /All |
| 5.3 | Availability of Seed bank & seed exchange in the cluster/GP | No /Somewhat/Yes |
| 5.4 | Trenches & micro-locks undertaken by members in respective farms | No/A Few/ Mostly /Yes |
| 5.5 | Provision for open well & water supply system made by farmers | No/ Somewhat /Yes |
| 5.6 | Organic carbon level of soil at medium to high value | Low/ Medium /High |
| 5.7 | Soil pH to be around 7.0 | No/ A Few /Mostly/All |
| 5.8 | Farms of Farmers with little or minimal pest problem | No/Sometimes/ Mostly /Always |
| 6.1 | No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | No convergence in this FY 2019-20 |
| 6.2 | No. of convergence of different expertise to stabilize the operations of the FPO | Schneider Electric India Foundation; SELCO Foundation; IFFCO; JAIN Irrigation; Sunking; |
| 7.1 | No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 3 times in a year (Pre-Kharif; Pre-Rabi; Pre-Summer) |
| 7.2 | Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | Low/ Medium /High |
| | | |
| 8.1 | Farmers/Producers perceive greater sense of trust & cooperation among themselves | Low/ Medium /High |
| 8.2 | Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Low/ Medium /High |

Exhibit 4

Photo¹ Exhibits:

Photo 1: Banana Cultivation



Photo 2: Solar Tube well



¹All Photos in this case study have been obtained from Patneswari Agri PCL

Photo 3: Vegetable Cultivation



Photo 4: Vegetable Cultivation



Photo 5: Banana Cultivation



Photo 6: Vegetable Cultivation



Photo 7: Cool chamber for vegetable storage supported by SELCO Foundation to an FPO



Photo 8: Cool chamber for vegetable storage supported by SELCO Foundation to an FPO



Photo 9: Vegetable Cultivation



Photo10: Banana& Vegetable Cultivation



FPO - Case 14

Pananchery Farmers Producer Company Limited

A Farmer's friend for all Seasons

| S. No. | Particular | Details |
|---------------|---|---|
| 1 | Major Business Activity undertaken by FPO | Banana varieties, Horticultural Produce, Vegetables, value addition on banana, etc. |
| 2 | No. of Villages covered | 12 |
| 3 | No. of total members | 148 |
| 4 | No. of active members | 87 |
| 5 | Total turnover (In 2019-20 FY) | INR 23,000,000 |

14.1 The Context

Background of FPO Members:

Pananchery is a tiny village on the valleys of the Peechi Dam and mountain surrounded for forests on the east, dam on the north, plantation estates on the south and paddy cultivation plautau areas on the west. The village is almost 10 kms from the District Head Quarter town of Thrissur well connected by road of Thrissur and Palakkad, before climbing the famous and rigorous Kuthiran Hills.

A Group of 48 farmers joined hand and started Pananchery Farmers Club (PFC) in 2002. The vision of PFC was to unitedly oppose the exploitation by middlemen and, also to arrest the high input cost of production. The mission was to make available high yield seeds, and application of mechanization /technology for cultivation. The PFC also took the burden of running its own market in a most transparent manner so that the farmer gets a reasonable price for the produce he wants to dispose. Since 2002, the producer collective gradually evolved to become a Producer Company in 2014. The gradual evolution of the collective with its timeline is given below:

2004 - Farmers Fruit and Vegetable Market

2005 - Panfarm – A Coconut Nursery

2006 – Gram deepam - An Information Centre for Farmers

2008 - Coconut Farmers Cluster

2010 - Pananchery Farmers Associate

2014 – Formation of Farmer producer Company

Facilitating Agency:

As this FPO was formed from a Farmers' Club, there was no need of a facilitating agency (POPI). This is an interesting feature about capacity of core members of an FPO when formed from any existing association or group of producers.

14.2 Highlights of Achievements through FPO approach

Membership:

The total members of this FPO are 148. The active members however are 87. This membership is from 12 villages of one block. These 12 villages themselves have about 3000 families of which only about 90 members are actively participating in this FPO. The membership equity contribution per member is INR 10,000. The total equity as in 2020 was INR 35,30,000. The members have very strong financial interest in this FPO and appear to consist of large, well to do farmers.

The operational area covers the whole of Pananchery Panchayath, an area of 141 sq. kms, a major portion of which is utilized for cultivation of various agriculture crops; viz., Banana (Nenthran) and other local varieties like Palayankodan, Kadhali, Robusta, Poovan varieties, variety vegetables, coconut, rubber, spices like cardamon, Jathikka, variety mangoes, jackfruit etc. The Panchayath is adopted by Kerala Agriculture University and serves as an extension centre for their various agri-programmes with hybrid seeds and latest technology.

Business Turnover:

The total annual turnover of the FPO in the last financial year was INR 23,000,000. It primarily transacted in bananas and vegetables. About 22 members of this FPO have also ventured into honey production. Although the members are few, the business is significant and regular. The farmer members bring their produce to the FPO center and the FPO helps auction them and the produce is sold off by noon time and payments are received by the farmers by the evening of the same day.

Convergence Measures:

Prior to the formation of the Producer Company, the collective gradually grew through a process of convergence of the various schemes of NABARD, local government, and extension center of the local agricultural university. However, as the collective became a stable business entity, the focus has been on enhancing the business operations and accordingly, the members of the Board have focused on converging finances to grow and expand the business. The FPO accordingly has tried to avail the matching equity contribution from SFAC and has availed a

Term Loan of INR 25,00,000 from the Bank.

Credit Position:

The credit position of the FPO has been good. Its good business turnover gives it the credibility for credit. It has already obtained a term loan of INR 25,00,000. Its annual credit requirement is to the tune of INR 10,00,000. If it were to enhance its member base, its credit requirement would substantially go up. Further, it is limited to only procurement of bananas and some vegetables. However, if it can expand to work on other services of the people in the local community; its business turnover can increase many times over.

14.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

As stated by the BoD members and the CEO, the net increase in sale price per unit of produce has been to the tune of 12% to 15%. Further, the increase in net annual income for the members is to the tune of 5%. The producer members also receive their payments on time and by the end of the day. Though the net increase in incomes may look small; these are possibly the best that an FPO can provide through the single activity of marketing the surplus produce of some selected commodities.

Given that the total number of active members are only about 90 and the activity of the FPO is limited to auctioning of banana and vegetables, the current social impact of the FPO look to be limited. However, since it has a good business base, it can make a big difference to the producers in the local community if it can diversify its activities and be more inclusive with regards to its membership,

Governance & Managerial Capabilities:

The FPO has a Board that has very good experience and educational background. It is also equally equipped with a qualified management team to run the business operations. The BoD of the FPO also seem to have a diverse experience and good social network that is very helpful in successful operations at times of any challenge and difficulties.

The Company is managed by a Board consisting of 11 (eleven) farmer directors, of which one director is a woman agriculturist. The day-to-day affairs are managed by the Chairman, Managing Director supported by CEO and a team of 7 staff members. The list of directors is given below:

List of Directors:

| Name | Experience | Occupation |
|---|--|---|
| ShriJohney Kochery Chairman, PFPC Ltd. | President of Merchant Association of Pananchery for 15 years. Dist. President of Nabard Farmers Club Federation, Thrissur for 6 years. Pananchery Farmers Club President since 2002. Director of Vellani Valley Developers (P) Ltd (CMD for 5 years). Lions Club, Pattikad Past President. Chairman of Free Ambulance Service Committee, Pattikad | Agriculturist. High-tech farming since 18 years. (A retired Civil Engineer) |
| Francis T A, Managing Director, PFPC Ltd. | Retired Mechanical Engineer | Agriculturist Since 6 years. |
| Yohannan, M K | Director, PFPPC Ltd | Agriculturist |
| Bhaskaran Nair M G | Director, PFPPC Ltd, Business | Agriculturist |
| Varghese K J | Director, PFPPC Ltd, Business | Agriculturist |
| Bhaskaran A | Director, PFPPC Ltd | Agriculturist |
| Samuel Thomas | Director, PFPPC Ltd | Agriculturist |
| V A Jose | Director, PFPPC Ltd, Retired. Police Officer | Agriculturist |
| Ramachandran Pillai | Director, PFPPC Ltd, Govt. Contractor | Agriculturist |
| Roy K. Devassy | Director, PFPPC Ltd, | Agriculturist |
| Mrs. Leena Francis | Director, PFPPC Ltd | Agriculturist |
| Narayanan P V S | CEO | Retired Banker |

Annual Business Plan (Product & Service mix):

The business of FPC primarily includes banana of different varieties and some vegetables. The farmers of the FPC grow as many as eight varieties of bananas. This has been facilitated by the extension center of the local agricultural university. The FPC also deals with about ten types of vegetables depending on the surplus that farmer members bring to the FPC center for weekly auction.

Nature of Technologies (Cost & Ease of Operation):

The FPC has no direct role on the production technologies of banana or vegetable production in the area. The extension center of the local agricultural university has been providing the required technical support to the farmers in the area. The FPC has however developed a system and procedure of auctioning of the produce in the FPC center that the farmer members follow the process for ease of display, auctioning and online cash transactions. As a result, the cost of marketing is only 3 % of the transaction.

The auction is scheduled on Monday, Wednesday, and Friday every week at 10.00 AM. The auctioning is completed by 12.30 AM. The delivery of produce is done between 1.30 – 3.30 PM. The transfer of payment to the farmers begins by 3.30 PM. There are about 7-8 support staff in the FPC who facilitate the whole operations of the FPC.

Value Addition & Marketing Landscape:

The role of the FPC about value addition and marketing is limited to systematic auctioning of farmers produce and handling of payments between the buyers/intermediaries and the farmers/producers. As all fruits and vegetables are auctioned most of the time. On rare occasions, the FPC has taken the some produce to the local market to sell. The FPC has acquired its own land and developing an office and value addition facility at its own premise using a Term Loan from a commercial bank.

Marketing Challenges:

The FPC has resolved the marketing challenge by developing the system of auctioning. A technique that has reduced waste and obtain a fair price. The average market price of banana has been about INR 40 per Kg. The FPC can auction the bananas in the range of INR 21 – 24 per Kg. Selling in bulk will have this limitation.

Of the total annual business turnover, 7% is used for FPO management which includes the salaries, office rental, administration, and maintenance of the FPC office and premises. With

additional 3% of marketing cost, the total service cost to the member is about 10%. Hence the farmer gets little over 50% of the retail sale price of bananas, the main item of the FPC.

Social Capital of the FPO:

The social capital among the board members is indeed high. There is also a good relationship and interdependence of farmer members and the board members. However, this number is limited to less than 90 members only. With the current base of business strength, the FPO needs to weave the business and social interest of other farmers in the same cluster and increase the membership to be able to build the social capital of the community. This can enable it to expand its activities, reduce cost of transaction and emerge as a model FPO.

Operational Expenses:

The FPO having reached a business turnover of over INR 2.3 crores is able to cover its own expenses and run independent of the financial grant support from NABARD.

14.4 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level:

The members of the FPO have no specific preference to organic or ecological approach to agriculture. As reported 100% of the farmer members face pest problems in their respective farms. Whenever there are issues of pest attacks, they either apply the pesticides available in the market or consult the scientists of the local agricultural university. It appears that members produce banana and vegetables for commercial purpose with the application of synthetic fertilizers and pesticides. Accordingly, the FPO has not given importance to assessing organic carbon and pH of the soil.

Relationships among farmers in the Clusters:

The relationship among a few of the Directors seemed to be strong. The functioning in the FPO seem to be primarily driven by a few Directors and a dedicated CEO. The 87 active members seem to be trading through the FPO as they can get their surplus banana and vegetables sold off at a fair price. However, the overall level of relationship among members seems to be low. The limited number of active members also is an indication of the depth of relationships among the members.

Nature of Governance in the Clusters/GP and interaction of FPO:

This FPO has been a well-functioning business unit. Its members are limited by the limited business it undertakes and it is meant to meet the marketing needs of these members. It also appears that the Board consists of well to do farmers. The FPO has less or little interaction with

the GP where it is located. and the members belong to. Out of about 3000 households, the total number of members count for 5% of the total population. With this limited represented of household from the GP, the FPO can have little say in the GP activities and direct convergence of resources and schemes in the light of the members of the FPO.

14.5 Summary and Major Findings

- The FPO evolved from a former association of farmers, viz., Farmers' Club. This has provided a good foundation to the commitment of the Board members in the functioning of the FPO.
- The FPO has stabilized its business operation throughout a year, which by itself is a great success for an FPO.
- The volume of business of the FPO can cover the cost of operations of the FPO, a critical business viability indicator of an FPO that many FPOs in the country have been struggling with.
- The FPO is limited to a few members. As per the current guidelines of the national FPO policy on minimum number of members (300 members) it would not qualify to receive the basic support for establishing the FPO.
- The sustainability issues related to agriculture have not been investigated. The members have been adopted commercial farming that is engaging in production using inorganic, synthetic chemicals, pesticides, and fertilizers.
- The FPO has also not visualized the holistic development of its members and their community. With limited number of members, it has little role in the local community governance and convergence of resources for the overall development of the FPO.

14.6 Suggestions to strengthen the Ecosystem of the FPO

Since the core marketing activity of banana and vegetables is in place. Since the net earning is limited though assured, it needs to consider value addition. While it seems to have already planned for this. However, for it be an exemplary FPO, Pananchery FPO needs to

- Expand its membership to other producers in the 12 villages of the GP
- Increase the product and service basket of the FPO which will help add more members.
- Adopt a holistic development plan for the members and producers of the GP
- Better connect with the local community governance, help better convergence and integration of various issues of the well-being of the people in the GP.
- All the above will help increase the credit requirement as well as the acceptance of the FPO serving the larger group of producers in the GP.

The FPO Board members also shared a few suggestions:

- The Grant period of three years is short and needs to be extended (that indeed has been extended to five years). They also suggested that the criterion for evaluation needs a review to fit to different contexts.
- Although NABARD supports product marketing, there is a need to support infrastructure.
- Professional service charges and cost of compliances are very high and there is a need to provide some concessions on these fees for the first five years of an FPO.

Exhibit 1: Profit & Loss Statement

| Pananchery Farmers Producer Company Limited CIN : U01110KL2014PTC036058 Pananchery Farmers Club, Dream City, Pananchery Panchayath, Thrissur 680 652 | | | |
|--|----------|--|--|
| Statement of Profit And Loss for the year ended 31st March 2020 | | | |
| Particulars | Note No. | Figures as at the end of current reporting period 31.03.2020 | Figures as at the end of current reporting period 31.03.2019 |
| | | ₹ | ₹ |
| Revenue from Operations | K | 1104888.00 | 2742925.00 |
| Other Income | L | 67488.00 | 125988.00 |
| Total Revenue (I + II) | | 1172376.00 | 2868914.00 |
| Expenses | | | |
| Cost of Materials Consumed | M | 0.00 | 1665893.00 |
| Purchase of Stock in Trade | | 0.00 | 0.00 |
| Change in Inventories of Finished Goods, Work in Progress and Stock in Trade | N | 109647.00 | 32495.00 |
| Employee Benefit Expenses | O | 206500.00 | 269334.00 |
| Finance Costs | P | 199236.00 | 169869.00 |
| Depreciation and Amortisation expenses | | 120511.00 | 128639.00 |
| Other Expenses | Q | 638149.00 | 690962.00 |
| Total Expenses | | 1274043.00 | 2957192.00 |
| V Profit before exceptional and extra ordinary items and tax (III - IV) | | (101667.00) | (88275.00) |
| VI Exceptional Items | | 0.00 | 0.00 |
| VII Profit before extraordinary items and tax (V - VI) | | (101667.00) | (88275.00) |
| VIII Extraordinary Items | | 0.00 | 0.00 |
| IX Profit Before tax (VII - VIII) | | (101667.00) | (88275.00) |
| X Tax expenses | | 0.00 | 0.00 |
| (1) Current Tax | | 0.00 | 0.00 |
| (2) Deferred Tax | | | |
| XI Profit/(Loss) for the period from continuing operations | | (101667.00) | (88275.00) |
| XII Profit/(Loss) from discontinuing operations | | 0.00 | 0.00 |

Exhibit 2: Balance Sheet

| Pananchery Farmers Producer Company Limited CIN : U01110KL2014PTC036058 Pananchery Farmers Club, Dream City, Pananchery Panchayath, Thrissur 680 652 Balance Sheet as at 31st March 2020 | | | | |
|--|--|----------|--|--|
| | Particulars | Note No. | Figures as at the end of current reporting period 31.03.2020 | Figures as at the end of current reporting period 31.03.2019 |
| | | | ₹ | ₹ |
| I | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders Funds | | | |
| | (a) Share Capital | A | 2930000.00 | 2930000.00 |
| | (b) Reserves and Surplus | B | 18744.00 | 148899.00 |
| | (c) Money Received against Share Warrants | | 0.00 | 0.00 |
| 2 | Share application money pending allotment | | 600000.00 | 450000.00 |
| 3 | Non Current Liabilities | | | |
| | (a) Long Term Borrowings | C | 1479974.00 | 1535780.00 |
| | (b) Deferred Tax Liabilities (Net) | | 0.00 | 0.00 |
| | (c) Other Long Term Liabilities | | 0.00 | 0.00 |
| | (d) Long Term Provisions | | 0.00 | 0.00 |
| 4 | Current Liabilities | | | |
| | (a) Short Term Borrowings | | 0.00 | 0.00 |
| | (b) Trade Payables | | 0.00 | 0.00 |
| | (c) Other Current Liabilities | D | 877511.00 | 741818.00 |
| | (d) Short Term Provisions | | 0.00 | 0.00 |
| | TOTAL | | 5906229.00 | 5806497.00 |
| II | ASSETS | | | |
| 1 | Non Current Assets | | | |
| | (a) Fixed Assets | E | 2411018.00 | 2522029.00 |
| | (i) Tangible Assets | | 0.00 | 0.00 |
| | (ii) Intangible Assets | | 3109093.00 | 2778143.00 |
| | (iii) Capital Work in Progress | | 0.00 | 0.00 |
| | (iv) Intangible Assets under Development | | 0.00 | 0.00 |
| | (b) Non Current Investments | | 0.00 | 0.00 |
| | (c) Deferred Tax Assets (Net) | F | 300500.00 | 300500.00 |
| | (d) Long Term Loans and Advances | G | 0.00 | 0.00 |
| | (e) Other Non Current Assets | | | |

| Particulars | Note No. | Figures as at the end of current reporting period 31.03.2020 | Figures as at the end of current reporting period 31.03.2019 |
|-----------------------------------|----------|--|--|
| | | ₹ | ₹ |
| Current Assets | | | |
| (a) Current Investments | | 0.00 | 0.00 |
| (b) Inventories | H | 0.00 | 109647.00 |
| (c) Trade Receivables | | 0.00 | 0.00 |
| (d) Cash and Cash Equivalents | I | 49618.00 | 60178.00 |
| (e) Short Term Loans and Advances | | 0.00 | 0.00 |
| (f) Other Current Assets | J | 36000.00 | 36000.00 |
| TOTAL | | 5906229.00 | 5806497.00 |

As Per Report of Even Date

Directors

Mr. Francis T A (Mg Director)
(DIN:06731808)

Mr. Johny Kochery
(DIN:01606149)

Mr. Yohannan M K
(DIN:06731776)

Mr. Varghese K J
(DIN:07110977)

Mr. Bhaskaran A
(DIN:07114218)

Mr. Thomas Samuel
(DIN:07114219)

Mr. Ramachandran Pillai
(DIN:07110965)

Mr. Roy K D
(DIN:07110995)

Mrs. Leena Francis
(DIN:07175614)

Thrissur
04.12.20

Exhibit 3: FPO Data Sheet

Name of the FPO: Pananchery Farmers Producer Co Ltd,

Registration & Year: Producer Company Act, 2014

District & State: Thrissur, Kerala,

Email: rajapallassana@gmail.comfarmerscompany2015@gmail.com

Promoted by NABARD

| | |
|--|--------------------------|
| Name of the President or Chairperson of the FPO | JohnyKochery |
| Contact Number of the President or Chairperson of the FPO | 9447238247 |
| Name of the Chief Executive or Chief Coordinator of the FPO | Narayanan P V S |
| Contact Number of Chief Executive or Chief Coordinator of FPO | 9037016461 |
| Name of the Facilitating Organization (POPI / CBBO) | Direct |
| No. of total registered members | 148 |
| No. of villages (including) hamlets covered | 12 |
| No. of GPs and Blocks covered | 1 |
| Meeting frequency of BoD Members | Quarterly |
| Equity contribution per member (in Rs.) | 10000 |
| Total Equity as on date (in Rs.) | 3,530,000 |
| No. of active members | 87 |
| Total Annual Turnover (in Rs.) | 23,000,000 |
| Total Annual Credit Requirement (in Rs.) | 1,000,000 |
| Total Credit availed in the last financial year from Banks/ Financial institutions/ external sources (in Rs.) | 2,500,000 (Term Loan) |
| Amount of procurement of different produces from FPO members (in Rs.) | 23,000,000 |
| Amount of business through sales of fertilizers & pesticides to farmer members | 0 |
| Amount of business from sale of different consumables to members and others in the community (in Rs.) | 0 |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 1,600,000 |
| Amount of service fee earned by the FPO from providing different services to the members of FPO (in Rs.) | 0 |
| Net increase in sale price/unit for producer member of any three major products by selling through by FPO. | 12% to 15% |
| Reduction in post-harvest wastage to members (in %) | Data not collected |
| Increase in net annual income to individual members of FPO (in Rs.) | 5% approximately |
| Average Net annual savings by members from various services of FPO (in Rs) | Data not collected |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 5% |
| Amount of Retail sales at the block and district level markets (as % of total sales) | Not known |
| Amount of institutional sale in local and urban markets (as % of total sales) | Not known |

| | |
|---|--|
| Maximum distance (in KMs) where the FPO sells directly to her customers | 3 kms |
| Annual marketing cost of the FPO (as % of total sales) | 30% |
| What percentage of Farmer members practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. (indicate in %) | 100% |
| Farmers generally source their seeds from (please tick) | Own Farm, Market, Community Seed Bank |
| What percentage of farmer members have water on their respective land/farm in summer (indicate in %) | 100% |
| What percentage of farmer members have land with soil organic carbon more than 4.0 (please indicate in %) | Not known |
| What percentage of farmer members have land with soil PH at around 7.0 (please indicate in %) | Not known |
| What percentage of your farmer members have pest problems in their agriculture (please indicate in %) | 100% approx |
| Has the main crop of the area changed over time? | No |
| If answer to above question is Yes; please indicate the primary reason for this. | |
| List the schemes/benefits converged with the FPO from other government dept. / development agencies / GP / local elected representatives / community leaders through the efforts of POPI or NABARD. | Nil |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 3 |
| Percentage of times that the key decisions relating to pricing, procurement, expenses of FPO, choice of technologies are taken by the BOD members (please indicate in %) | 60% |
| What percent of expenses of POPI or CBBO usually gets covered through the budgetary provisions of NABARD / SFAC / NCDC? (please indicate in %) | Not Applicable. |
| State two major benefits that the POPI gets for facilitating this FPO | Not Applicable |
| What is the benefit for a CEO working in an FPO? | Sharing knowledge with farmers |
| Is the CEO from the local community of the FPO? | No |
| Who does the CEO report to daily? | BOD of the FPO |
| In how many more years from now will the Board Members manage the FPO on their own? | Not known. Depends on Govt support n policy decisions |
| If there are any other observations on FPO that you would like to share, please share them here: | Farmers dispose the produce in open market & get their payment instantly |

Exhibit 4: Photos of the FPO Activities













FPO - Case 15

Pithoragarh Beej Utpadak Nidhi Swayat Sekharita, Pithoragarh, Uttarakhand

Seeds of collectivization becoming Tree

| S. No. | Particular | Details |
|--------|---|--|
| 1 | Major Business Activity undertaken by FPO | Vegetables, Vegetable seeds Cereals, and other Services |
| 2 | No. of Villages covered | 103 |
| 3 | No. of total members | 300 |
| 4 | No. of active members | 50 |
| 5 | Total turnover (In 2018-19 FY) | INR 10,00,000 |

15.1 The Context

Background of FPO Members:

The FPO is based in a hill district in the Kumaon region of State of Uttarakhand. It is at the Nepal border. The region is sparsely populated, and farmers have very small land holding, typical of hilly region. 82% farmers are small and marginal farmers. 98% of land holdings are less than 2 hectares each. The region is also rain fed. The agricultural activity has been highly labour intensive as there has been low level of mechanization. Market institutions not being strong, timely seed availability of agricultural inputs, especially seeds remain to be a big challenge. Seeds being a critical component to farming, members were motivated to form a seed producing FPO in the region. This was facilitated by Neo Integrated Development of Himalayas (NIDHI); a POPI supported by NABARD.

Facilitating Agency:

Neo Integrated Development of Himalaya (NIDHI) was founded in 1997. The focus of NIDHI has been rural development. It has primarily been working on SHG development programme of NABARD. It was involved in SHG formation and development of SHG federations. Subsequently, it also worked in forming Farmers Club, another programme of NABARD. Its focus of work has been in communities of the tribal hilly district(s) in Jammu & Kashmir. NIDHI now facilitates nine FPOs in 9 Blocks of three districts.

NIDHI as the POPI for the FPO facilitated the members of SHGs and Farmer Clubs to form the FPO. Subsequently, other producers were also mobilized to join the FPO. NIDHI initiated the need for good seeds for the producers in the area through the FPO. Its focus was on indigenous seeds and later the local ICAR research center facilitated some good locally

adaptable hybrid seeds of tomato and other vegetables through the FPO.

15.2 Highlights of Achievements through FPO approach

Membership:

The total number of registered members in the FPO is 300. These members belong to 103 villages and hamlets. This includes 5 GPs from 8 Blocks. The geographical conditions and thinly populated villages in the region make it hard to get sufficient members from a compact geography. The current low active membership of just 50 out of 300 also shows that physical distance among members reduces interactions and the interest and their continuity in the FPO.

Business Turnover:

The annual turnover of the FPO is in the tune of INR 10,00,000. Increase in profit for the active members has been to the tune of INR 4000 per annum and savings per member has been to the tune of INR 2000 per annum. In other words, the total benefit to the farmers through the FPO is about INR 6000 per annum that is INR 500 per month. However, this benefit is also limited to a few active members that accounts to about 50 members.

Convergence Measures:

The FPO has succeeded in converging different expertise for building the capability of the FPO. It reports to have facilitated convergence of five expertise. These included expertise on seed technology, farm machinery and services of equipment. However, about resource convergence, it has converged with the Department of Agriculture, Uttarakhand state to procure farm machinery such as Thresher, Power Weeder, Sprayers, etc. The FPO has been providing this farm equipment to members on a hire purchase basis.

Achievement of Convergence activities from the date of starting implementation

It has also tied up well with the Department of Horticulture for potato seeds, Department of Agriculture for farm machinery and has now taken up dealership with two private companies for farm machinery. The POPI feels this has greatly reduced the challenges to the local farmers who otherwise had to rely on source as far as 300 KM.

Credit Position:

The credit requirement of the FPO is about INR 200000. The FPO rotates this amount for its business transaction. From the early years of its inception the Uttarakhand Gramin Bank, Pithoragarh sanctioned a loan limit of Rs.2.00 lakhs to the FPO for supporting its business and this arrangement continues even now. With the current level of business, this amount of credit

is adequate as reported by the POPI. However, if the FPO increases its business portfolio, the turnover can increase further and hence more credit shall be required.

15.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

The farmer members have gained with the formation of the FPO in multiple ways:

1. Farmers could get good quality seeds in fair price through the FPO
2. Farmers could get better access (both hiring or purchase) to farm mechanization through the FPO which otherwise was available about 300 KM away.
3. Maintenance Services of farm equipment such as power tillers has been possible through the FPO
4. Procurement of surplus produce of the small farmers and their marketing has been organized through the FPO.

The active members have benefitted from selling their surplus produce and they have also saved the wastage and losses which they incurred earlier to the FPO formation. As mentioned earlier, the net additional benefit to the active members has been to the tune of INR 500 per month.

Governance & Managerial Capabilities:

Governance within the FPO is well undertaken by the Board of Directors. The CEO of the FPO undertakes most of the management of the FPO. However, the FPO still relies on the support of the POPI. With the limited active members, the FPO is faring well. With more active members from a relatively compact habitat could improve its governance and managerial efficiency.

The FPO is managed well by Dr. Sunil Pandey. He is supported by a good team of youth and Board members. The geographic spread of members of the FPO will remain a challenge. However, the FPO is trying to reduce the cost of operations by carefully working out the logistics for movement of products either for sale to or for procurement from the members. The physical distance however limits the governance issues.

Annual Business Plan (Product & Service mix):

The product – service mix of the FPO include vegetable seeds, vegetables, cereals, and farming machinery services. Vegetable seeds and vegetables include potato, onion, garlic, tomato, bean, methi (fenugreek), dhania (coriander), etc. Cereals include wheat and ragi (finger millet). Services to farmers include providing farm machinery and equipment (thresher, power weeder,

sprayer, etc) on rental basis. FPO not only provides these machineries on hire basis to producer members; it also provides services of machinery of the farmers. The FPO has now become dealers of two private companies that deal with farm equipment and this gives it more leverage to provide services to its members.

Nature of Technologies (Cost & Ease of Operation):

In terms of agricultural production technologies, the farmers of this FPO adopt organic farming as shared by the POPI. Given the location and challenges of working on the farm on the hilly terrain, the use of simple agricultural equipment and machinery has been very helpful. The FPO has indeed done well in making these simple machineries available on hire basis to the small and marginal farmers. In the challenging topography, the FPO will have to choose equipment that will be helpful to the farmer members.

Value Addition &Marketing Landscape:

There is little value addition of the vegetables and cereals that the farmers sell. Most of it produce is sold in the local markets within about 2 KM from the FPO office. Given the large vegetable mandis are far off from this region, vegetable production is largely (90%) absorbed by the local market. A few times, the FPO has sold its produce in far off markets as far as Jaipur and Aligarh. Compared to the vegetables, the vegetable seeds however can be sold in far off markets.

Marketing Challenges:

Given the high demand – supply gap of vegetables in the region, there is little difficulty in selling the vegetables and cereals for the FPO. The services related to farm machinery is also in good demand by the FPO members and local community and hence the FPO faces little challenge on its marketing,

Since the FPO itself has become the local Agent for machinery supplies, it is able to negotiate well for the price management of the machinery on behalf of the farmers. The availability of seeds as a critical input in the area has already been broadly dealt with. The local ICAR research center has also been facilitating the supply of good seeds.

The physical distance of members and habitation make the marketing and logistics pose some challenge. However, as mentioned earlier, the FPO has been trying to optimize its logistics to reduce cost of transportation.

Social Capital of the FPO:

With active members being only fifty, the social capital of the FPO seems to be on the lower side. The geographic distance, topography, and transport makes it harder for people or members to meet regularly and this could have led to inactiveness of large share of the registered members. With lower member participation, the interaction of the FPO with the local communities also seems to be low. The FPO may appear to function as a small service or trading unit for a select group of people and not for most of the producers or people in the local community or villages.

Operational Expenses:

The FPO having reached a business turnover of INR 10 lakhs. Though it no longer depends on NABARD to cover its operational expenses including the salary of the CEO, it still relies on the POPI for some support.

15.4 Enabling Externalities for Farmer Producer Organizations (FPOs)**Sustainable Agricultural Systems at Farmers Level:**

The farmer members of this FPO primarily adopts organic farming. Hence all plant nutrients, inputs for soil health, pest control are by the application of organic or natural inputs. However, given the smallholding of land and in highly sloppy area, water harvesting techniques have not been attempted. The farmers are dependent on rainfall; though the moisture retention of the soil is better in the Kumaon region; close to the Himalayan mountain range.

Relationships among farmers in the Clusters:

Given the geographical location, dispersed habitation and spread of membership of the FPO, structurally it is not possible to nurture good level of relationships among the members. There are a total of 300 members spread over 103 villages from as many as 8 Blocks. The sheer physical distance shall limit the frequency of interactions among the members. With lower level of interactions, the trust and cooperation would also be lower. Empirically, we find that out of 300 registered members only 50 members are active. This will subsequently limit sustainable growth, convergence possibility and improvement of general governance and participation for a holistic growth of the members.

Role of the Facilitating Agency:

The rugged physical terrain, dispersed population and limited transport and communication facilities in the hilly Kumaon region make coordination among farmers quite challenging. In the above context, the role of the Facilitating Agency has been crucial in the context of the

small and marginal farmers in the hilly district of Uttarakhand.

The facilitating agency (POPI) has made the supply of seeds and farm machinery to the farmers possible. It has also tied with the research institutions, government departments and private companies to converge some of the critical inputs for agriculture.

Nature of Governance in the Clusters/GP and interaction of FPO:

Given the spread of members from five GPs from eight Blocks, with just fifty active members from five GPs; the FPO can have little say and participation in the general community governance of the GP where the FPO is based. However, the farmer producer members have more resources and benefits available through their respective GPs. The FPO could have served better had it helped convergence of the scheme and programmes of the government through the FPOs. This is not possible without deeper involvement of the members in their respective GPs. The number of FPO members from the respective GPs shall also matter. In its current structure, the FPO may operate a very special vehicle to provide some seeds to its limited members.

15.5 Summary and Major Findings

The context of this FPO is quite different from the FPOs in the plain and coastal regions. The members of the FPO are very thinly distributed over a large geographical area. This physical location of the members makes it harder for members to frequently interact. This has led to few active members in the FPO.

However, with the limited active members the FPO has been provided some critical inputs to the members viz., good quality seeds, farm machinery that reduces drudgery on the farm and market the surplus produce of the farmer members. Recently, the FPO has also become a farm equipment vendor of two private companies that helps members procure equipment or get them on hiring service basis.

The FPO has converged with the department of agriculture for farm machinery and with the department of horticulture for potato seeds. It has also converged with local research institution, viz., Vivekananda Parvatiya Krishi Anusandhan Shala (VPKAS, Almora) on seed technology. Now it has also converged with private companies.

Its major limitation is only in designing the compactness of habitats of the members. Given the topography of the region, the FPO is currently designed to have members from 103 villages from 8 Block. This probably is at the heart of very low proportion of active members in the

FPO.

15.6 Suggestions to strengthen the Ecosystem of the FPO

The FPO is doing very well on several fronts. However, it has a few challenges to deal with.

- The cluster size of the FPO is a major issue with regard to enhancing interactions among members, the basis of building social capital and reducing transaction costs.
- Linked the above point, the governance of the FPO will face difficulty due to the spread of the Directors at greater physical distance. This may make the governance not transparent in due course of time.
- In the above context, the FPO needs to focus to build members within one GP or a couple of GPs in one Block. The maximum size that this FPO can work with is a Block

Exhibit 1: Profit & Loss Statement

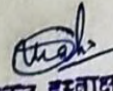
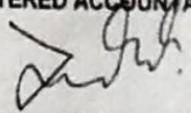

| PITHORAGARH BEEJ UTPADAK NIDHI SWAYATT SAHKARITA, JAKHI, PITHORAGARH TRADING & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31, MARCH 2019 | | | |
|--|---------------------|--|---------------------|
| PURTICULARS | AMOUNT (RS.) | PURTICULARS | AMOUNT (RS.) |
| To Opening Stock | 11,008 00 | By Sale | 90,247 00 |
| To Purchase | 5,69,618 00 | By Closing Stock | 4,96,978 00 |
| To Gross Loss c/d | 6,599 00 | | |
| | 5,87,225 00 | | 5,87,225 00 |
| By Bank Charges | 1,972 00 | By Gross Loss b/d | 6,599 00 |
| By Depeciation | 17,249 00 | By Bank Interest | 1,077 00 |
| By Audit Fee | 5,000 00 | By Grant in Aid | 83,000 00 |
| By Packaging Expenses | 10,160 00 | | |
| By Labour Charges | 10,200 00 | | |
| By Transport Expenses | 9,605 00 | | |
| By Printing & Stationary Expenses | 5,060 00 | | |
| By Rent | 10,000 00 | | |
| By Interest on Bank Loan | 3,720 00 | | |
| By Repair & Maintenance Expenses | | | |
| To NETT PROFIT | 17,710 00 | | |
| (Tfd. To Capital Account) | | | |
| Total | 90,676 00 | Total | 90,676 00 |
| As per our separate report of even date. | | UDIN : 21538826AAAABK2531 | |
| (SECRETARY) (PRESIDENT) Dated: 18-02-2021 Place: NEW DELHI  प्रधिकृत हस्ताक्षरी पिथोरागढ़ बीज उत्पादक निधि सहकारिता जाखनो पथोरा | | For CA DEEPAK KUMAR MAURYA CHARTERED ACCOUNTANT  (CA Deepak Kumar Maurya) M.No.: 538826  | |

Exhibit 2: Balance Sheet

PITHORAGARH BEEJ UTPADAK NIDHI SWAYATT SAHKARITA, JAKHI, PITHORAGARH
BALANCE SHEET AS AT 31-3-2019

| LIABILITIES | AMOUNT (RS.) | ASSETS | AMOUNT (RS.) |
|--|---------------------|---------------------------------|---------------------|
| SHARE CAPITAL | | FIXED ASSETS | |
| Members Share Capital | | Agriculture Equipments | 1,14,991.00 |
| Opening Balance | 31,600.00 | Less: Depreciation | 17,249.00 |
| Add: Addition during the Year | 31,600.00 | | 97,742.00 |
| Fixed Assets Capital Fund | 4,95,315.00 | Agriculture Equipments(Grant) | 4,95,315.00 |
| RESERVE & SURPLUS | | CURRENT ASSETS | |
| Opening Balance | 60,543.00 | Closing Stock | 4,96,978.00 |
| Add: Addition during the Year | 17,710.00 | Sundry Debtors (Annexure B) | 42,430.00 |
| | 78,253.00 | | |
| CURRENT LIABILITIES | | Cash & Bank Balances | |
| Sundry Creditors | 5,56,011.00 | Cash in hand | 24,716.00 |
| Bank OD | 8,146.00 | With UGB | 17,144.00 |
| Audit fee Payable | 5,000.00 | | |
| Total | 11,74,325.00 | Total | 11,74,325.00 |
| As per our separate report of even date. | | UDIN : 21538826AAAABK2531 | |

(SECRETARY)

(PRESIDENT)

Dated: 18-02-2021

Place: NEW DELHI

अधिकृत हस्ताक्षर

पथौरागढ़ बीज उत्पादक निधि
वायत सहकारिता जाखनो पथौरागढ़

For CA DEEPAK KUMAR MAURYA
CHARTERED ACCOUNTANT

(CA Deepak Kumar Maurya)
M.No.: 538826

अध्यक्ष

पथौरागढ़ बीज उत्पादक निधि
वायत सहकारिता जाखनो पथौरागढ़

Exhibit 3: FPO Data Sheet

All India Case Studies of selected well performing FPOs

Name of the FPO& State: Pithoragarh Beej Utpadak NIDHI Swayatt Sehkarita, Pithoragarh, Uttarakhand

Name of the President: Sanjay Mahar

Name of the Facilitating Organization: Neo Integrated Development of Himalaya (NIDHI)

Promoted by: NABARD

| | |
|--|---------------------|
| No. of total registered members | 300 |
| No. of active members | 50 |
| No. of villages (including) hamlets covered | 103 |
| No. of GPs and Blocks covered | Block - 08, GP - 65 |
| Meeting frequency of BoD members/volunteers | 02 in a year |
| Amount of procurement of different produces from FPO members (in Rs.) | 3,00,000.00 |
| Amount of business from sale of consumables to members (in Rs.) | 4,50,000.00 |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 10,000.00 |
| Amount of service fee contributed by people/members to FPO for support received towards availing basic services from Clusters (in Rs.) | Nil |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 75,000.00 |
| Amount of Retail sales at the block and district level markets (as % of total sales) | 10% |
| Amount of institutional sales in local and urban markets (as % of total sales) | 50% |
| Maximum distances that different products have to travel where the FPO sells directly to her customers | 200 km |
| Annual marketing cost of the FPO (as % of total sales) | 10-20% |
| Increase in net annual income to individual members of FPO (in Rs.) | 4000 per member |
| Net annual savings by members from various services of FPO (in Rs.) | 2000 per member |

Thank You

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| | |
|--|-----------|
| Reduction in post-harvest wastage to members (in %) | 10% |
| Annual revenues from sale of various services by FPO (% increase) | 10% |
| Good seeds are available and affordable to small farmers (please tick that is applicable in your case) | Mostly |
| Farmers practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. | A Few |
| Availability of Seed bank & seed exchange in the cluster/GP | Somewhat |
| Trenches & micro-locks undertaken by members in respective farms | No |
| Provision for open well & water supply system made by farmers | No |
| Organic carbon level of soil at medium to high value | Medium |
| Soil pH to be around 7.0 | Mostly |
| Farms of Farmers with little or minimal pest problem | Sometimes |
| No. of convergence of the GP/Block/District level institutions with the FPO to deliver their respective services to the members/people of the cluster | None |
| No. of convergence of different expertise to stabilize the operations of the FPO | 05 |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 100 |
| Degree of freedom given by external institutions/agencies to the Board in delivery of services, application of funds and governance of FPO | High |
| Farmers/Producers perceive greater sense of trust & cooperation among themselves | Medium |
| Farmers/Producers develop a sense of fearlessness and sufficiency in resources, agricultural and allied activities and believe in their own capabilities | Medium |

Name of the CEO:

Rajendra Singh Mahar

Signature and Date:  12/12/2020

Thank You

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Exhibit 4: Photos the FPO Activities







FPO - Case 16
Pragathi Yuva Kendram Producer Company Limited
Transforming Floriculturists to Entrepreneurs

| S. No. | Particular | Details |
|--------|---|---|
| 1 | Major Business Activity undertaken by FPO | Floriculture (Lilly & Jasmine), Vegetable (Brinjal & Okara, all gourds), Horticulture activities (Mango, Banana,& Watermelon) |
| 2 | No. of Villages covered | 22 |
| 3 | No. of total members | 1028 |
| 4 | No. of active members | 650 |
| 5 | Total turnover (In 2019-20 FY) | INR 56,86,413 |

16.1 The Context

Background of FPO Members:

Among the several agricultural activities, farmer members in the region especially in the mandals of Kovur, Vidavalur, Kodavalur and Buchhi of Nellore district have been growing different types of flowers. Flowers such as Tube Rose, Jasmine and Marigold have been extensively cultivated in the region. However, in the absence of an organized marketing system, farmers were not getting remunerative prices for the flowers being produced. In other words, there has been demand for these flowers in the region and farmers have also been producing these; but income from this production activity has not been much remunerative due to weaker marketing. The increase in the cost of cultivation due to purchase of inputs in retail, expenditure on manual weeding and non-availability of credit from banks have had created further challenges for the farmers in this region to pursue the business on growing flowers.

Facilitating Agency:

The Facilitating Agency, KPL MACTS is based at Leguntapau village, Kovurmandal of Nellore district, Andhra Pradesh. It was started by Mr. Gunapati Prasad Reddy, a social worker. Moved by the sad situation on status of women exploitation, Mr. Reddy gradually mobilized women to free men from alcoholism in the village and bring back dignity of women in the village. Gradually, Mr. Reddy helped women to form SHGs, avail credit and undertake small economic activities. Through KPL MACTS, Mr. Reddy and his team has been working with the women and marginal producers and farmers in the Block on various development programmes of the local Government, NABARD, and other organizations before undertaking the FPO promotion under the NABARD FPO Scheme.

The prior engagement with the poor women and weaker sections of the community has been basis of the social capital of the POPI. It has worked on various development issues of the community including credit issues, economic and livelihood issues, health of elderly and education of children, etc.

16.2 Highlights of Achievements through FPO approach

Membership:

From 300 members in the early years, the total number of members has increased to 1028 members in 2020. These members belong to 22 villages from 3 mandalas that is equivalent to one Block (Kovur block) of Nellore district. The maximum distance of a village from the FPO is about 25 KM. Of the total registered members nearly 650 members are active. The Board members of the FPO meets every month. Participation of the Board members seems good with the Chairperson of the FPO seem to be driving the whole FPO. While 25 KM is compact by itself; it could be an issue for some to be able to participate in the meetings and transactions. And hence the active membership is about 60% of the total.

Business Turnover:

The total business turnover of the FPO for the financial year 2019-20 was INR 56,86,413. The business was mainly from flowers such as Lily and Jasmine; vegetables such as brinjal, ladies-finger, and different gauds; and fruits such as mangoes, banana, and watermelon. However, its business to the tune of INR 10,00,000 also included sale of different consumables to the producer members. Its business through rental services from agricultural equipment was to the tune of INR 3,50,000 and business from general services offered to members included INR 100,000.

Convergence Measures:

The FPO has converged schemes of several departments and organizations. From the Horticulture department, it has converged agricultural equipment such as tractors, weeders, weighing machines, transport vehicle, pack house, solar cold room, input subsidy, drip and sprinklers, solar poly dryers, etc. With the Agriculture department, it has converged for fertilizers and pesticides as wells as motors. With ATMA, the FPO has tied up for exposure visits and training programmes for the producer members. With KVK, the FPO seeks expert knowledge on various agricultural activities. It has also sought support for portable cold storage, soil health kits. Given the good network of Mr. Gunapati Prasad Reddy, the Chairperson of POPI, the convergence efforts of the POPI for the FPO has been pretty good.

Achievement of Convergence activities from the date of starting implementation

The POPI has successfully converged several development programmes at the FPO level.

Some of the key departments from where the FPO has converged are

- (a) Horticulture Department: Tractor, Power Weeder, Weighing Machines, Transport vehicle, Pack House, Solar Cold Room, Input Subsidy, Drip & Sprinklers, and Solar Poly Drier.
- (b) Agriculture Department: License of Fertilizers and Pesticides
- (c) ATMA: Exposure Visits, Head Lights, & Training Programmes
- (d) KVK: Expert knowledge, Portable Cold Storage, Soil Health Machines.

Credit Position:

The current credit arrangement is with Nabkishan. It has borrowed INR 19,80,000 from Nabkishan. The CEO of the FPO projects that it needs a credit to the tune of INR 80,00,000. Its business turnover for 2019-20 was INR 56,86,413 but it expects to reach a business turnover nearing INR 1.0 crore in the current year, 2020-21. Yet the expected credit to turnover ratio looks far too higher than the normal business. The members could avail credit through the JLG mode facilitated by the FPO.

16.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

Through the FPO, the small farmers particularly women farmers seem to have benefitted much. The trading intermediaries were gradually weakened, and farmers could reach to market directly. The overall income has increased for the active members. The members have also benefitted from input support in terms of farm equipment, weeders, pest management, storage facility, etc. The members have reduced wastage through good storage, packing systems, and marketing.

Governance & Managerial Capabilities:

The FPO is primarily governed by the Board of the FPO with the key role of the Chairman of the FPO, Mr. Gunapati Prasad Reddy. He also happens to be the head of the POPI, KPLMACTS that has been facilitating the FPO.

The CEO of the FPO is Mr. Bhupesh, the son of the Chairman, Mr. Reddy. Mr. Bhupesh has an MBA education from Hyderabad and has been doing a very good job of operating the FPO. Both the Chairman and the CEO bring their rich experience of operating 13 other FPOs that

they manage through the grant support from NABARD.

Membership, equity capital, and business turnover of the FPO has been growing. The FPO is being run as a good business enterprise and members see this entity as that provides the required services that the members. However, given the organizational structure, we may explore further on the nature of ownership of the members in the FPO.

Annual Business Plan (Product &Service mix):

The FPO has a good mix of different products and services as part of its product-service basket strategy. Although it started as a flower growing and selling FPO, it has gradually expanded to many activities. Its current business from flowers is about 15-20% of the total. Vegetables constitute about 15-20%. Banana in general and the small yellow table variety banana is gradually becoming a significant share (40%) of the business.

The FPO has taken up various agricultural input services. It provides custom hiring services of agriculture and farm equipment to the members of the FPO. It also provides daily consumable items to producer members and others through its retail outlets.

Nature of Technologies (Cost & Ease of Operation):

The FPO uses the existing technologies in the market as well as that of the government that is useful for the members and their business enhancement. The POPI is very good in assessing the commercial use of any technology in the domain of their business. Indeed, the POPI has leveraged several technologies and schemes of the Government related to basic processing, packaging, storage, and transportation.

Some of the provisions created by the POPI for the FPO include Portable Cold Storage, Solar Insect Light Trap, pump sets by mobile phone, Power weeders, power tillers, conoweeders, electric weighing machines, etc.

Value Addition &Marketing Landscape:

Based on the advice and direction of POPI, the FPO undertakes basic value addition at this stage and shall undertake greater value addition in the future. With business acumen of the POPI and the Chairperson of the FPO, the focus has been on basic value addition flowed by marketing or trading to enhance the income for the members. Its market landscape has been limited to local market; but gradually it is expanding to distant markets.

The FPO has undertaken value added products such as flower bouquets and to maintain model

nurseries. It has also tried mobile marketing and has tried to tie-up with corporate linkages with Ninja cart and Nigiris.

Marketing Challenges:

The FPO can market its products and services well. The CEO and Chairperson of the FPO who the head of the POPI is also are well equipped to under the marketing of the FPO. The FPO also has retail outlets to sell its products. The POPI has set up retail outlets to sell the products of this FPO and other 12 FPOs that it has promoted with the support of NABARD.

While the maximum distance of the villages of the FPO is about 25 KM, the marketing of the product is being visualized by the POPI to be undertaken as a federated activity in due course of time.

Social Capital of the FPO:

The FPO is well managed by the Chairperson and the CEO who is also the son of the Chairperson. The Chairperson of the FPO also happens to be the head of the POPI that is facilitating the FPO. The efficiency of operation may be high because of this close coordination by people from with the same family and organization.

While this type of arrangement at best serves as a paternalistic approach to improve the wellbeing of the small holder producers; it would be based largely on the strength of the social capital. In other words, the social capital of the FPO seems to be low and wider participation of members in the FPO does not seem to be the order. Democratic decision making within the FPO in the long term looks an area of concern and hence its sustainability.

Operational Expenses:

The FPO having reached a business turnover of over INR 56 lakhs is able to cover its own expenses and run independent of the financial grant support from NABARD.

16.4 Enabling Externalities for Farmer Producer Organizations (FPOs)**Sustainable Agricultural Systems at Farmers Level:**

When the FPO was initiated, one of the items of its business was fertilizers and pesticides. At the present however, the CEO of the FPO suggest that the FPO is trying to go in for organic farming. While about half of the farmer members use pesticides and chemicals, there have been efforts to reduce dependence on this. So as reported by the FPO there is currently mix of both organic farming as well as inorganic synthetic based chemical farming. The farmers are endowed with good amount of water. The availability of water on farmer field can also encourage farmers to use large amount of external inputs for farming practices.

Relationships among farmers in the Clusters:

Increasing business and benefits to members has increased the relationship of the producer members with the FPO. The relationships among the members within the FPO do not seem to be strong given the organizational structure of the FPO and the internal relationship of the POPI with the FPO.

Role of the Facilitating Agency:

The role of the facilitating agency is very high in the performance of the FPO. The CEO and Chairperson of the FPO belong to the POPI, the facilitating agency. The good offices and network of the head of the POPI who happens to be the Chairperson of the POPI has helped the POPI to converge various schemes and programmes of the government with the FPO. The local MLA from Kovur Block has had facilitated the formation of several FPOs in the region.

Nature of Governance in the Clusters/GP and interaction of FPO:

The FPO has a current reach to people of about 25 KM. However, the bulk of the business occurs in a few villages that grow flowers. As per the CEO the POPI has promoted nearly 13 FPO through the support of the horticulture department and the local MLA. With the involvement of the local politician in the formation of the FPO, it is likely to think big and operate on a large scale.

As the producer members are linked to the FPO for sale of their produce that are usually grown on commercial scale, the involvement of the members for a holistic development of the

community through the FPO has not been articulated so far. Hence, the orientation of the FPO in terms of participation in the local or GP level governance has not emerged.

16.5 Summary and Major Findings

The POPI has been successful in coordinating activities with the producer members in the formation of the FPO due to prior engagement with the people, especially women and marginal producers. It had taken up several development work in the community that built the trust and cooperation of members in building the FPO.

The previous development work undertaken by the POPI has created the trust of the government departments and NABARD in assigning this work with the POPI. Convergence of various schemes has been possible because of this trust factor and commitment exhibited by the POPI. The product-service strategy of the FPO is in the right direction and volume of transaction also looks good and it is likely to do well.

However, its geographic spread and expansion to form large number of FPOs may face problem in the future because of the large geography and depth of engagement in other communities. Further, the organizational structure where the head of the POPI being the Chairperson of the FPO and his own relative (son) being the CEO of the FPO can create a huge problem of conflict of interest and inappropriate signaling to other members who have not been associated or benefitted from the Chairperson.

16.6 Suggestions to strengthen the Ecosystem of the FPO:

1. The FPO needs to optimize its geographic size of its membership base to a GP level or a manageable size for holistic development of the community.
2. The FPO needs to develop a plan and build capacity in others from the community so that the current Chairperson and the CEO may be replaced.

Exhibit 1: Profit & Loss Statement


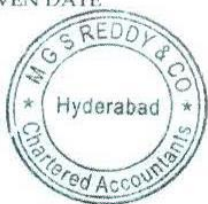

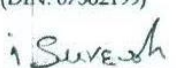

| M/s. PRAGATHI YUVA KENDRAM FARMERS PRODUCER COMPANY LIMITED STATEMENT OF PROFIT AND LOSS Profit and Loss statement for the Year ended 31st March, 2020 | | | |
|---|---------|---|------------------|
| Particulars | Note No | As on 31/03/2020 | As on 31/03/2019 |
| | | Rs. | Rs. |
| I. Revenue from operations | 13 | 56,86,413 | 26,24,600 |
| II. Other Income | | - | - |
| III. Total Revenue (I +II) | | 56,86,413 | 26,24,600 |
| <u>IV. Expenses:</u> | | | |
| Direct Expenses | 14 | 45,39,925 | 17,47,634 |
| Employee benefit expense | 15 | 5,23,460 | 4,32,650 |
| Administrative Expenses | 16 | 1,80,560 | 2,33,111 |
| Financial costs | 17 | 1,227 | 1,180 |
| Depreciation | 7 | 2,41,565 | 1,25,248 |
| Writing off Misc. Expenses | 8 | 5,000 | 5,000 |
| Total Expenses | | 54,91,737 | 25,44,823 |
| V. Profit before exceptional and extraordinary items and tax (III - IV) | | 1,94,676 | 79,777 |
| VI. Exceptional Items | | - | - |
| VII. Profit before extraordinary items and tax (V - VI) | | 1,94,676 | 79,777 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII - VIII) | | 1,94,676 | 79,777 |
| X. Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | - | - |
| XI. Profit(Loss) from the period from continuing operations (IX - X) | | 1,94,676 | 79,777 |
| XII. Profit/(Loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discontinuing operations | | - | - |
| XIV. Profit/(Loss) from Discontinuing operations (XII - XIII) | | - | - |
| XV. Profit/(Loss) for the period (XI + XIV) | | 1,94,676 | 79,777 |
| XVI. Earning per equity share: | | | |
| (1) Basic | | 1.05 | 0.43 |
| (2) Diluted | | 1.05 | 0.43 |
| Summary of Significant Accounting Policies | 18 | | |
| The accompanying Notes are an Integral Part of the Financial Statements AS PER OUR REPORT OF EVEN DATE For M G S REDDY & Co., Chartered Accountants Firm Regn. No: 0207945 | | | |
|  CA.G.Murali Reddy Partner Membership No. 234971 Place : Hyderabad Date : 20.05.2020 | |  | |
| | | For PRAGATHI YUVA KENDRAM FARMERS PRODUCER COMPANY LIMITED  BALLI ANAND Director (DIN: 07562199)  INAMADUGU SURESH Director (DIN: 07562201) | |
| | |  | |

Exhibit 2: Balance Sheet

| M/s. PRAGATHI YUVA KENDRAM FARMERS PRODUCER COMPANY LIMITED | | | |
|---|---------|-------------------------|-------------------------|
| BALANCE SHEET | | | |
| Balance Sheet as at 31st March, 2020 | | | |
| Particulars | Note No | As on 31/03/2020 Rs. | As on 31/03/2019 Rs. |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 2 | 18,59,000 | 18,59,000 |
| (b) Reserves and Surplus | 3 | 28,54,785 | 5,54,110 |
| (c) Money received against share warrants | | | |
| (2) Share application money pending allotment | | - | - |
| (3) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 4 | - | - |
| (b) Deferred tax liabilities (Net) | | - | - |
| (c) Other Long term liabilities | | - | - |
| (d) Long term provisions | | - | - |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | | - | - |
| (b) Trade payables | 5 | 6,49,059 | - |
| (c) Other current liabilities | | - | 8,31,700 |
| (d) Short-term provisions | 6 | 72,150 | 42,510 |
| Total | | 54,34,994 | 32,87,320 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 7 | 43,17,130 | 31,09,636 |
| (ii) Intangible assets | | | |
| (iii) Capital work-in-progress | | | |
| (iv) Intangible assets under development | | | |
| (b) Non-current investments | | | |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long term loans and advances | | | |
| (e) Other non-current assets | 8 | 5,000 | 10,000 |
| (f) Long term deposits | | | |
| (2) Current assets | | | |
| a) Current investments | | | |
| b) Inventories | | | |
| c) Trade receivables | 9 | 57,108 | - |
| d) Cash and cash equivalents | 10 | 10,55,757 | 1,67,684 |
| e) Short-term loans and advances | 11 | - | - |
| f) Other current assets | 12 | - | - |
| Total | | 54,34,994 | 32,87,320 |
| Summary of Significant Accounting Policies | | | |
| The accompanying Notes are an Integral Part of the Financial Statements | | | |
| AS PER OUR REPORT OF EVEN DATE | | | |
| or M G S REDDY & Co., | | | |
| Chartered Accountants | | | |
| Firm Regn. No: 0207946 | | | |
| A.G. Murah Reddy | | | |
| Partner | | | |
| Membership No. 234971 | | | |
| Office : Hyderabad | | | |
| Date : 20.05.2020 | | | |
| For PRAGATHI YUVA KENDRAM FARMERS PRODUCER COMPANY LIMITED | | | |
| B. S. S. O. S. | | | |
| BALI ANAND | | | |
| Director | | | |
| (DIN: 07562199) | | | |
| i Suresh | | | |
| INAMADUGU SURESH | | | |
| Director | | | |
| (DIN: 07562201) | | | |



Exhibit 3: Pragathi Yuva KendramFpo,Nllore, Andhra Pradesh

| | |
|---|---|
| Name of the FPO | pragathiyuvakendramfpo |
| Year of Registration | 2017 |
| Registered under | Producer Company Act |
| District & State | Nellore & Andhra Pradesh |
| Name of the President or Chairperson of the FPO | Gunapati Prasad Reddy |
| Contact Number of the President or Chairperson of the FPO | 9866148671 |
| Name of the Chief Executive or Chief Coordinator of the FPO | Bhupesh |
| Contact Number of the Chief Executive or Chief Coordinator of the FPO | 9949747160 |
| Email ID of the FPO | pykfpo@gmail.com |
| Name of the Facilitating Organization (POPI / CBBO) | kplmacts-popi |
| FPO has been Promoted by | NABARD |
| No. of total registered members | 1028 |
| No. of villages (including) hamlets covered | 22 |
| No. of GPs and Blocks covered | 3 |
| Meeting frequency of BoD Members | Monthly |
| Equity contribution per member (in Rs.) | maximum is 20000 minimum is 1000 |
| Total Equity as on date (in Rs.) | 18,59,000/- |
| No. of active members | 650 |
| Total Annual Turnover (in Rs.) | 2019-2020 - 56,86,413/- |
| Total Annual Credit Requirement (in Rs.) | 80,00,000/- |
| Total Credit availed in the last financial year from Banks/ Financial institutions/ external sources (in Rs.) | 19,80,000/- from NABKISAN |
| Amount of procurement of different produces from FPO members (in Rs.) | flowers (Lilly, Jasmine), vegetables (brinjal, okra, allguards) and fruits(mango, banana, watermelon) (|
| Amount of business through sales of fertilizers & pesticides to farmer members | none |
| Amount of business from sale of different consumables to members and others in the community (in Rs.) | 1000000 |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | through custom hiring center 350000 |
| Amount of service fee earned by the FPO from providing different services to the members of FPO (in Rs.) | 100000 |
| Net increase in sale price/unit for producer member of any three major products by selling through by FPO. | Lilly, jasmine, banana |
| Reduction in post-harvest wastage to | 60% |

| | |
|---|--|
| members (in %) | |
| Increase in net annual income to individual members of FPO (in Rs.) | 85 |
| Average Net annual savings by members from various services of FPO (in Rs.) | 50000 |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 20 |
| Amount of Retail sales at the block and district level markets (as % of total sales) | 30 |
| Amount of institutional sale in local and urban markets (as % of total sales) | 50 |
| Maximum distance (in KMs) where the FPO sells directly to her customers | 15-20kms |
| Annual marketing cost of the FPO (as % of total sales) | 75000 |
| What percentage of Farmer members practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. (indicate in %) | 90 |
| Farmers generally source their seeds from (please tick) | Own Farm, FPO |
| What percentage of farmer members have water on their respective land/farm in summer (indicate in %) | 75 |
| What percentage of farmer members have land with soil organic carbon more than 4.0 (please indicate in %) | 40 |
| What percentage of farmer members have land with soil PH at around 7.0 (please indicate in %) | 50 |
| What percentage of your farmer members have pest problems in their agriculture (please indicate in %) | 45 |
| Has the main crop of the area changed over time? | No |
| If answer to above question is Yes; please indicate the primary reason for this. | |
| List the schemes/benefits converged with the FPO from other government dept. / development agencies / GP / local elected representatives / community leaders through the efforts of POPI or NABARD. | 1.Horticulture-Equipment- Tractor,PowerWeeders,WeighingMachines ,TransportVechicle ,Pack House , Solar Cold Room, Input Subsidy, Drip And Sprinklers, Solar Poly Drier, E-vehicle 2.Agriculture-Licences Of Fertilizers And Pesticides, Motors 3.ATMA – Exposure Visits, Head Lights, Training Programmes 4.KVK – Expert Knowledge 5.portable cold storages, soil health machines |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public | number of times |

| | |
|--|---|
| services to people/members in the respective clusters | |
| Percentage of times that the key decisions relating to pricing, procurement, expenses of FPO, choice of technologies are taken by the BOD members (please indicate in %) | 80 |
| What percent of expenses of POPI or CBBO usually gets covered through the budgetary provisions of NABARD / SFAC / NCDC? (please indicate in %) | 10 |
| State two major benefits that the POPI gets for facilitating this FPO | The advantages in the company is that the input costs have brought down, demand increases, stability in market price and moreover no middlemen exploitation. |
| What is the benefit for a CEO working in an FPO? | <p>Being an individual self-interested in being a Social Entrepreneur established good coordination between the central government and the Resource Organization (KPLMACTS), while providing and implementing various programs in different parts of Nellore district, Andhra Pradesh. To extent awareness organized numerous field level meetings and workshops with officials ranging from senior district officers to Public Representatives.</p> <p>Took active part in strategic planning and implementation of expertise knowledge to farmers by district officers and senior scientists. Promotion of FPO's (Farmer Producer Companies) on flowers, vegetables, fruits in 4 mandalas of Nellore district.</p> <p>Took part in providing marketing linkages – city market tie up, mobile marketing, corporate linkage Ninjacart, Nilgiris, Bank linkages-JLG (Joint Liability groups), establishment of Pack house, solar cold storage, initiating farmers through trainings for adoption of IOT (Internet of Things) Mobile control of motor usage and uses of solar yellow traps Manage the efforts of grassroots levels employees and monitor the work of Resource Organization staff deployed in respective states.</p> <p>Effective handling of the above detailed activities demonstrates the leadership skills and holding responsibility for the work I take up, I am keen interested and confident that I can handle effectively the CEO role.</p> |

| | |
|--|--|
| | CEO has passion to work for rural development and enhance farmers income. |
| Is the CEO from the local community of the FPO? | yes |
| Who does the CEO report to daily? | POPI |
| In how many more years from now will the Board Members manage the FPO on their own? | 2 years |
| If there are any other observations on FPO that you would like to share, please share them here: | <p>•Complete elimination of middlemen in the region and they used to exploit the farmers in giving loans at higher interest rates & low pricing in buyback of produce compared to market place.</p> <p>Farmers can sell their produce to the market price and they are creating demand for their produce in the market, which is due to FPO ,</p> <p>Created pack house, where cleaning, sorting, grading and packing of harvested produce is carried out in an orderly manner. As on farm pack house needs to be established for fresh flowers to extend their marketability, the pack house provides a shattered environment</p> <p>Established solar cold room for farmers to store flowers, vegetables and fruits for shorter duration and sell it without deterioration of the product. Farmers will also get appropriate value of the product. It will reduce the distress sale. solar cold room to improve marketability and exports to other places.</p> |
| Email Address | kplmacts@gmail.com |

Exhibit 4: Photos of POPI & FPO Activities



Community Mobilization





Women SHGs & Economic Activities



Meeting the Needs of the Weaker sections



Building the Children through Local Youth



Grading & Packing





Delivery to Customers





Stall at FPO



Kovur Constituency MLA Shri Nallapareddy Prasanna Kumar Reddy

FPO - Case 17

Rajeshvar Farmers Producer Company Limited Banaskantha, Gujarat

Finding the best product strategy in a dry region

| S. No. | Particular | Details |
|--------|---|--|
| 1 | Major Business Activity undertaken by FPO | Spices- cumin, Fenugreek, rye, castor, fertilizer & pesticides |
| 2 | No. of Villages covered | 22 |
| 3 | No. of total members | 900 |
| 4 | No. of active members | 200 |
| 5 | Total turnover (In 2019-20 FY) | INR 231,34,700 |

17.1 The Context

Background of FPO Members:

Banaskantha district is in the Northeast of Gujarat. With average annual rainfall of about 58 cm, the region is dry and hence farmers have been adopting the farming practices that require lesser water. The issue of water was always a matter of concern for the farmer members. Even today, only about 10% of the members have access to irrigation facility in their farms.

Given the rainfall and water stress condition, this district has been known for dairy activities and farmers in this area largely produce spices, millets and oil seeds. Accordingly, the FPO members have largely focused on Jeera (cumin), methi (fenugreek), rye and castor.

Given the climatic condition and farming practices, the district has been classified as a backward district and the government has been providing additional support to improve the situation of people in the district.

Facilitating Agency:

The facilitating agency (POPI), IFFCO operated in the area even before the FPO initiative. Its business had been in fertilizers and pesticide supplies. In due course of time, it had also begun the farmer advisory services to the farmers through the IFFCO-Airtel service where it provided four voice calls to the farmers that provided advisory services on weather, humidity, and farming practices.

It was sharing information based on the needs of the farmers on grading, processing, and marketing in addition to input and advisory services. In 2016, it helped forming the FPO and the FPO was registered in 2017.

17.2 Highlights of Achievements through FPO approach

Membership:

The FPO was registered in 2016 and the total membership of the FPO is 900. These members belong to 22 villages. It began with members from 1 GP and now has gradually spread to 3 GPs. From the total number of members, currently active members of the FPO include about 200 members. The geographic spread of members in 3 GPs suggests that the FPO is spread over a larger area and members are thinly populated in any village. This large spread does not help the members to interact frequently. Therefore, the business transactions may also be limited for members who are physically located at relatively distant places. The geographic distribution may be one of the factors for lower active membership in the FPO.

Business Turnover:

The FPO has had an annual turnover of over INR 231,34,700 during 2019-20. Its business mainly includes spices, viz., Jeera (cumin), methi (fenugreek), rye, and agricultural inputs such as fertilizers and different services. The FPO also deals with castor seeds, which is also a popular oil seed of the region. The bulk of the business that is about 50% of its business is however from collation and sale of cumin. It is of very good quality due to the suitability of weather for growing this. Within just about 5 years, the FPO has grown in its size of membership and volume of business.

Convergence Measures:

The FPO has successfully converged several schemes and programmes of different departments in the district and through the POPI. Through ATMA and KVK centers of the district, it has organized various training programmes for the farmer members of the FPO. It has also tied up with the Agriculture Department for subsidies on agricultural equipment and farm machinery. It has also tied up with the Horticulture department for subsidies on grading and processing facilities.

Through the support of IFFCO, the POPI of the FPO organized training for its members on appropriate and correct application of fertilizers and pesticides. Most of the farmer members were trained on good agricultural practices through this training.

Credit Position:

Getting the credit tied up has been hard. Initially, there were no bankers to provide credit. In 2017-18, IFFCO, the POPI provided the FPO with a credit of INR 20 lakhs. In the subsequent year, it offered a credit of INR 50 lakhs and then raised it 100 lakhs in the same year. Seeing

the prospect of the business turnover, in 2019-20, Nabkisan came forward to offer a credit of INR 100 lakh; but the net transfer of credit was INR 70 lakhs.

Currently, there is not much problem of credit as other banks such as Bank of Baroda, State Bank of India and Nabkisan are in negotiations for offering credit. The current rate of interest from Nabkisan is 11-12%. The FPO plans to take credit from lenders with lower rate of interest.

17.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

Through the FPO, the small and marginal farmers are getting various benefits. They have been receiving better advice and training through the various meetings and training programmes. With improvement in mobile technology there has been better sharing of information. Organizing a training meeting with KVK scientist for instance is simple and quick today. The FPO can circulate the message and the farmers get together.

There are also several service benefits such as grading, packing, transport and marketing. The produce of the farmers is picked up from the respective farms or households. With better grading, the price realization for the farmer is also better. For instance, in cumin, the price differential increase by about INR 500 per quintal and for castor it increases by INR 200 per quintal. Overall, the average price increases between INR 150 – INR 200 per quintal for individual producer member.

Governance & Managerial Capabilities:

The governance of the FPO is now resting on the President of the FPO, Mr. Mavji bhai. The Board members meet once a season and at best once a quarter. Nearly 8-10 staff work in the FPO, but this depends on the season and load of work. Throughout the year, 2-3 staff members and one CEO who is paid at least INR 10,000 work with the FPO.

This is an area of concern that even Mavji bhai shared. The involvement of the Board members and the ordinary members is low. The board members do not seem to gain any additional financial benefits as compared to ordinary members and hence do not seem to devote much time to the operations of the FPO on a regular basis.

Annual Business Plan (Product & Service mix):

FPO has a good mix of product and service strategy. The product basket includes spices and oil seeds. The service basket includes supply of agricultural inputs such as fertilizers and

pesticides, farm machinery on hire purchase and other services. Procurement of agricultural produce from the farmers amounted to be about INR 1.3 crores out of INR 2.3 crores. Of which Jeera (cumin) was about INR 1 crore, methi (fenugreek) and rye about INR 2.5 lakh. Fertilizers and pesticide business were about INR 6 lakhs. Service fee earned from providing farming equipment on hire basis was about INR 2 lakhs.

The mix of products and services has evolved from the needs and necessities of the farmers and hence has been compatible and stable with respect to continued transactions. The volume of business has been gradually growing.

Nature of Technologies (Cost & Ease of Operation):

The FPO has relied on the advice and suggestions of the KVK agricultural and university of agriculture scientists. It has adopted farm equipment and grading machines that are available in the market. It has been leveraging the existing technology to ease the operations in agricultural production as well as post-harvest activities.

Value Addition &Marketing Landscape:

The FPO and the President of the FPO very clearly articulated the benefits of grading and packing properly to get a better price from the market. Overall, there is an increase of INR 150-200 per quintal of spices with better grading and packing. More importantly, the demand for such good quality product is very high.

The FPO has a grading machine worth INR 6,00,000. Based on the spice, the sieves are changed, and grading is undertaken. Packing is done manually using the packing materials available in the market. It sells its products at 100 KM to 1100 KM. In the nearby market, the FPO goes for retail market and for distant markets, it sells in bulk. Depending on the market distance, the transaction cost changes for specific items and products for the FPO.

Marketing Challenges:

Good quality cumin, the main product of the FPO is in high demand and hence there is little difficulty in selling this item. The other main item, castor seeds also have a good and sells well. With information technology and technology platform for selling like NCDEX, the FPO can place its products for sale.

However, the President of the FPO suggested that they can be provided with little more technical support to place their materials in the technology platforms for improving their marketing and price realization.

Social Capital of the FPO:

The geographic distribution of members leading to physical distance among members, increasing transaction cost for interactions, cultural ethos in the community on material gains, and primary focus on financial gains by the Board members show a weak social capital in the FPO. It is evident from the lack of participation of the Board members in the FPO operations and lower percentage of active members in the FPO.

Despite the huge credit support by Bank/Nabkisan and high business turnover, the active membership is only 200 out of a total of 900. This shows low social capital despite high financial turnover. This situation is due to three possible design issues of the FPO, viz., (a) the product basket strategy is limited to high value spices. Only those who produce this in large surplus are therefore part of the FPO, (b) arising out of this limited product strategy, the members are spread out in three GPs in other words they are thinly spread out. They can hardly meet to discuss activities of the FPO. At times, they sell their surplus produce to other traders who offer better price than the FPO, and (c) the President, Shri Mavji bhai has taken up all the responsibilities of doing the business of the FPO. The Board members as mentioned earlier meet only once in three months or during the spices season. The CEO is also deployed as and when Mavji bhai wants to deploy and is on a salary of less than INR 10,000 per month. This is very low compared to the volume of business undertaken by the FPO.

The structural design of product basket and geographic cluster size has led to poor participation by members, Board members, etc. The POPI (IFFCO) is largely engaged in directly contacting the members to sell its fertilizers. The FPO has evolved to be operated by a single good entrepreneur. In the above dynamics the different stakeholders including members, BOD members, CEO, POPI have been gradually disengaged from the FPO.

Operational Expenses:

The FPO having reached a business turnover of over INR 2 crores is able to cover its own expenses and run independent of the financial grant support from NABARD. The CEO is paid a maximum of INR 10,000 per month from the incomes of the FPO. He is based in Ahmedabad, works part time mainly to coordinate marketing information and buyers and undertake training activities as and when required.

17.4 Enabling Externalities for Farmer Producer Organizations (FPOs)

Sustainable Agricultural Systems at Farmers Level:

While the farmers in general understand the value of sustainability of farming through organic farming; the use of fertilizers and pesticides has become a common practice. The President of the FPO also expressed that the customers prefer organically grown spices and that they can get better prices from organic produce. However, there has been demand for chemical fertilizers and pesticides among members; facilitated by the existing institutions, POPI and market, the FPO also undertakes the business of fertilizers and pesticides.

IFFCO being the POPI in this case; it has facilitated training of farmers on GAAP. This has helped the farmer members to understand the appropriate dosage of both fertilizers and pesticides on different crops. Overuse of fertilizers and pesticides are often a problem on plant growth and productivity.

Relationships among farmers in the Clusters:

The larger geographical spread and the physical distance in the habitations of producer members of the FPO limit the interactions among members. Both social interactions and business interactions or transaction reduces. In such a situation, the cost of transactions becomes high and unless some members sacrifice, the transaction cost would become so high that the operations will become unviable.

In this FPO, the President reported that it was very hard for me to put all the extra efforts to get the business going. There is no financial benefit to a Board member for the efforts that they put in with the current governance and management structure. The feeling of disconnect among members in general is visible from the number of active members in the FPO. Out of 900 members, only about 200 are active. These many members are now spread out in three Gram Panchayats.

Role of the Facilitating Agency:

The POPI, in this IFFCO has had a deeper interest and focus on its sale of agricultural inputs such as fertilizers and pesticides in the area. As part of this focus, it also provided advisory services on farming issues so that farmers can improvise and use the inputs efficiently and for their advantage.

IFFCO also provided a valuable support of credit in the first two years of the FPO operation. This helped the FPO to stand up on its own and perform. Once it stabilized its business and

increased its turnover, other financial institutions came forward to provide credit to the FPO.

Nature of Governance in the Clusters/GP and interaction of FPO:

With just 200 active members spread over three GPs, it is unlikely that the FPO will have much effective interactions with the local GP. The FPO and its Board members have thought of such possibilities and hence are working independent of the local governance at the respective GP level. Accordingly, the convergence of programmes and schemes through the GP has not yet been operationalized. The FPO currently operates directly with the different departments of the districts to avail some of the benefits.

17.5 Summary and Major Findings

The FPO has gone more like an entrepreneurial way. The President of the FPO has been committed to the cause of the farmers. The idea of improving the conditions of the farmers started in him in around 2008. Water was the main issue of concern. As he engaged with various scientists and well-wishers, he gradually found means and ways to resolve some issues. With the FPO, he did bring a lot of people and farmers to join.

The business turnover has increased within four years. The credit support from the POPI, IFFO was a great booster. With the support of a few managerial staff, the President has gradually built up the business. The current active members have been benefitting from the increased price realization through systematic grading and packing. The input services are also reaching at the doorstep of the farmers. On several financial and service parameters, the FPO is doing well.

However, his fellow Board members do not seem to be equally enthusiastic, and their participation is low. The ordinary members' participation has dropped over the years. Only 200 of the 900 members are currently active. The social capital is becoming weaker. The social capital of producer members and local community may pose huge problem for building FPO as member driven organization in the future.

17.6 Suggestions to strengthen the Ecosystem of the FPO

The FPO is doing well and the one leading the operations is also a well-meaning farmer. However, the BoD members of the FPO could be provided training on how build both social capital and financial capital; particularly emphasizing how social capital strongly builds the financial capital in the long run. Based on the conversation with the President of the FPO here are a few suggestions: (a) As the BoD members look forward to some financial incentives, the

training fees earned by the FPO may be distributed among the FPO Board members, (b) a minimum working capital credit of INR 500,000 should be given to an FPO to start with, (c) The significance of value addition and packaging should be explained to members and support should be provided to an FPO, (d) more capacity building on technology platforms like NCDEX should be provided to the FPO.

Exhibit 1: Profit & Loss Statement

RAJESHVAR FARMERS PRODUCER COMPANY LIMITED

RAJESHVAR FARMERS PRODUCER COMPANY LIMITED

CIN : U01114GJ2016PTC093929

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31/03/2020

| Particulars | Note | 31/03/2020 | 31/03/2019 |
|--|------|--------------------|-------------------|
| Revenue from operations | 3.3 | 10091151.00 | 7675965.00 |
| Other income | 3.4 | 349303.00 | 280000.00 |
| Total Revenue | | 10440454.00 | 7955965.00 |
| Expenses | | | |
| Cost of materials consumed | | - | - |
| Purchases of Stock-in-Trade | 3.5 | 10561433.00 | 7508532.00 |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 3.6 | (852000.00) | - |
| Employee benefits expense | 3.7 | - | 34000.00 |
| Finance costs | 3.8 | 1425.00 | 2002.00 |
| Depreciation and amortization expense | 3.9 | 10138.00 | 7585.00 |
| Other expenses | 4.0 | 340305.00 | 232584.00 |
| Total expenses | | 10061301.00 | 7784703.00 |
| Profit before exceptional, extraordinary and prior period items and tax | | 379153.00 | 171262.00 |
| Exceptional items | | - | - |
| Profit before extraordinary and prior period items and tax | | 379153.00 | 171262.00 |
| Extraordinary Items | | - | - |
| Profit before prior period items and tax | | 379153.00 | 171262.00 |
| Prior Period Items | | - | - |
| Profit before tax | | 379153.00 | 171262.00 |
| Tax expense: | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| Profit/(loss) for the period from continuing operations | | 379153.00 | 171262.00 |
| Profit/(loss) from discontinuing operations | | - | - |
| Tax expense of discontinuing operations | | - | - |
| Profit/(loss) from Discontinuing operations (after tax) | | - | - |
| Profit/(loss) for the period | | 379153.00 | 171262.00 |
| Earnings per equity share: | | | |
| Basic | | - | - |
| Diluted | | - | - |

In terms of our attached report of even date
For SHAH TEELANI & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN : 0133549W


UTKARSH H. DESAI



For RAJESHVAR FARMERS PRODUCER COMPANY
LIMITED



CHAUDH

ARI

JOGA

BHAI

LADHA


BHAI

(DIRECT

OR)

(DIN :

07608323)



PATEL

MAVJIBH

AI

KALAJI

(DIRECT

OR)

(DIN :

07608348)

(PARTNER)

M. NO. : 154456

Exhibit 2: Balance Sheet

RAJESHVAR FARMERS PRODUCER COMPANY LIMITED

RAJESHVAR FARMERS PRODUCER COMPANY LIMITED

CIN : U01114GJ2016PTC093929

BALANCE SHEET AS AT 31/03/2020

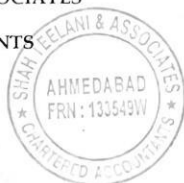
In

| Particulars | Note | 31/03/2020 | 31/03/2019 |
|---|------|-------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2.1 | 843100.00 | 143100.00 |
| Reserves and surplus | 2.2 | 680153.00 | 300800.00 |
| Money received against share warrants | | - | - |
| | | 1523253.00 | 443900.00 |
| Share application money pending allotment | 2.3 | - | 700000.00 |
| Non-current liabilities | | | |
| Long-term borrowings | | - | - |
| Deferred tax liabilities (Net) | | - | - |
| Other Long term liabilities | | - | - |
| Long-term provisions | | - | - |
| | | 0.00 | 0.00 |
| Current liabilities | | | |
| Short-term borrowings | | - | - |
| Trade payables | 2.4 | 17712.00 | 239959.00 |
| Other current liabilities | 2.5 | - | - |
| Short-term provisions | 2.6 | 27000.00 | 137500.00 |
| | | 44712.00 | 377459.00 |
| TOTAL | | 1567965.00 | 1521359.00 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | | | |
| Tangible assets | 2.7 | 65396.00 | 75534.00 |
| Intangible assets | | - | - |
| Capital work-in-progress | | - | - |
| Intangible assets under development | | - | - |
| | | 65396.00 | 75534.00 |
| Non-current investments | | - | - |
| Deferred tax assets (net) | | - | - |
| Long-term loans and advances | | - | - |
| Other non-current assets | | - | - |
| | | 65396.00 | 75534.00 |
| Current assets | | | |
| Current investments | | - | - |
| Inventories | 2.8 | 852000.00 | - |
| Trade receivables | 2.9 | - | 63682.00 |
| Cash and cash equivalents | 3.0 | 447338.00 | 792161.00 |
| Short-term loans and advances | 3.1 | 203231.00 | 589982.00 |
| Other current assets | 3.2 | - | - |
| | | 1502569.00 | 1445825.00 |
| TOTAL | | 1567965.00 | 1521359.00 |

In terms of our attached report of even date
For SHAH TEELANI & ASSOCIATES

CHARTERED ACCOUNTANTS
FRN : 0133549W

UTKALSH DESAI



For RAJESHVAR FARMERS PRODUCER COMPANY
LIMITED

CHAUDH
ARI
JOGA
BHAI
LADHA
BHAI
(DIRECT
OR)
(DIN :
07608323)

PATEL
MAVJIBH
AI
KALAJI

(DIRECT
OR)
(DIN :
07608348)

(PARTNER)
M. NO. : 154456

Exhibit 3: Rajeshvar Farmers Producer Company Ltd, Banaskantha

| | |
|---|---|
| Name of the FPO | RAJESHVAR FARMERS PRODUCER COMPANY LTD |
| Year of Registration | 2016 |
| Registered under | Producer Company Act |
| District & State | BANASKANTHA |
| Name of the President or Chairperson of the FPO | MAVJIBHAI |
| Contact Number of the President or Chairperson of the FPO | 8000835885 |
| Name of the Chief Executive or Chief Coordinator of the FPO | BHARAT RAJGOR |
| Contact Number of the Chief Executive or Chief Coordinator of the FPO | 6351285324 |
| Email ID of the FPO | RAJESHVAR.FPO@GMAIL.COM |
| Name of the Facilitating Organization (POPI / CBBO) | IFFCO KISAN SANCHAR LTD |
| FPO has been Promoted by | NABARD |
| No. of total registered members | 900 |
| No. of villages (including) hamlets covered | 22 |
| No. of GPs and Blocks covered | 5 |
| Meeting frequency of BoD Members | Not Fixed |
| Equity contribution per member (in Rs.) | NOT FIX FIGURE |
| Total Equity as on date (in Rs.) | 843100 |
| No. of active members | 200 |
| Total Annual Turnover (in Rs.) | 23134700 |
| Total Annual Credit Requirement (in Rs.) | 1 crore |
| Total Credit availed in the last financial year from Banks/ Financial institutions/ external sources (in Rs.) | 48 lakh |
| Amount of procurement of different produces from FPO members (in Rs.) | 13000000 |
| Amount of business through sales of fertilizers & pesticides to farmer members | 6 lakh |
| Amount of business from sale of different consumables to members and others in the community (in Rs.) | 2 lakh |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 50000 |
| Amount of service fee earned by the FPO from providing different services to the members of FPO (in Rs.) | 200000 |
| Net increase in sale price/unit for producer member of any three major products by selling through by FPO. | Rs.500 per quintal sales price increase in Cumin and Rs.200 per quintal in Castor |
| Reduction in post-harvest wastage to members (in %) | 0 |
| Increase in net annual income to individual members of FPO (in Rs.) | |

| | |
|---|---|
| Average Net annual savings by members from various services of FPO (in Rs.) | |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 5% |
| Amount of Retail sales at the block and district level markets (as % of total sales) | 10% |
| Amount of institutional sale in local and urban markets (as % of total sales) | 90% |
| Maximum distance (in KMs) where the FPO sells directly to her customers | 100 to 1100 |
| Annual marketing cost of the FPO (as % of total sales) | 2% |
| What percentage of Farmer members practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. (indicate in %) | |
| Farmers generally source their seeds from (please tick) | Market |
| What percentage of farmer members have water on their respective land/farm in summer (indicate in %) | 10% |
| What percentage of farmer members have land with soil organic carbon more than 4.0 (please indicate in %) | 100% |
| What percentage of farmer members have land with soil PH at around 7.0 (please indicate in %) | 100% |
| What percentage of your farmer members have pest problems in their agriculture (please indicate in %) | 60% cannot say perfect because it very depends upon crop and season and environment condition year after year and season after season is differ so cannot say perfect and FPC not measure such data |
| Has the main crop of the area changed over time? | Yes |
| If answer to above question is Yes; please indicate the primary reason for this. | Lower Market Price |
| List the schemes/benefits converged with the FPO from other government dept. / development agencies / GP / local elected representatives / community leaders through the efforts of POPI or NABARD. | NABARD AND IFFCO KISAN |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 3 TO 4 TIMES |
| Percentage of times that the key decisions relating to pricing, procurement, expenses of FPO, choice of technologies are taken by the BOD members (please indicate in %) | 5 TO 7 TIMES |
| What percent of expenses of POPI or CBBO usually gets covered through the budgetary provisions of NABARD / SFAC / NCDC? (please indicate in %) | 1.5 LAKH IN THREE YEAR |

| | |
|--|--|
| State two major benefits that the POPI gets for facilitating this FPO | GOT POPULARITY IN FARMING COMMUNITY, BETTER UNDERSTAND COMPANY MANAGEMENT PRACTICES, BUSINESS PLANNING ETC |
| What is the benefit for a CEO working in an FPO? | BETTER ACCOUNTING AND MANAGEMENT OF COMPANY |
| Is the CEO from the local community of the FPO? | No |
| Who does the CEO report to daily? | BOD of the FPO |
| In how many more years from now will the Board Members manage the FPO on their own? | 2 |
| If there are any other observations on FPO that you would like to share, please share them here: | FPO MEMBER OWNERSHIP IS NOT BUILT AS PER REQUIREMENT OF FPC |
| Email Address | rajeshvar.fpo@gmail.com |

Exhibit 4: Photos of Farmer Member Mobilization & FPO Activities



Member Mobilization





Member Mobilization





Member Mobilization





Board Meetings



FPO Office





Packing & Storage Facility





Cumin, Collection from Members & Estimation





Weighing & Transport of Spices



FPO - Case 18

KYASC Agro Farmers Producer Company Limited **Kathua, J&K UT**

Building Community through Local Youth & Entrepreneurship

| S. No. | Particular | Details |
|---------------|---|--|
| 1 | Major Business Activity undertaken by FPO | Mushroom, Saffron, Walnut, Vegetables, Fertilizers and Honey |
| 2 | No. of Villages covered | 316 |
| 3 | No. of total members | 514 |
| 4 | No. of active members | 514 |
| 5 | Total turnover (In 2019-20 FY) | INR 15,00,000 |

18.1 The Context

Background of FPO Members:

KYASC was working with marginal farmers and producers in the region for over 20 years. Given the hilly topography of land and limited irrigation facility, people have been engaged in the traditional farming systems of the area. Horticulture has been the main source of farming in the region. To augment the incomes of farmers, NABARD had formed the farmers club in the region to undertake multiple agricultural activities. Mushroom cultivation was one of the more popular activities among farmers in this region. Building on KYASC, the NGO, the farmer producer organization in the name of KYASC Agro Farmer Producer Company Limited was registered in 2016.

Facilitating Agency:

Kiran Youth Affairs & Sports Club (KYASC) as an NGO has been working in the field of Rural Development in general, Women Empowerment and Environment resource management in specific through collaboration with Government for over 20 years now.

KYASC believed that by strengthening the planning, co-ordination and monitoring of the local administration, the involvement of the beneficiaries will take place, and the integrated approach for planning and implementation of multi-sect oral activities can be initiated. This would improve the overall development of the people and the community. The involvement of educated youth in this endeavor has been the pillar of this in KYASC. Its approach has been to identify local educated youth trained to become the 'barefoot technicians' who act as link between the formal skills of science, local community, and the concerned Government

departments.

18.2 Highlights of Achievements through FPO approach:

Membership:

The total number of members of this FPO stands at 514. It is also very impressive hear from the President of the FPO that all the members are active in this FPO. The FPO has succeeded in doing this by continuously including different products and services in the product-service basket of the FPO. This is to allow every member to be able to participate in the FPO activities. The members however are from many villages, viz., 316 villages from a total of 16 Blocks. The furthest away from the FPO is as distant as 270 KM. Over 170 villages are more than 50 KM away from the FPO office, very large distance of members from each other make it hard for any common meeting or any social interactions. The nature of business interactions is also likely to be impacted by this physical distance among members.

Earlier, the members were part of the Farmers Club and there were several members with graduate degree, and they appreciated quickly the significance of FPO formation and hence the FPO membership was strengthened.

Business Turnover:

In 2019-20, the business turnover of the FPO was a little over INR 15,00,000. In the current year, 2020-21, the turnover is expected to reach to INR 35 lakhs. The business is from multiple activities. Initially it started with mushroom and has gradually included saffron, walnut, vegetables, compost, honey, etc. The transaction cost of transportation is optimized by moving some goods from both ends. The reported cost of marketing is only 10% which indeed is impressive given the extent of geography in which the FPO is operating. However, we need to study this further.

Convergence Measures:

Besides various training and exposure visits facilitated by different agencies, the FPO has successfully converged schemes related to post-harvest management of agricultural produce. It has put up a sorting, grading, sponging, and washing unit for fruits and vegetables. The total cost of this unit was INR 28 lakhs; of which the FPO received a subsidy of INR 7.5 lakhs.

Credit Position:

The FPO has been seeking term loans to set up a processing unit. Though it sought for INR 50 lakhs, it obtained a term loan of INR 22.5 lakhs in the last financial year. Though it reported

that its total credit requirement for its business was INR 50 lakhs, this was primarily a need for term loan. Since its business turnover was only about INR 15 lakhs, it did not require much working capital. However, its business is expected to increase to INR 35 lakhs in year 2020-21. The credit requirement of the FPO is likely to grow.

The president of the FPO suggested from his experience that a minimum credit of about INR 5 lakhs is a must for an FPO to start with so that it can undertake some business activity and stabilize business transactions. Bankers and financial institutions do not usually do not lend money if the FPO has not shown any business volume.

18.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

Through the efforts of the FPO, the small and marginal producers in the community have gradually benefitted. As per the estimate of the Chairperson, the average increase in the income of the producer members in different items of trade has been to the tune of about 20%.

The general fellowship among women, marginalized producers and the youth have gradually been built through the FPO. This social capital was however built through the farmers clubs facilitated by the NGO, KVASC. With the formation of the FPO, the momentum among the youth has increased and the business opportunities have grown for the group.

The FPO has expanded to 316 villages in 16 Blocks. The FPO has also made investments in value addition activities and marketing produce directly and gradually moving to online sales for sale of its dry fruits that have longer shelf life.

Governance & Managerial Capabilities:

The FPO is well governed as it is headed by the patron, KYASC; that has been the facilitating agency for the producer members. The local youth who have been part of the farmer clubs have also been active in the overall governance and management of the FPO.

The management is also mostly undertaken by the Chairman, Mr. Krishan Kumar Bhardwaj. The active educated youth located in different regions of the region are part and parcel of the management of the FPO.

Since the FPO is based on the foundation of the NGO, KYASC, both governance and management capabilities are available with the FPO. However, the only issues would be that in case, the ordinary members are made capable to operate this; it will remain like a paternalistic organization.

Annual Business Plan (Product & Service mix):

The FPO has had a good product-service basket strategy. It has understood that unless the interests of different members are tied up in the business basket, different categories of members shall not have interest in the FPO. Its product and service include mushroom, saffron, walnut, vegetables, compost and honey, etc.

Mushroom has been the original economic engagement of the Farmers Club and volume of business from here was about INR 6-7 lakhs. Walnut has emerged as the main business with annual turnover of INR 10 crore. Saffron constituted about INR 5 lakhs and honey consisted of INR 2.5 lakhs. Sale of organic compost was to the tune of INR 5 lakhs.

The FPO also engages in the business of fertilizers and pesticides. In the last financial year, it had a business of INR 3 lakh. It also engages in supply of consumables to members, business from this amounted to about INR 2 lakh in last financial year.

Nature of Technologies (Cost & Ease of Operation):

The FPO uses the technologies that are available in the market; both in terms of farm machinery and in terms of agricultural production as the members are often driven by the mainstream and market driven technologies. For instance, most members use fertilizers and pesticides wherever irrigation facility is available. In the post-harvest operations, the FPO has adopted the available technologies for its sorting, grading, washing, and packing purposes.

Value Addition &Marketing Landscape:

The FPO has taken a bold decision to invest in post-harvest equipment quite early before substantial increase in its business turnover. It is indeed a strategic decision. It has employed INR 28 lakhs in the value addition activities in terms of sorting, grading, washing, and packing of fruits and vegetables.

In addition to its standard marketing of its dry fruits and mushroom; it has also been selling its dry fruits online. It markets not only to customers outside but also to members. However, it sells different consumables and condiments to the members.

Marketing Challenges:

The FPO has generally managed its marketing well from the beginning. As members of farmers club with mushroom as a produce, they had some experience in marketing. Since the focus of KYASC was building local youth, many members also decent education and hence were able to manage the marketing. Now they are also attempting to sell their produce online.

Social Capital of the FPO:

Given the topography of the region and physical distance between villages, the social interactions would be very limited. Meeting among members is also limited. Over 170 villages are at a distance more than 50 Km away from the FPO office. All members can hardly meet; only a few can meet in different blocks. The 514 members belong to as many as 16 blocks.

The members seem to be connected only from some business interest as they cannot really meet and share their views and feelings in common meeting place. The social capital therefore appears to be weak in this FPO. In this context, the FPO may be driven by a few people in the future and the members may not have any deep association and ownership with the FPO.

Operational Expenses:

The FPO having reached a business turnover of INR 15 lakhs. Though it no longer depends on NABARD to cover its operational expenses including the salary of the CEO, it still relies on the POPI, the mother Kiran Youth Affairs & Sports Club (KYASC)for some support.

18.4 Enabling Externalities for Farmer Producer Organizations

Sustainable Agricultural Systems at Farmers Level:

In this FPO cluster, 65% of farmers are in rain-fed conditions and about 35% are in irrigated areas. Farmers in the irrigated areas tend to use more inorganic fertilizers and pesticides, whereas farmers in the rain-fed conditions use less of these fertilizers and chemicals. Further, the intensity of use of inorganic fertilizers and chemicals depends on the nature of cropping; whether cereals, vegetables, or fruits/horticulture.

It implies that farmer members have not been oriented towards systematic adoption of sustainable agricultural systems. The external factors either availability of irrigation facility or cropping pattern that have determined the level of use of fertilizers and pesticides.

Relationships among farmers in the Clusters:

The cluster size of the FPO is too large that is spread over 316 villages in 16 Blocks. Over 170 villages are more than 50 KM away from the FPO office with some villages as far as 270 KM from the FPO. This structural and organizational design of FPO, it is not possible for the members to meet frequently and interact with each other.

Lower interaction reduces the level of relationships among the members. Currently, it is difficult for members to meet. Only a few members meet in different regions or blocks independent of each other. The level of trust could become lower over time which can impact the business operations in the future.

Role of the Facilitating Agency:

The facilitating agency, KYASC has been at the core of the FPO. The FPO draws its name from it as KYASC Agro Farmer Producer Company Limited. KYASC working for the development of the community was earlier involved in the formation of farmers clubs in the region. With the provision for putting together the farmer clubs in the form of a producer company, it formed the KYASC producer company.

The present chairperson of the FPO, Mr. Bhardwaj is also the head of the KYASC, the POPI or the facilitating agency.

Nature of Governance in the Clusters/GP and interaction of FPO:

The FPO has been focused on doing business for the farmers. The current geographic spread shows the focus on enhancing business by expansion of membership. The strategy has not been to engage deeper in respective local communities and leverage the common community resources to build a sustainable business model.

Given the spread and thinly populated members in respective local GPs, the FPO may have little influence on convergence the GP level schemes and programmes through the FPO. In the current structure FPO can have little role on the local governance and holistic development of the farmer producer members. It can only help the members in better business transactions, the core focus of an FPO as of today.

18.5 Summary and Major Findings

The FPO has gradually grown from farmer clubs to a producer company. It therefore has a stability and fellowship at the basic unit level. However, the large spread of the members from as many as 316 villages in 16 Blocks makes it difficult for members to perceive themselves as a single entity. The common affiliation is KYASC, the NGO and not the identity of the FPO as an entity.

The product-service basket of the FPO is richer. It has mushroom, its original product, fruits, vegetables, fertilizers, pesticides, bio-compost, and other services. It has also invested in putting up a value addition unit for sorting, grading, washing and packing. The FPO has also tied-up with various agencies to converge different resources and expertise required for the FPO.

The members have been benefitting from increased income on the items of their transactions by about 20% through the FPO. The members are able to connect to a larger body of the FPO for other input or general services.

The governance and management is primarily from the POPI, KYSAC. The ownership of members with the FPO may be an issue in the future. However, if the youth is well organized and represent each small community well, the FPO may still stand the problem of paternalism from the NGO (POPI), KYSAC.

18.6 Suggestions to strengthen the Ecosystem of the FPO

As per the local conditions, (a) the FPO needs to focus on horticulture and agriculture. While

there is a trend for industrializing farming, it is better to follow the principles of sustainable agriculture. (b) POPI, Government departments need to take more interest and proactive steps to develop community-based organization and enterprise so that people can manage their risks better. (c) Each FPO require seed working capital of about INR 5 lakhs to kick-start the business; as in their early stages, bankers and other financial institutions do not provide any credit. (d) More training and exposure are required for the BoD and ordinary members for better capacity building and clarity on how to proceed, and for this FPO in particular it need to rework its governance and management structure so that producer members own up the FPO and it does remain as paternalistic organization. It also needs to restructure its cluster size; at the current structure, the social capital will be low and participation low and hence transaction cost high and higher in the future.

Exhibit 1: Profit & Loss Statement

M/S KYASC AGRO FARMERS PRODUCER COMPANY LIMITED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED

| PARTICULARS | NOTE NO. | PROVISIONAL | ACTUAL |
|--|----------|---------------------|--------------------|
| | | 31.03.2020 | 31.03.2019 |
| A CONTINUING OPERATIONS | | | |
| 1 Revenue from operations | 14 | 14,13,024.00 | 5,05,000.00 |
| Less: Excise Duty | | - | - |
| Revenue from Operations Net | | 14,13,024.00 | 5,05,000.00 |
| 2 Other Income | 15 | 6,31,000.00 | 1,21,250.00 |
| 3 TOTAL REVENUE (1+2) | | 20,44,024.00 | 6,26,250.00 |
| 4 EXPENSES | | | |
| (a) Cost of Material Consumed | 16 | 34,90,566.00 | 1,85,420.00 |
| (b) Changes in Inventories | 17 | (21,45,862.00) | - |
| (c) Employee Benefit Expenses | 18 | 1,93,000.00 | 1,60,000.00 |
| (d) Finance Cost | 19 | 67,371.73 | 20.00 |
| (e) Depreciation & Amortisation Expenses | | 1,06,243.65 | 7,919.00 |
| (f) Other Expenses | 20 | 2,72,304.00 | 1,84,000.00 |
| TOTAL EXPENSES | | 19,83,623.38 | 5,37,359.00 |
| 5 Profit Before Exceptional & Extraordinary Items (3-4) | | 60,400.62 | 88,891.00 |
| 6 Exceptional & Extraordinary Items | | - | - |
| 7 Profit/Loss before tax (5-6) | | 60,400.62 | 88,891.00 |
| 8 Tax Expenses: | | | |
| (a) Current Tax Expense | | - | - |
| (b) Deferred Tax | | - | - |
| 9 Profit from Continuing Operations (7-8) | | 60,400.62 | 88,891.00 |
| 10 Transfer to General Reserve @ 25% | | 15,100.16 | 22,222.75 |
| 11 Profit/Loss from Discontinuing Operations | | - | - |
| 12 Profit/Loss for the Period (9-10+11) | | 45,300.47 | 66,668.25 |
| TOTAL | | | |

SEE ACCOMPANYING NOTES FORMING PART OF FINANCIAL STATEMENTS
IN TERMS OF OUR REPORT ATTACHED

FOR HEEMANSOO SRIVASTAVA & CO.
CHARTERED ACCOUNTANTS

CA ANKUL SHARMA
PARTNER

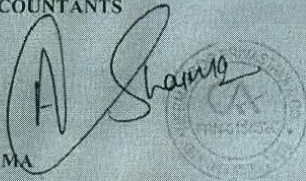


Exhibit 2: Balance Sheet

M/S KYASC AGRO FARMERS PRODUCER COMPANY LIMITED BALANCE SHEET AS AT

| PARTICULARS | NOTE NO. | PROVISIONAL | ACTUAL |
|----------------------------------|----------|---------------------|--------------------|
| | | AS AT 31.03.2020 | AS AT 31.03.2019 |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholder's Fund | | | |
| (a) Share Capital | 1 | 6,04,000.00 | 4,30,000.00 |
| (b) Reserve & Surplus | 2 | 1,66,183.62 | 84,503.00 |
| 2 NON CURRENT LIABILITIES | | | |
| (a) Long Term Borrowings | 3 | 20,16,534.25 | - |
| (b) Deferred Tax Liabilities | | 1,062.00 | 1,062.00 |
| 3 CURRENT LIABILITIES | | | |
| (a) Short Term Borrowings | 4 | 4,15,000.00 | - |
| (b) Trade Payables | 5 | 15,12,004.00 | - |
| (c) Other Current Liabilities | 6 | - | - |
| (d) Short Term Provisions | 7 | 10,000.00 | 10,000.00 |
| TOTAL | | 47,24,783.87 | 5,25,565.00 |
| B ASSETS | | | |
| 1 Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Fixed Assets | 8 | 15,04,155.35 | 29,199.00 |
| (b) Non Current Investments | 9 | - | - |
| 2 Current Assets | | | |
| (a) Inventories | 10 | 21,45,862.00 | - |
| (b) Trade Receivables | 11 | 3,09,024.00 | 2,84,850.00 |
| (c) Cash & Cash Equivalents | 12 | 7,65,742.52 | 40,516.00 |
| (d) Short Term Loans & Advances | 13 | - | 1,71,000.00 |
| TOTAL | | 47,24,783.87 | 5,25,565.00 |

SEE ACCOMPANYING NOTES FORMING PART OF FINANCIAL STATEMENTS
IN TERMS OF OUR REPORT ATTACHED

FOR HEEMANSOO SRIVASTAVA & CO.

CA ANKUL SHARMA
PARTNER
PLACE: KATHUA
DATE: 26-05-2020



Exhibit 3: KYASC AgroFPC Limited, Kathua J&K UT

| | |
|---|---|
| Name of the FPO | KYASC Agro Farmers Producer Company Limited |
| Year of Registration | 2016 |
| Registered under | Producer Company Act |
| District & State | Kathua J&K UT |
| Name of the President or Chairperson of the FPO | Krishan Kumar Bhardwaj |
| Contact Number of the President or Chairperson of the FPO | 7889544957 |
| Name of the Chief Executive or Chief Coordinator of the FPO | Pawan Kumar |
| Contact Number of the Chief Executive or Chief Coordinator of the FPO | 8082058001 |
| Email ID of the FPO | kyasckathua@gmail.com |
| Name of the Facilitating Organization (POPI / CBBO) | Kiran Youth Affairs & Sports Club |
| FPO has been Promoted by | NABARD |
| No. of total registered members | 514 |
| No. of villages (including) hamlets covered | 316 |
| No. of GPs and Blocks covered | 18 |
| Meeting frequency of BoD Members | Quarterly |
| Equity contribution per member (in Rs.) | 1000 |
| Total Equity as on date (in Rs.) | 614000 |
| No. of active members | 514 |
| Total Annual Turnover (in Rs.) | 1500500 |
| Total Annual Credit Requirement (in Rs.) | 5000000 |
| Total Credit availed in the last financial year from Banks/ Financial institutions/ external sources (in Rs.) | 2250000 |
| Amount of procurement of different produces from FPO members (in Rs.) | 0 |
| Amount of business through sales of fertilizers & pesticides to farmer members | 300000 |
| Amount of business from sale of different consumables to members and others in the community (in Rs.) | 200000 |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 0 |
| Amount of service fee earned by the FPO from providing different services to the members of FPO (in Rs.) | 0 |
| Net increase in sale price/unit for producer member of any three major products by selling through by FPO. | 20% |
| Reduction in post-harvest wastage to members (in %) | 60% |
| Increase in net annual income to individual members of FPO (in Rs.) | 60000 |
| Average Net annual savings by members from various services of FPO (in Rs.) | 30000 |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 40% |
| Amount of Retail sales at the block and district level markets (as % of total sales) | 20% |
| Amount of institutional sale in local and urban markets (as % of total sales) | 40% |
| Maximum distance (in KMs) where the FPO sells directly to her customers | 10KM |
| Annual marketing cost of the FPO (as % of total sales) | 10% |
| What percentage of Farmer members practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. (indicate in %) | 80% |
| Farmers generally source their seeds from (please tick) | FPO |
| What percentage of farmer members have water on their | 20% |

| | |
|---|--|
| respective land/farm in summer (indicate in %) | |
| What percentage of farmer members have land with soil organic carbon more than 4.0 (please indicate in %) | |
| What percentage of farmer members have land with soil PH at around 7.0 (please indicate in %) | 40% |
| What percentage of your farmer members have pest problems in their agriculture (please indicate in %) | 15% |
| Has the main crop of the area changed over time? | No |
| If answer to above question is Yes; please indicate the primary reason for this. | |
| List the schemes/benefits converged with the FPO from other government dept. / development agencies / GP / local elected representatives / community leaders through the efforts of POPI or NABARD. | Post Harvest Management (Sorting, grading, sponging and washing fruits and vegetables) unit subsidy from department of Agriculture J&K Govt. |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | every times |
| Percentage of times that the key decisions relating to pricing, procurement, expenses of FPO, choice of technologies are taken by the BOD members (please indicate in %) | 80% |
| What percent of expenses of POPI or CBBO usually gets covered through the budgetary provisions of NABARD / SFAC / NCDC? (please indicate in %) | 10% |
| State two major benefits that the POPI gets for facilitating this FPO | Credit FPC from SBI and Setup Post Harvest Management unit subsidy form Department of Agriculture J&K Govt. |
| What is the benefit for a CEO working in an FPO? | Salary and studies farmers problems and give them solutions. |
| Is the CEO from the local community of the FPO? | yes |
| Who does the CEO report to daily? | BOD of the FPO |
| In how many more years from now will the Board Members manage the FPO on their own? | 2 years |
| If there are any other observations on FPO that you would like to share, please share them here: | The FPC give marketing services to their members in other produce growing their members i.e. fruits, vegetables and major crops. |
| Email Address | kyasckathua@gmail.com |

Exhibit 4: Youth & Member Mobilization and FPO Activities





Member Mobization & Convergence Meets





Women Mobilization & Trainings





Packaging & Sale of Dry Fruits





Convergence of Expertise from ICAR Research Centers





FPO members by Sh. Ranbir Singh Additional Director General of ICAR New Delhi & Dr. R.K Arora Director Extension of SKUAST-J along with Scientist of KVK Kathua.





Mushroom Cultivation





Grading & Packing Facilities



FPO - Case 19

Nabadisha Farmers Producer Company Limited **East Midnapur, West Bengal**

Fast Rising FPO powered on Agri-inputs & Retail Business

| S. No. | Particular | Details |
|---------------|---|---|
| 1 | Major Business Activity undertaken by FPO | Vegetables, horticulture, Pisciculture, Fish Feed, Cattle feed, Paddy, Fertilizers, Pesticides, Retailing different grocery items |
| 2 | No. of Villages covered | 16 |
| 3 | No. of total members | 777 |
| 4 | No. of active members | 330 |
| 5 | Total turnover (In 2018-19 FY) | INR 22600850 |

19.1 The Context

Background of FPO Members:

The farmer producers of the FPO include the mainly the resource poor producers both men, women, and youth of the east Midnapur district. The area belongs to backward region in the state, where majority of the population depend on agriculture for their livelihood. The members primarily include from the underprivileged, economically backward section including SC, ST and minority people of the community.

Being from the coastal region, the cluster of the FPO has sufficient water throughout the year. Accordingly, the resource base of the community is high on fish production and vegetable cultivation. However, the challenge for communities such as these include the issue of poverty, recognizing the resource base of the community, low solidarity, and hence poor negotiating ability to ensure good market prices for their produce.

The producer organization of these members were initially registered as a Trust in 2014. However, based on the assessment and provisions of NABARD, the producer organization was registered as a Producer Company in 2017.

Facilitating Agency:

Dakshin Charaikheya United Club was founded by some educated and dedicated youths and social workers with a view to develop the socio-economic status of the poor and downtrodden people emphasizing on distressed women and children. It is registered under West Bengal

Society Registration Act 1961, Foreign Contribution (Regulation) Act, 1976 and affiliated under many reputed and philanthropic institutions.

Dakshin Charaikheya United Club(DCUC) visualizes a society free from all sorts of problems such as difference on religion, sex, colour, wealth, etc. Equality of human beings and mutual dignity, love, respect, sincerity, correctness, and self-confidence are the values that DCUC aspires to achieve.

It aims to undertake programme and projects for creating awareness on deteriorating effects of alcoholism, use of drugs etc., promote consumer awareness and protect the rights of the consumers, AIDS awareness campaign for its prevention and control for the survival of the human society, elimination of Child Labour, sanitation & rural health, Fishery, Krishimela, Agriculture & horticulture, Social forestry, Consumer protection, and Women empowerment. DCUC has been working in the backward villages all over Purba Medinipur district of West Bengal.

19.2 Highlights of Achievements through FPO approach

Membership:

The membership in the FPO has been growing in this FPO. From a membership of 777 in 2018-19, the current membership in the year 2021 is reported to be about 2000. In 2018-19, the members belonged to 16 villages from 9 GPs and 4 Block. Today in 2021, the membership has expanded to 46 villages from 32 GPs in 5 Blocks and 2 different districts.

Despite its spread over 5 Blocks, it is mentioned by the CEO of the FPO that the maximum distance of the villages from the FPO is only 18 KM. The strategic location of the FPO at a place that touches different Blocks had made this possible. However, the general approach to expand geography of the membership can increase the physical distance and reduce interactions among the members. Out of a total of current membership of over 2000 registered members, only about 500 that is about 25% of the members is reported to be active members. It indicates the level of connection of the FPO with the members of the FPO.

Business Turnover:

The FPO has done very good business so far. From a turnover of INR 2.26 crores in 2018-19, the FPO is likely to reach a business of INR 10 crores this financial year 2020-21. This volume of business has been strategically thought out and implemented.

The bulk of the business includes agricultural produce viz., vegetables, fisheries, groundnut, paddy. Agricultural inputs include fertilizers, pesticides, seeds, fish feed and cattle feed. The third category of business include sale of household consumables and grocery items. The fourth category includes different types of services including soil testing, water testing, etc.

Convergence Measures:

The FPO has been able to converge various schemes from different departments of the government. It has tied up with various departments such as Agriculture Marketing, Horticulture department, Comprehensive Development Fund, Cattle Feed schemes of the West Bengal Livestock Development Corporation, Paschimbandia Agri marketing Corporation Limited, Mother dairy, etc. It has tied up with horticulture department to supply INR 2 crore worth of potatoes.

In addition to working with the government departments; it is also converging with different agencies of the market and leverage the benefits. The CEO has been using his business links to build a network services across this FPO and four other FPOs. While this can create a conflict of interest in the future, but at the moment; the model of converging with multiple agencies have significantly increased the volume of business.

Credit Position:

The credit position of the FPO looks good today. It has obtained INR 15 lakhs from NABKISAN and INR 24 lakhs from Sammunati. In the early stage of the FPO, obtaining credit was a problem and the present CEO; Mr. Prasenjit Sahoo invested his own money to start the business operations of the FPO. With his business network, Mr. Sahoo can also get inputs from suppliers at credit and run the business, which reduces the credit requirement for the FPO.

19.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

The FPO has grown very well in business within a short span of time. There is a net profit of about 3% overall that too is a significant progress. It is assessed by the FPO that active members have gained about 15% additional profit by transacting through the FPO.

The FPO made a significant contribution during the corona virus pandemic. Its retail business helped people in apartments to get their grocery items easily. The business of the FPO grew very fast in this segment. The sale of vegetables also become easy for the producer members. Since the members are thinly spread over a larger geography the social impact of the FPO is not so clearly visible. The agricultural input business strategy to sell inorganic fertilizers and pesticides to the smallholder farmers might have a negative impact on the soil health and productivity of crops. In other words, the cost of production could up over time.

Governance & Managerial Capabilities:

In the present structure of the FPO, the CEO is the nephew of the Chairperson of the FPO. The CEO is young man with commerce and business education background. In the early years, around 2018, when the FPO had limited working capital to run the business, the CEO was asked to put in his own money to take forward the business. The CEO has also started his own two businesses, fish feed and cattle feed. The supplies from here are routed through the FPO. The CEO does take a salary but takes a commission of 2% of the business. There are 16 permanent staff members and about 32 casual workers who manage the operations of the FPO. With business growing upto INR 10 crores, the management of the FPO is accordingly equipped to run the business. The father of the CEO is also looking after the four retail outlets of the FPO.

While the management is fine and the business turnover is good, the structure of internal governance raises some conflict of interest and can over time derail the core objective of an FPO which is supposed to be a member owned organization.

Annual Business Plan (Product &Service mix):

The FPO has a very good mix of products and services. It is into diverse activities that relates to the needs of the members and local consumers. Of its total business turnover, sale of vegetables would be 10%, fish about 8%, paddy about 15%, Sale of essential household consumable items is another 30%. Sale of fertilizers and pesticides is about 9%. Income from

various services would be about 9% that is sale of services in terms of agricultural machinery and equipment is about 5% and sale of seeds is about 4%. Service fees earned from soil testing for farmers and water testing for fish farmers is about 2%. Sale of fish feed and cattle feed is about 4%.

There have several other opportunities of business for the FPO. Groundnut sale is likely to be a large portion of business and the FPO has tied up with the horticulture department to supply nearly INR 2 crore worth of potatoes. Now it is also aiming to get into the cow dung and cow urine business that the Government of India has announced.

Nature of Technologies (Cost & Ease of Operation):

The FPO has been adopting the agricultural technologies that are available in the market. On the agricultural production front, it has primarily adopted the sale of fertilizers and pesticides to farmers that is currently in demand by the farmers. In a limited way it has also started to push sale some quantities of organic compost. The seed business of the FPO also includes the seeds that are generally available in the market. It buys in bulk and sells it to farmers so that there is some reduction in prices for the farmers. However, there is no systematic planning on the appropriateness of technologies that are being transacted by the FPO. The FPO sees itself to simply trade on anything that can increase business turnover of the FPO. This may be due to the full business orientation of the management led by the CEO. Some training and exposure would help the FPO management to carefully choose the technologies that may be relevant to the producer members in the long run.

Value Addition &Marketing Landscape:

So far, value addition activities of simple cleaning, and grading of vegetables, rice, and fish are being undertaken up by individual farmers. The FPO is primarily engaged in trading or marketing the produce through the four retail outlets of the FPO and direct sale to the customers in housing colonies and flats.

The value addition activities relating to fish feed and cattle feed are being taken up the two companies of the CEO instead. The FPO marketing and member network is being used to sell these items to the farmer members. There appears to be a conflict of interest here. However, this could have occurred due to inability of the FPO Board to make investment into the processing units for the Feed business.

Marketing Challenges:

The FPO has been doing good marketing so far. It has team of three people in each of its marketing outlets to manage the outlets. Therefore, in all the FPO engages 12 people to manage its four (4) marketing outlets. The father of the CEO looks after the marketing in these outlets. The vegetables and groceries are sold from the five (5) blocks where the producer members are based.

The FPO staff reaches out to customers based in housing colonies and apartments and their orders are directly delivered in their flats. The strategy to sell the local produce to customers in the local area reduces the cost of transactions for the FPO.

Social Capital of the FPO:

The large spread of the members over five Blocks has further increased the physical distance. This in turn reduces the interactions among the members. The focus on trading and business has limited the FPO in building its relationships. The active members in the FPO also indicate lower relationships and transactions among the members of the FPO. This is a matter of serious concern for the long-term sustainability of the FPO and its objective of member centric activities.

It is noted that the active members have gained about 15% more by engaging in the FPO. However, the active membership is low that is 500 out of 2000. This shows low social capital despite high financial turnover.

This situation is due to two possible design issue of the FPO, viz., (a) the membership has been spread out in 46 villages from 32 GPs in 5 Blocks and 2 different districts. In other words, the members of the FPO are thinly spread out. They can hardly meet to discuss activities of the FPO. (b) the CEO, Mr. Prasenjit Sahoo has taken up all the responsibilities of doing the business of the FPO. The CEO has been adding new lines of business without keeping how this can complement the incomes of the existing members.

In the present structure of the FPO, the CEO is the nephew of the Chairperson of the FPO. When the FPO had limited working capital to run the business, the CEO was asked to put in his own money to take forward the business. The CEO has also started his own two businesses, fish feed and cattle feed. The supplies from here are routed through the FPO that increases the turnover of the FPO. Further, the father of the CEO is also looking after the four retail outlets of the FPO. It appears that close family members are running this FPO business and the hence

the participation of the members, BOD members are limited.

Operational Expenses

In addition to the CEO, there are 16 permanent staff members and about 32 casual workers who manage the operations of the FPO. With business growing up to INR 10 crores, the management of the FPO is accordingly equipped to run the business, the FPO bears all the manpower expenses of the FPO. The CEO does take a salary but takes a commission of 2% of the total business of the FPO.

While the management is fine and the business turnover is good, the structure of internal governance raises some conflict of interest and can over time derail the core objective of an FPO which is supposed to be a member owned organization.

19.4 Enabling Externalities for Farmer Producer Organizations

Sustainable Agricultural Systems at Farmers Level:

The farmers of the FPO have been used to using inorganic synthetic fertilizers and pesticides. It is reported that every year, the application of these increases for same unit of cultivation of different crops to maintain the same productivity. Currently most of the farmers are not following sustainable agricultural system.

The CEO of the FPO seems to be tactfully selling some quantities of organic compost along with the inorganic fertilizers and pesticides. However, the CEO has little idea of organic, sustainable agricultural systems. There is no data on organic carbon, pH data or pest attack on crops. Soil testing and water testing is being undertaken as a business activity to earn a service fee and the CEO had little idea on these issues.

Relationships among farmers in the Clusters:

With increasing geographic spread of membership of the FPO over larger number of villages and distant places, the touch of people or members seem to be going down. The CEO seems to be building the business volume without giving much attention to the relationship among the members, the owners of the FPO. The CEO seem to be driven the complete business of the FPO and the Board of Directors are part of the structure.

Role of the Facilitating Agency:

In the early years of producer group formation, Dakshin Charaikheya United Club (DCUC) helped build the awareness and solidarity among the small and marginal farmers to form the producer organization. It helped registration of the producer organization as a Trust and start

the initial operations. However, once the business operations have expanded, the POPI has had fewer role in the FPO.

Nature of Governance in the Clusters/GP and interaction of FPO:

The Board of the FPO seems to have a free hand to the CEO to take forward the business of the FPO. The CEO with commerce and business background seems to be seeing the expansion of business in as many villages and regions as possible. Engaging in the market economic system is the core focus of the CEO. Accordingly, the FPO is little involved in improvement of local governance and member participation to converge local resources for the development of the FPO.

The CEO who is managing the whole business of the FPO has little visualization on the need for connecting with local governance and common resources of people for the development of the FPO. There seem to be no thinking in terms of how the community members can participate deeply in the functioning of the FPO.

19.5 Summary and Major Findings

The FPO has shown very high growth within a short span of time that is within 3-4 years after registering it as producer company. The social capital however was built since 2014 when it was registered as a Trust and its prior engagement with the people as a social or producer group such as Farmer Interest Groups and Joint Liability Groups.

The FPO did a great amount of service during the corona virus pandemic through its retail business. It supplied vegetables and grocery items directly and through its four retail outlets during the pandemic. Its business from this segment of business now forms nearly 30% of its business and is likely grow much faster.

The FPO is in a place that has geographical proximity to four Blocks and hence gets a market landscape to a large geography. However, the members are thinly located in the region and have little interactions among themselves and hence the social capital would dwindle over time.

Though the governance in the beginning was strong, it appears to have gradually given way to the management. The CEO is a relative of the Chairperson of the FPO. The CEO has started two private businesses as stockiest of fish feed and cow feed. These items are sold through the FPO. From the total of about 3% on the total turnover. This arrangement shows issues of weakening governance within the FPO.

19.6 Suggestions to strengthen the Ecosystem of the FPO

There are only two suggestions for this FPO:

1. The geographic cluster size has been growing and currently spreads to five GPs. The thin spread of membership base will reduce interactions among members and weaken the governance. It is therefore suggested that the FPO focus on a smaller cluster and grows deeper within the cluster for the growth and development of the farmer producer members.
2. The governance and management of the FPO needs to be seriously reviewed so that the benefits are shared equitably, trust is not broken in the future and FPO develops to be an exemplary case in the future.

Exhibit 1: Profit & Loss Statement

NABADISHA FARMERS PRODUCER COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020
CIN U01111WB2017PTC2240011

| | <u>NOTES</u> | <u>FOR THE YEAR ENDED</u> <u>31ST MARCH, 2020</u> | <u>FOR THE YEAR ENDED</u> <u>31ST MARCH, 2019</u> |
|------------------------------------|---------------------|--|--|
| | | <u>Amount (Rs.)</u> | <u>Amount (Rs.)</u> |
| I. Income : | | | |
| Revenue from operations | 13 | 2,26,00,850 | 3,45,850 |
| Total Revenue | | <u>2,26,00,850</u> | <u>3,45,850</u> |
| II. Expenses : | | | |
| Cost of Materials Consumed | | - | 1,42,760 |
| Purchases of Traded Goods | 14 | 1,92,10,723 | - |
| Changes in Stock of Finished Goods | 15 | -7,78,920 | - |
| Employee Benefits Expenses | 16 | 2,46,820 | 1,03,340 |
| Finance Costs | | - | - |
| Other Expenses | 17 | 32,44,202 | 79,342 |
| Total Expenses | | <u>2,19,22,825</u> | <u>3,25,442</u> |
| Profit/(Loss) before Tax | | <u>6,78,025</u> | <u>20,408</u> |
| Tax Expenses : | | | |
| Current tax | | 1,25,450 | 5,300 |
| Deferred Tax | | - | - |
| Profit/(Loss) after Tax | | <u>5,52,575</u> | <u>15,108</u> |

Earnings Per Equity Share of Face Value of Rs. 10 each
 (Basic and Diluted)

6.37 **1.51**

Significant Accounting Policies 01
 and Notes on Financial Statements 02 - 23

In terms of our Report of even date attached

For A.D.M. & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 323709E

Nabadisha Farmers Producer Company Ltd.
Dipmalendu Goswami
 Chairman

(ANINDYA DUTTA MAJUMDAR)
PROPREITOR
MEMBERSHIP NO. 058723
PLACE : KOLKATA
DATED : 12/12/2020

Nabadisha Farmers Producer Company Ltd.
Prasunjit Sahoo
 C.E.O.

Nabadisha Farmers Producer Company Ltd.
Sukhenla Acharya
 Director

Exhibit 2: Balance Sheet

NABADISHA FARMERS PRODUCER COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2020

CIN U01111WB2017PTC2240011

| | | AS AT | | AS AT | |
|---|--------------|-------------------------|-------------------------|---------------|------------------------|
| | <u>NOTES</u> | <u>31ST MARCH, 2020</u> | <u>31ST MARCH, 2019</u> | | |
| | | Amount (Rs.) | Amount (Rs.) | Amount (Rs.) | Amount (Rs.) |
| <u>I. EQUITY AND LIABILITIES</u> | | | | | |
| <u>SHAREHOLDER'S FUND</u> | | | | | |
| Share Capital | 02 | 8,67,000 | | 1,00,000 | |
| Reserves & Surplus | 03 | <u>5,53,501</u> | 14,20,501 | <u>926</u> | 1,00,926 |
| <u>NON - CURRENT LIABILITIES</u> | | | | | |
| Long Term Borrowings | | - | | - | |
| Other Long Term Liabilities | | - | | - | |
| Long Term Provisions | | <u>-</u> | - | <u>-</u> | - |
| <u>CURRENT LIABILITIES</u> | | | | | |
| Short Term Borrowings | | - | | - | |
| Trade Payables | 04 | 3,26,982 | | - | |
| Other Current Liabilities | 05 | 32,800 | | 18,000 | |
| Short - Term Provisions | 06 | <u>1,25,450</u> | 4,85,232 | <u>5,300</u> | 23,300 |
| TOTAL | | | <u>19,05,733</u> | | <u>1,24,226</u> |
| <u>II. ASSETS</u> | | | | | |
| <u>Fixed Assets :</u> | | | | | |
| Tangible Assets | | - | | - | |
| Intangible Assets | | - | | - | |
| Capital Work - In - Progress | 07 | <u>4,78,360</u> | 4,78,360 | <u>-</u> | - |
| <u>Non Current Investment</u> | | | | | |
| Long Term Loans & Advances | | - | | - | |
| Other Non - Current Assets | 08 | <u>14,464</u> | 14,464 | <u>21,696</u> | 21,696 |
| <u>CURRENT ASSETS</u> | | | | | |
| Inventories | 09 | 7,78,920 | | - | |
| Trade Receivables | 10 | 4,04,694 | | - | |
| Cash & Bank Balances | 11 | 76,820 | | 1,07,530 | |
| Other Current Assets | 12 | <u>1,52,475</u> | 14,12,909 | <u>-</u> | 1,07,530 |
| TOTAL | | | <u>19,05,733</u> | | <u>1,29,226</u> |

Significant Accounting Policies
and Notes on Financial Statements

01
02 - 23

In terms of our Report of even date attached

For A.D.M. & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REG. NO. 323709E

Nabadisha Farmers Producer Company Ltd.
Dissomalsendu B. S.
Chairman.

Nabadisha Farmers Producer Company Ltd.
Prasenjit Sahoo
C.E.O.

(ANINDYA DUTTA MAJUMDAR)

PROPREITOR
MEMBERSHIP NO. 058723

PLACE : KOLKATA

DATED : 12/12/2020

Nabadisha Farmers Producer Company Ltd.
Sukhendu Acharya
Director.

**Exhibit 3: Nabadisha Farmers Producer Company Limited, East
Midnapur**

| | |
|---|--|
| Name of the FPO | Nabadisha Farmers Producer Company Limited |
| Year of Registration | 2017 |
| Registered under | Producer Company Act |
| District & State | EAST MIDNAPUR |
| Name of the President or Chairperson of the FPO | NIRMALENDU BAG |
| Contact Number of the President or Chairperson of the FPO | 9153080569 |
| Name of the Chief Executive or Chief Coordinator of the FPO | PRASENJIT SAHOO |
| Contact Number of the Chief Executive or Chief Coordinator of the FPO | 9083976356 |
| Email ID of the FPO | nabadishafpc@gmail.com |
| Name of the Facilitating Organization (POPI / CBBO) | DAKSHIN CHARAIKHEYA UNITED CLUB |
| FPO has been Promoted by | NABARD |
| No. of total registered members | 777 |
| No. of villages (including) hamlets covered | 16 |
| No. of GPs and Blocks covered | GP-9 and Blocks - 4 |
| Meeting frequency of BoD Members | Monthly |
| Equity contribution per member (in Rs.) | 1000 |
| Total Equity as on date (in Rs.) | 867000 |
| No. of active members | 330 |
| Total Annual Turnover (in Rs.) | 22600850 |
| Total Annual Credit Requirement (in Rs.) | 2 crore |
| Total Credit availed in the last financial year from Banks/ Financial institutions/ external sources (in Rs.) | 15 lakh |
| Amount of procurement of different produces from FPO members (in Rs.) | 94lakh |
| Amount of business through sales of fertilizers & pesticides to farmer members | 16 lakh |
| Amount of business from sale of different consumables to members and others in the community (in Rs.) | 48 lakh |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 9.48 lakh |
| Amount of service fee earned by the FPO from providing different services to the members of FPO (in Rs.) | 3.50 lakh |
| Net increase in sale price/unit for producer member of any three major products by selling through by FPO. | vegetables, fish and paddy |
| Reduction in post-harvest wastage to members (in %) | 40% |
| Increase in net annual income to individual members of FPO (in Rs.) | 30000 |
| Average Net annual savings by members from | 10800 |

| | |
|---|---|
| various services of FPO (in Rs.) | |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 20% |
| Amount of Retail sales at the block and district level markets (as % of total sales) | 30% |
| Amount of institutional sale in local and urban markets (as % of total sales) | 15% |
| Maximum distance (in KMs) where the FPO sells directly to her customers | 15 km |
| Annual marketing cost of the FPO (as % of total sales) | 22600 |
| What percentage of Farmer members practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. (indicate in %) | 30% |
| Farmers generally source their seeds from (please tick) | Market |
| What percentage of farmer members have water on their respective land/farm in summer (indicate in %) | 60% |
| What percentage of farmer members have land with soil organic carbon more than 4.0 (please indicate in %) | na |
| What percentage of farmer members have land with soil PH at around 7.0 (please indicate in %) | na |
| What percentage of your farmer members have pest problems in their agriculture (please indicate in %) | na |
| Has the main crop of the area changed over time? | No |
| If answer to above question is Yes; please indicate the primary reason for this. | |
| List the schemes/benefits converged with the FPO from other government dept. / development agencies / GP / local elected representatives / community leaders through the efforts of POPI or NABARD. | Dept. of Agriculture, dept of Agriculture Marketing, Dept. of Food supplies, Comprehensive Area Development Corporation, West Bengal Live Stock Development Corporation, Paschim Bangiya Agri Marketing Corporation Limited, Mother Dairy and Others. |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 140 |
| Percentage of times that the key decisions relating to pricing, procurement, expenses of FPO, choice of technologies are taken by the BOD members (please indicate in %) | 80% |
| What percent of expenses of POPI or CBBO usually gets covered through the budgetary provisions of NABARD / SFAC / NCDC? (please indicate in %) | BUSINESS DEVELOPMENT ASSISTANCE PROVIDE BY NABARD SANCTIONED AMOUNT RS. 5,06,000/- |
| State two major benefits that the POPI gets for facilitating this FPO | Information and training. |

| | |
|--|--|
| What is the benefit for a CEO working in an FPO? | CEO ROLE OF OUR FPO IS PREPARATION OF PROJECT REPORT, BUSINESS PLAN WITH IMPLEMENTATION, SUPERVISION OF STAFF, ANNUAL REPORT PREPARATION, MEMBERS MOBILIZATION, BUSINESS PROMOTION AND OTHERS KEY MANAGERIAL ACTIVITIES. |
| Is the CEO from the local community of the FPO? | yes |
| Who does the CEO report to daily? | BOD of the FPO |
| In how many more years from now will the Board Members manage the FPO on their own? | 6 YEARS |
| If there are any other observations on FPO that you would like to share, please share them here: | Creating awareness among farmers is vital. That is a completely different issue to focus on, but has to be done as a very important task in this journey. |
| Email Address | nabadishafpc@gmail.com |

Exhibit 4: Photos of FPO Activities



Member Mobilization





Agricultural Inputs: Fertilizers & Pesticides





Actively Aligning with Market Technology & Marketing Platforms





FPO Office & Storage





Sales & Transportation





FPO - Case 20

Tarashankar Panchagram Producer Company Limited Birbhum district, West Bengal

Growing on the Social Capital & Resource Base of the People

| S. No. | Particular | Details |
|---------------|---|---|
| 1 | Major Business Activity undertaken by FPO | Vegetables, Fruits, Aromatic Rice, Fertilizers, Pesticides, Retailing of over 200 grocery items |
| 2 | No. of Villages covered | 35 |
| 3 | No. of total members | 1000 |
| 4 | No. of active members | 840 |
| 5 | Total turnover (In 2019-20 FY) | INR 1.23 crores |

20.1 The Context

Background of FPO Members

The FPO was originally started as a Trust in 2014. It was changed and registered as a producer company in 2017. The marginal and small farmers of the cluster were organized to undertake collective marketing of their produce. Majority of the farmers (75%) in the cluster had access to water; hence could produce several agricultural products but the net income was not commensurate with the market prices.

Hence the producer group was registered as a trust to facilitate better price realization for the small and marginal farmers of the area. This was done with the support of the mother NGO, Tarasankar Sewa Samiti that had worked with the community for long. However, based on the provisions and suggestions from NABARD, the trust was changed to a producer company.

Facilitating Agency:

The mother NGO named Tarasankar Sewa Samiti has been the facilitating agency (POPI) of this FPO. Through this NGO ASSAD, the chosen POPI was give the responsibility to handhold the FPO to register as a producer company. The high social capital generated by the NGO was helpful for ASSAD to mobilize community and producer members to strengthen the FPO.

ASSAD was also a development agency that had worked with NABARD on several of its programmes such as the SHG movement, Framers Clubs and other projects. However, it had not worked in the cluster where the current FPO was being formed. The mother NGO had registered this farmer producer group as a Trust first in 2014 and ASSAD helped it to re-register

the producer group as a producer company in 2017.

20.2 Highlights of Achievements through FPO approach

Membership:

As per year 2019-20, the total membership of the FPO was 1000. These members belonged to 35 villages from 11 GPs and two Blocks. In the current year, the total number of villages is at 122 from 22 GPs. The increase in these numbers shows the popularity of the FPO. The geographic expansion however may limit the degree of interactions among the members of the FPO. Reduction in interactions can reduce business transactions and increase transaction costs in the future. It can also weaken the ownership of members in the FPO. The current total equity of the FPO stands at INR 500,000.

Business Turnover:

Within a short period, the FPO has done very well. In 2018-19, the FPO had a total turnover of INR 1.23 crores and in financial year, 2019-20, it had a turnover of INR 2.35 crores. It has over time developed a good product-service basket strategy. Its business includes agricultural produce of farmers, agricultural inputs to farmers, sale of daily consumables to farmers, and other services to farmers. Its current product basket includes about 30 varieties of vegetables, fruits/bananas, banana fiber, and aromatic rice. It also sells household consumable items to members. It provides agricultural inputs such as fertilizers and pesticides and other services to members.

Convergence Measures:

So far, the FPO has successfully converged various schemes of the government with the producer members. It has tied up with the Department of Agriculture, Department of Horticulture, Department of Agricultural Marketing, MGNREGS and other development agencies.

It has also tied up with the Mid Day Meal scheme of the government to supply vegetables, fruits and others items to schools. In the beginning of the FPO, this greatly helped in enhancing business transactions. During the covid-19 pandemic, this was affected but the regular business had picked up.

Credit Position:

Getting credit for working capital is often the bottle neck for the FPOs in the early stages of an FPO as the mainstream banks and financial institutions do not offer credit at this stage. The

mother NGO (POPI), Tarasankar Sewa Samiti gave a seed money of INR 300,000 towards the working capital of the FPO. Once it has grounded its business, other financial institutions and banks have come forward to provide working capital credit.

Last years, it received working capital credit of INR 10 lakhs from Sammunati. It also received working capital credit of INR 8 lakhs from NABKISAN. Now UCO Bank has also come forward to offer a credit of INR 3 lakhs. With business turnover crossing INR 2 crores, the credit requirement will be high. However, the FPO will seek credit from entities with lowest possible rate of interest.

20.3 Sustainability of Farmer Producer Organizations

Performance (Overall Social Impact & Net Income):

With the formation of the FPO and the increasing growth in size and scale of the FPO, there is increased hope and assurance to the small and marginal farmers. For those have been members of the FPO, there have been several advantages: farmers receive fair price for their produce, weighing of crops are doing properly, cost of transportation has reduced, post-harvest losses are minimized, and net income has increased by about 15% for the farmer producers who have been members of the FPO.

Technically, through systematic marketing of surplus produce of farmers, net income of farmers can increase by about 15-20% and the FPO has already able to show this result empirically. Further, impact is possible by interventions in other aspects, which the FPO can undertake in due course of time.

Governance & Managerial Capabilities:

The growth in business transactions, setting up of five retail outlets and facilitating convergence of various schemes with the FPO are indications that there is good managerial capability in the FPO. There are 11 executives and a CEO that manage the operations of the FPO. The CEO is paid INR 15,000 per month and the other executives of staff are paid in the range of INR 5,000 to INR 10,000.

The governance of the FPO is by the Board of Directors of the FPO. There are a few active board members who take greater responsibility in governing the functioning of the FPO. However, their meeting only once a month seems to suggest that the interactions among the members of the Board are fewer than what is required for the growth of the FPO. The cooperation and commitment of the BoD appears to be not so deep.

Annual Business Plan (Product &Service mix):

The business portfolio of the FPO has gradually been diversified and now more robust. The business plan includes over 30 types of vegetables, banana, banana fibers, aromatic rice, fertilizers & pesticides, seeds, as well as consumable household items.

The bulk of its business is vegetables that constitute 65% of its transaction, banana is about 15%, banana fibers is about 5%, aromatic rice is about 10%, fertilizers is about 6% and seeds is about 3%. The FPO owns five retail outlets and supplies to the schools as part of mid-day meal scheme.

Nature of Technologies (Cost & Ease of Operations):

The FPO has been leveraging technologies that are available in the market. Depending on the need and requirement, it has adopted both product and process technologies. Since the FPO is largely in vegetables and of different types and that both production and marketing is largely decentralized, it is largely following manual sorting, grading, and packing of these items.

Regarding agricultural production technology, the members have been adopting technologies that are available in the market. About inputs, nearly 90% of farmers are adopting fertilizers and pesticides. The availability of water and government subsidies on these inputs have encouraged the farmers to use these to a level that it will gradually undermine their soil health and make them produce vegetables at ever growing prices.

Value Addition &Marketing Landscape:

FPO has been engaged in basic value addition of aggregating vegetables, bananas and aromatic rice from the producer members, sorting, grading, packing, and delivering them to the customers. The market landscape is very interesting indeed in this FPO. It aggregates from the local producer members and through its five retail outlets it sells them to the consumers. It also tries to deliver directly to households living in the flats.

In other words, its total market distance is within 23 KM or in other words; marketing landscape is decentralized in alignment with the already decentralized vegetable production and rice production of the small and marginal farmers. This can evolve as a very good circular economic model if more farmers from with a local ecosystem join the FPO and that the FPO could be organized at each GP level.

Marketing Challenges:

The FPO has gradually managed to handle the marketing challenge. As in any FPO, marketing

is usually hard in the early years. However, its tie-up with the government to supply to schools as part of the mid-day meal scheme provided stability in business transactions.

Currently, the FPO owns five retail outlets from where it reaches out to the household consumers. 90% of its sale is to the retail segment and about 10% goes to mid-day meal supplies. It has also begun to use the WhatsApp to reach out to customers. Marketing of the produce is done within the vicinity of the cluster where it is sourced. As reported by the FPO, currently it sells within 23 KM from the FPO. This approach would reduce the overall transaction cost of marketing, reduce carbon footprints and customers would get relative fresh produce.

Social Capital of the FPO:

As the FPO has spread to as many as 122 villages in 22 GPs of two Blocks, the physical distance among them has been growing. The increasing physical distance among the members is likely to reduce the social capital of the members. The frequency of interactions among members in terms of number of meeting of Board Members and among ordinary members is low and hence the social capital is likely to decrease over time. Further, the FPO reports to see now every stakeholder of the FPO as a business partner. In other words, notion of financial capital seems to be overtaking the social capital in the organization.

Operational Expenses:

The FPO having reached a business turnover of over INR 2.35 crores is able to cover its own expenses including the salary of the staff and the CEO and run independent of the financial grant support from NABARD.

20.4 Enabling Externalities for Farmer Producer Organizations

Sustainable Agricultural Systems at Farmers Level:

Since most of the farmers have access to water, 90% of the farmers are using fertilizers and pesticides in their farming today. As reported by the FPO the soil health of farmers is at very poor conditions. The increased pest attack on crops also suggests that the soil health is poor, and cost of farming has been increasing in the cluster.

Since the cost of production increases, the market price of a crop cannot catch up with the cost of production and hence the farmers tend to change the main crops in the area. This indeed is a serious matter for farmers, consumers, government, and all concerned. The FPO needs to be trained on this matter so that farmers learn to move towards ecological farming for long term sustainability.

Relationships among farmers in the Clusters:

The BoD members meet once a month and the General Body meeting of all the members is expected once a year. The growing number of villages that has increased from 35 to 122 and the number of GPs that has grown from 11 to 22 from 2 different Blocks has increased the physical distance among the members and technically it would be difficult for members to have any deeper interactions other than be engaged in a few business transactions. In other words, in the current trend of expansive structure of the FPO, the relationships among the members could come down. This usually leads to lower participation that increases the cost of transactions. In the long run the operational model of business of the FPO would become like traditional businesses when it will reach a point of un-competitiveness. To stay competitive, the FPO must follow the traditional for-profit enterprise in a traditional market system taking the FPO from its original goal of meeting the needs of small and marginal farmers and producers in an agricultural ecosystem.

Role of the Facilitating Agency:

ASSAD has been the facilitating agency or POPI for this FPO for registration of this as a producer company. Tarasankar Sewa Samiti, the mother NGO however helped the POPI in making the transition into the community. The mother NGO had been working with the farmers of these communities for several years prior to the formation of this producer organization as a Trust in 2014. It was later registered as a Producer Company in 2017.

The mother NGO for this FPO undertook all the efforts of mobilization, training, and capacity building of the FPO. In its early years of operation, as there was no bank or financial institution to provide it with the working capital to undertake business, the mother NGO, Tarasankar Sewa Samiti provided INR 300,000 to start the business operations. It is from this humble beginning that the FPO has grown to this size of business turnover today.

However, currently ASSAD has been the POPI to about 14 producer companies and Tarasankar Seva Samiti has also been the POPI to about 9 producer companies. Both have contributed significantly to developing the farmer producer companies in the district.

Nature of Governance in the Clusters/GP and interaction of FPO:

The FPO has grown well as a business enterprise. It has expanded its membership base in 22 GPs of two different Blocks. The thinly spread membership over a large geography creates little common interest among members in a GP and hence can have little impact on converging

together to improve and direct the community governance for the benefit of the farmers, the FPO way. The thin spread of members and narrow business focus of the FPO limits its interaction in the local governance, a factor that impacts the solidarity among farmer producer members in a community.

20.5 Summary and Major Findings

This FPO is another very good FPO that has grown in business and particularly in vegetables and fish that are perishable items.

It has a diversified business basket that not only include about 40 varieties of vegetables, cereals, pulses, aromatic rice, banana, and fish, but also does good volume of retail business of grocery items and agricultural inputs such as fertilizers, pesticides, and seeds.

It had developed the management capability to manage diverse activities and products. It manages five (5) retail outlets that deal with nearly 250 items. The tables in the exhibit show the variety of items that it deals with.

The governance seems to be alright so far. However, with the cluster size of the FPO increasing the physical distance of the members have been increasing and the issue of governance may arise.

20.6 Suggestions to strengthen the Ecosystem of the FPO

The only suggestion to this FPO is that need to reduce its cluster size and deepen its engagement with people and members within a small cluster preferably in a GP or 2 GPs. Geographic spread of membership beyond a Block can be un-manageable.

NABARD officials, POPIs and Bankers need to help the FPO to deepen its relationships with its members in each GP as this will help sustain and grow the business steadily.

Exhibit 1: Profit & Loss Statement

TARASANKAR PANCHAGRAM PRODUCER COMPANY LIMITED
LABPUR (THANAPARA) LABPUR, LABPUR BIRBHUM BIRBHUM WB 731303 IN
(CIN-U01100WB2017PTC223396)

PART II - FORM OF STATEMENT OF PROFIT AND LOSS

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31.03.2020

| Particulars | | Refer Note No. | 31st March, 2020 Amount [Rs] | 31st March, 2019 Amount [Rs] |
|-------------|--|----------------------|------------------------------------|------------------------------------|
| I. | Revenue from operations | 13 | 12,254,921.00 | 5,035,042.50 |
| II. | Other income | 14 | 467,106.00 | - |
| III. | Total Revenue (I + II) | | 12,722,027.00 | 5,035,042.50 |
| IV. | Expenses: | | | |
| | Cost of materials consumed | 15 | 10,507,108.00 | 4,797,099.00 |
| | Purchases of Stock-in-Trade | | | |
| | Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 16 | (327,945.36) | - |
| | Employee benefits expense | 17 | 1,008,000.00 | 120,000.00 |
| | Finance costs | 18 | 25,265.69 | 205.00 |
| | Depreciation and amortization expense | 19 | 42,433.85 | 26,363.65 |
| | Other expenses | 20 | 1,209,885.08 | 61,250.00 |
| | Total expenses | | 12,464,747.26 | 5,004,917.65 |
| V. | Profit before exceptional and extraordinary items and tax (III-IV) | | 257,279.74 | 30,124.85 |
| VI. | Exceptional items | | | |
| VII. | Profit before extraordinary items and tax (V - VI) | | 257,279.74 | 30,124.85 |
| VIII. | Extraordinary items | | | |
| IX. | Profit before tax (VII- VIII) | | 257,279.74 | 30,124.85 |
| X | Tax expense: | | | |
| | (1) Current tax | | | |
| | (2) Deferred tax (as per P/L) | | | |
| | (3) Provisions for earlier years | | | |
| | TOTAL | | - | - |
| XI | Profit (Loss) for the period from continuing operations (VII-VIII) | | 257,279.74 | 30,124.85 |
| XII | Profit/(loss) from discontinuing operations | | | |
| XIII | Tax expense of discontinuing operations | | | |
| XIV | Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | | |
| XV | Profit (Loss) for the period (XI + XIV) | | 257,279.74 | 30,124.85 |
| XVI | Earnings per equity share: | | | |
| | (1) Basic | | 5.15 | 0.60 |
| | (2) Diluted | | 5.15 | 0.60 |

See accompanying notes to the financial statements in terms of our report attached

TARASANKAR PANCHAGRAM PRODUCER COMPANY LIMITED

For M/s Santanu Bhattacharyya & Co.
Chartered Accountants
Firm Reg. No. 328521E

Santanu Bhattacharyya
CA Santanu Bhattacharjee
(Partner)

Membership No. : 062221

Place : Kolkata
Date :

Munmun Sarkar

DIRECTOR
MUNMUN SARKARADHIKARY
DIN -07930585

Ratan Dawn

DIRECTOR
RATAN DAWN
DIN -07930747

Exhibit 2: Balance Sheet

TARASANKAR PANCHAGRAM PRODUCER COMPANY LIMITED LABPUR (THANAPARA) LABPUR, LABPUR BIRBHUM BIRBHUM WB 731303 IN

(CIN-U01100WB2017PTC223396)

PART I - FORM OF BALANCE SHEET

BALANCE SHEET FOR AS ON 31-03-2020

| Particulars | Note No. | 31st March, 2020 | 31st March, 2019 |
|---|----------|---------------------|-------------------|
| | | Amount [Rs] | Amount [Rs] |
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 1 | 500,000.00 | 300,000.00 |
| (b) Reserves and surplus | 2 | 287,404.59 | 30,124.85 |
| (c) Money received against share warrants | | | |
| 2 Share application money pending allotment | | | |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | | | |
| (b) Deferred tax liabilities (Net) | | | |
| (c) Other Long Term Liabilities | | | |
| (d) Long-term provisions | | | |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | 3 | 380,000.00 | |
| (b) Trade payables | | | |
| (A) Total Outstanding dues of Micro Enterprises and Small Enterprises; and | | | |
| (B) Total Outstanding dues of Creditors Other than Micro Enterprises and Small Enterprises; | | | |
| (c) Other current liabilities | 4 | 36,300.00 | 12,500.00 |
| (d) Short-term provisions | | | |
| TOTAL | | 1,203,704.59 | 342,624.85 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, Plant and equipment | | | |
| (i) Tangible assets | 5 | 43,114.50 | 58,176.35 |
| (ii) Intangible assets | | | |
| (iii) Capital work-in-progress | | | |
| (iv) Intangible assets under development | | | |
| (b) Non-current investments | | | |
| (c) Deferred tax assets (net) | 6 | | 3,212.00 |
| (d) Long-term loans and advances | | | |
| (e) Other Non-Current Assets | 7 | | 24,160.00 |
| 2 Current assets | | | |
| (a) Current investments | 8 | 327,945.36 | |
| (b) Inventories | 9 | 164,320.00 | 78,520.00 |
| (c) Trade receivables | 10 | 307,284.89 | 178,556.50 |
| (d) Cash and cash equivalents | 11 | 250,000.00 | |
| (e) Short-term loans and advances | 12 | 111,039.84 | |
| (f) Other current assets | | | |
| TOTAL | | 1,203,704.59 | 342,624.85 |

See accompanying notes to the financial statements in terms of our report attached
For M/s Santanu Bhattacharyya & Co.
Chartered Accountants
Firm Reg. No : 326521E

Santanu Bhattacharyya
CA Santanu Bhattacharjee
(Partner)
Membership No. : 062221

TARASANKAR PANCHAGRAM PRODUCER COMPANY LIMITED

Munmun Adhikary
DIRECTOR
MUNMUN SARKAR ADHIKARY
DIN - 07930585

Ratan Dawn
DIRECTOR
RATAN DAWN
DIN - 07930747

Place : Kolkata
Date :

Exhibit 3: Tarasankar Panchagram PC Ltd, Birbhum district, West Bengal

| | |
|---|--|
| Name of the FPO | Tarasankar Panchagram Producer Company Ltd |
| Year of Registration | 2017 |
| Registered under | Cooperative Act |
| District & State | Birbhum district, West Bengal |
| Name of the President or Chairperson of the FPO | Sudip Mukherjee |
| Contact Number of the President or Chairperson of the FPO | 9531528914 |
| Name of the Chief Executive or Chief Coordinator of the FPO | Protap Chakraborty |
| Contact Number of the Chief Executive or Chief Coordinator of the FPO | 9064086182 |
| Email ID of the FPO | tppcl2017.labpur@gmail.com |
| Name of the Facilitating Organization (POPI / CBBO) | ASSAN |
| FPO has been Promoted by | NABARD |
| No. of total registered members | 1000 |
| No. of villages (including) hamlets covered | 35 |
| No. of GPs and Blocks covered | 11 |
| Meeting frequency of BoD Members | Quarterly |
| Equity contribution per member (in Rs.) | 500/- |
| Total Equity as on date (in Rs.) | 500000/- |
| No. of active members | 840 |
| Total Annual Turnover (in Rs.) | Rs.123/- |
| Total Annual Credit Requirement (in Rs.) | 15 /- lakh |
| Total Credit availed in the last financial year from Banks/ Financial institutions/ external sources (in Rs.) | 800000/- lakh |
| Amount of procurement of different produces from FPO members (in Rs.) | 15000/- |
| Amount of business through sales of fertilizers & pesticides to farmer members | 45000/- |
| Amount of business from sale of different consumables to members and others in the community (in Rs.) | 9500000/- |
| Amount of service fees earned through equipment/machine rental services of FPO (in Rs.) | 0 |
| Amount of service fee earned by the FPO from providing different services to the members of FPO (in Rs.) | 0 |
| Net increase in sale price/unit for producer member of any three major products by selling through by FPO. | 15% |
| Reduction in post-harvest wastage to members (in %) | 10% |
| Increase in net annual income to individual members of FPO (in Rs.) | 3000/- |
| Average Net annual savings by members from various services of FPO (in Rs.) | 2500/- |
| Amount of Retail sales in the local community of the PO (as % of total sale) | 9500000/- |
| Amount of Retail sales at the block and district level markets (as % of total sales) | 90% |

| | |
|---|--|
| Amount of institutional sale in local and urban markets (as % of total sales) | 90% |
| Maximum distance (in KMs) where the FPO sells directly to her customers | 23km |
| Annual marketing cost of the FPO (as % of total sales) | 3.25% |
| What percentage of Farmer members practice integrated sustainable farming system with multiple crops, vegetables, horticulture, livestock, etc. (indicate in %) | 10% |
| Farmers generally source their seeds from (please tick) | FPO |
| What percentage of farmer members have water on their respective land/farm in summer (indicate in %) | 75% |
| What percentage of farmer members have land with soil organic carbon more than 4.0 (please indicate in %) | 5% |
| What percentage of farmer members have land with soil PH at around 7.0 (please indicate in %) | 3% |
| What percentage of your farmer members have pest problems in their agriculture (please indicate in %) | 15% |
| Has the main crop of the area changed over time? | Yes |
| If answer to above question is Yes; please indicate the primary reason for this. | Lower Market Price |
| List the schemes/benefits converged with the FPO from other government dept. / development agencies / GP / local elected representatives / community leaders through the efforts of POPI or NABARD. | 5schems |
| No. of times FPO has been able to intervene to enable fair & faster delivery of public services to people/members in the respective clusters | 2time per month |
| Percentage of times that the key decisions relating to pricing, procurement, expenses of FPO, choice of technologies are taken by the BOD members (please indicate in %) | 75% |
| What percent of expenses of POPI or CBBO usually gets covered through the budgetary provisions of NABARD / SFAC / NCDC? (please indicate in %) | 45% |
| State two major benefits that the POPI gets for facilitating this FPO | Training & Capacity building |
| What is the benefit for a CEO working in an FPO? | All business related decision taken by CEO |
| Is the CEO from the local community of the FPO? | yes |
| Who does the CEO report to daily? | BOD of the FPO |
| In how many more years from now will the Board Members manage the FPO on their own? | 3 year |
| If there are any other observations on FPO that you would like to share, please share them here: | We taking all members as a business partner. |
| Email Address | tppcl2017.labpur@gmail.com |

Exhibit 4: Stock Sheet of one of the five Retail Outlets, Bolpur Sufal Bangla Outlet as on 11th March 2021

| Sl No. | Commodity | Specification | Unit | PREVIOUS BALANCE | | | RECEIPTS | | | DELIVERIES | | |
|--------|----------------------------|----------------|-------|------------------|----------------------------|--------------|----------|----------------------------|--------------|------------|----------------------------|--------------|
| | | | | Quantity | Procurement Price (in Rs.) | Total amount | Quantity | Procurement Price (in Rs.) | Total amount | Quantity | Procurement Price (in Rs.) | Total amount |
| 1 | Musur Dal | Maîtri (Small) | 500gm | 51 | 39.9 | 2034.9 | 175 | 39.9 | 6982.5 | 75 | 39.9 | 2992.5 |
| 2 | Moong Dal | Sukumar (Bold) | 500gm | 55 | 53.55 | 2945.25 | 155 | 53.55 | 8300.25 | 55 | 53.55 | 2945.25 |
| 3 | Moong Dal | Sonali (Small) | 500gm | 43 | 68.25 | 2934.75 | 79 | 68.25 | 5391.75 | 73 | 68.25 | 4982.25 |
| 4 | Black Gram/Kolai dal bhaja | Sarada | 500gm | 19 | 53.55 | 1017.45 | 125 | 53.55 | 6693.75 | 71 | 53.55 | 3802.05 |
| 5 | Black Gram/Kolai dal kacha | Goutam | 500gm | 65 | 53.55 | 3480.75 | 103 | 53.55 | 5515.65 | 65 | 53.55 | 3480.75 |
| 6 | Ganga Charer Kolai Dal | | 500gm | 55 | 63 | 3465 | 105 | 63 | 6615 | 55 | 63 | 3465 |
| 7 | Hand made Kolai Bori | | 200gm | 53 | 41.44 | 2196.32 | 102 | 41.44 | 4226.88 | 53 | 41.44 | 2196.32 |
| 8 | Machine cut Kolai Bori | | 200gm | 93 | 38.08 | 3541.44 | 93 | 38.08 | 3541.44 | 93 | 38.08 | 3541.44 |
| 9 | Radha tilak | Aromatic Rice | 1 kg | 45 | 68.78 | 3095.1 | 73 | 68.78 | 5020.94 | 45 | 68.78 | 3095.1 |
| 10 | Radhunipagal | Aromatic Rice | 1 kg | 12 | 73.5 | 882 | 63 | 73.5 | 4630.5 | 63 | 73.5 | 4630.5 |
| 11 | Gobindo bhog | Aromatic Rice | 1 kg | 12 | 68.78 | 825.36 | 75 | 68.78 | 5158.5 | 75 | 68.78 | 5158.5 |
| 12 | Tulaipanji | Aromatic Rice | 1 kg | 43 | 95.55 | 4108.65 | 110 | 95.55 | 10510.5 | 110 | 95.55 | 10510.5 |
| 13 | Kalonunia | Aromatic Rice | 1 kg | 65 | 79.8 | 5187 | 65 | 79.8 | 5187 | 65 | 79.8 | 5187 |
| 14 | Honey | | 250gm | 41 | 65.1 | 2669.1 | 110 | 65.1 | 7161 | 110 | 65.1 | 7161 |
| 15 | Honey | | 500gm | 35 | 115.5 | 4042.5 | 175 | 115.5 | 20212.5 | 120 | 115.5 | 13860 |

| | | | | | | | | | | | | |
|----|----------------------------|------------------|-------|----|--------|---------|-----|--------|---------|-----|--------|---------|
| 16 | Mustard Oil | BCKV | 1lt | 25 | 117 | 2925 | 115 | 117 | 13455 | 120 | 117 | 14040 |
| 17 | Mustard Oil | BCKV | 2lt | 53 | 234 | 12402 | 53 | 234 | 12402 | 53 | 234 | 12402 |
| 18 | Mustard Oil | BCKV | 5lt | 21 | 585 | 12285 | 21 | 585 | 12285 | 21 | 585 | 12285 |
| 19 | Pataligur | Plastic punnet | Kg | 0 | 180 | 0 | 0 | 180 | 0 | 0 | 180 | 0 |
| 20 | Nalengur | Plastic Bottle | 500gm | 0 | 110 | 0 | 0 | 110 | 0 | 0 | 110 | 0 |
| 21 | Sundarini Premium Cow Ghee | | 200ml | 85 | 131.52 | 11179.2 | 85 | 131.52 | 11179.2 | 85 | 131.52 | 11179.2 |
| 22 | Sundarini Premium Cow Ghee | | 400ml | 65 | 248.8 | 16172 | 65 | 248.8 | 16172 | 65 | 248.8 | 16172 |
| 23 | Sundarini Dudheswar Rice | Unpolished | 1kg | 15 | 60.3 | 904.5 | 15 | 60.3 | 904.5 | 15 | 60.3 | 904.5 |
| 24 | Red Rice | Unpolished | 1kg | 35 | 80 | 2800 | 35 | 80 | 2800 | 35 | 80 | 2800 |
| 25 | Bhasamanik | Unpolished | 1kg | 35 | 49 | 1715 | 125 | 49 | 6125 | 125 | 49 | 6125 |
| 26 | 36 Rice | Unpolished | 1kg | 45 | 37 | 1665 | 45 | 37 | 1665 | 45 | 37 | 1665 |
| 27 | Maida | Special | 1kg | 56 | 30 | 1680 | 56 | 30 | 1680 | 56 | 30 | 1680 |
| 28 | Cholar Chhatu | Special | 250gm | 15 | 33 | 495 | 15 | 33 | 495 | 15 | 33 | 495 |
| 29 | Beson | Special | 250gm | 13 | 16 | 208 | 13 | 16 | 208 | 13 | 16 | 208 |
| 30 | Ghee | Without Chemical | 200ml | 25 | 110 | 2750 | 25 | 110 | 2750 | 25 | 110 | 2750 |
| 31 | Ghee | Without Chemical | 400ml | 35 | 220 | 7700 | 35 | 220 | 7700 | 35 | 220 | 7700 |
| 32 | Haladi Powder | Without Chemical | 100gm | 45 | 20 | 900 | 45 | 20 | 900 | 45 | 20 | 900 |
| 33 | Jira Powder | Without Chemical | 100gm | 56 | 30 | 1680 | 56 | 30 | 1680 | 56 | 30 | 1680 |
| 34 | Dhania Powder | Without Chemical | 100gm | 55 | 15 | 825 | 55 | 15 | 825 | 55 | 15 | 825 |
| 35 | Chili Powder | Without Chemical | 100gm | 43 | 25 | 1075 | 43 | 25 | 1075 | 43 | 25 | 1075 |

| | | | | | | | | | | | | |
|----|-------------------|------------------|-------|----|-----|------|----|-----|------|----|-----|------|
| 36 | Motor Dal Bori | Without Chemical | 250gm | 25 | 52 | 1300 | 25 | 52 | 1300 | 25 | 52 | 1300 |
| 37 | Motor Dal Bori | Without Chemical | 400gm | 45 | 80 | 3600 | 45 | 80 | 3600 | 45 | 80 | 3600 |
| 38 | GoneshMoida | | 500gm | 13 | 17 | 221 | 13 | 17 | 221 | 13 | 17 | 221 |
| 39 | Gonesh Atta | | 1kg | 25 | 32 | 800 | 25 | 32 | 800 | 25 | 32 | 800 |
| 40 | GoneshSooji | | 250gm | 15 | 9 | 135 | 15 | 9 | 135 | 15 | 9 | 135 |
| 41 | Gonesh Dalia | | 500gm | 35 | 38 | 1330 | 35 | 38 | 1330 | 35 | 38 | 1330 |
| 42 | GoneshBeson | | 200gm | 15 | 23 | 345 | 15 | 23 | 345 | 15 | 23 | 345 |
| 43 | Aashirvaad Atta | | 1kg | 46 | 31 | 1426 | 46 | 31 | 1426 | 46 | 31 | 1426 |
| 44 | Aashirvaad Atta | | 5kg | 25 | 152 | 3800 | 25 | 152 | 3800 | 25 | 152 | 3800 |
| 45 | DharaSun flower | Plastic Bottle | 1lt | 14 | 104 | 1456 | 14 | 104 | 1456 | 14 | 104 | 1456 |
| 46 | Dhara Sun flower | Pauch | 1lt | 13 | 97 | 1261 | 13 | 97 | 1261 | 13 | 97 | 1261 |
| 47 | Dhara Mustard oil | Plastic Bottle | 200ml | 13 | 26 | 338 | 13 | 26 | 338 | 13 | 26 | 338 |
| 48 | Dhara Mustard oil | Plastic Bottle | 500ml | 15 | 56 | 840 | 15 | 56 | 840 | 15 | 56 | 840 |
| 49 | Dhara Mustard oil | Plastic Bottle | 1lt | 14 | 102 | 1428 | 14 | 102 | 1428 | 14 | 102 | 1428 |
| 50 | Dhara Mustard oil | Plastic Bottle | 2lt | 23 | 208 | 4784 | 23 | 208 | 4784 | 23 | 208 | 4784 |
| 51 | Dhara Mustard oil | Pauch | 500gm | 15 | 51 | 765 | 15 | 51 | 765 | 15 | 51 | 765 |
| 52 | Dhara Mustard oil | Pauch | 1lt | 13 | 101 | 1313 | 13 | 101 | 1313 | 13 | 101 | 1313 |
| 53 | Tata Salt | | 1kg | 13 | 17 | 221 | 13 | 17 | 221 | 13 | 17 | 221 |
| 54 | MouriGota | | 100gm | 42 | 18 | 756 | 42 | 18 | 756 | 42 | 18 | 756 |
| 55 | MouriGota | | 50gm | 26 | 9 | 234 | 26 | 9 | 234 | 26 | 9 | 234 |
| 56 | Chilli Powder | | 100gm | 23 | 20 | 460 | 23 | 20 | 460 | 23 | 20 | 460 |
| 57 | Sorse | | 100gm | 21 | 7 | 147 | 21 | 7 | 147 | 21 | 7 | 147 |
| 58 | Methi | | 100gm | 21 | 8 | 168 | 21 | 8 | 168 | 21 | 8 | 168 |
| 59 | Gota Dhone | | 100gm | 23 | 20 | 460 | 23 | 20 | 460 | 23 | 20 | 460 |
| 60 | Sunrise Biriyan | | 25gm | 24 | 25 | 600 | 24 | 25 | 600 | 24 | 25 | 600 |

| | | | | | | | | | | | | |
|----|-----------------------------|-----|-------|----|-----|-------|----|-----|-------|----|-----|-------|
| 61 | Nimayle | | 500gm | 13 | 64 | 832 | 13 | 64 | 832 | 13 | 64 | 832 |
| 62 | Nimayle | | 1lt | 11 | 97 | 1067 | 11 | 97 | 1067 | 11 | 97 | 1067 |
| 63 | Nimayle herbal | | 1lt | 13 | 100 | 1300 | 13 | 100 | 1300 | 13 | 100 | 1300 |
| 64 | Daffodil harbo plus | | 500ml | 13 | 52 | 676 | 13 | 52 | 676 | 13 | 52 | 676 |
| 65 | Black rice | | 500gm | 25 | | 0 | 25 | | 0 | 25 | | 0 |
| 66 | Tejpata | | 100gm | 11 | 4 | 44 | 11 | 4 | 44 | 11 | 4 | 44 |
| 67 | Suknolanka | | 100gm | 22 | | 0 | 22 | | 0 | 22 | | 0 |
| 68 | Chire | | 500gm | 43 | 21 | 903 | 43 | 21 | 903 | 43 | 21 | 903 |
| 69 | Maggi family pack | | 560gm | 47 | 83 | 3901 | 47 | 83 | 3901 | 47 | 83 | 3901 |
| 70 | Maggi family pack | | 280gm | 13 | 82 | 1066 | 13 | 82 | 1066 | 13 | 82 | 1066 |
| 71 | Doctor Chow | | 645gm | 15 | 36 | 540 | 15 | 36 | 540 | 15 | 36 | 540 |
| 72 | Sunrise meat masala powder | | 10gm | 14 | | 0 | 14 | | 0 | 14 | | 0 |
| 73 | Sunrise sabji masala powder | | 10gm | 23 | 4 | 92 | 23 | 4 | 92 | 23 | 4 | 92 |
| 74 | Papor | | 100gm | 53 | 8.5 | 450.5 | 53 | 8.5 | 450.5 | 53 | 8.5 | 450.5 |
| 75 | Arhar Dal | | 500gm | 12 | | 0 | 12 | | 0 | 12 | | 0 |
| 76 | Gotakalai Dal | | 500gm | 24 | 38 | 912 | 24 | 38 | 912 | 24 | 38 | 912 |
| 77 | BiuliKalai | | 500gm | 54 | 30 | 1620 | 54 | 30 | 1620 | 54 | 30 | 1620 |
| 78 | Chholar Dal | | 500gm | 19 | 35 | 665 | 19 | 35 | 665 | 19 | 35 | 665 |
| 79 | Vivel Body Wash | | 400ml | 14 | 87 | 1218 | 14 | 87 | 1218 | 14 | 87 | 1218 |
| 80 | Vivel Body Wash | | 200ml | 17 | 74 | 1258 | 17 | 74 | 1258 | 17 | 74 | 1258 |
| 81 | Maggi | | | 13 | 4 | 52 | 13 | 4 | 52 | 12 | 4 | 48 |
| 82 | Mukharochok Chanachur | | 100gm | 13 | 44 | 572 | 13 | 44 | 572 | 24 | 44 | 1056 |
| 83 | Mukharochok Chanachur | | 25gm | 15 | 9 | 135 | 15 | 9 | 135 | 24 | 9 | 216 |
| 84 | Mukharochok Gatiya | Jar | 200gm | 15 | 41 | 615 | 15 | 41 | 615 | 24 | 41 | 984 |

| | | | | | | | | | | | | |
|-----|---------------------------|--|-------|----|------|-------|----|------|-------|----|------|------|
| 85 | Dark Fantasy | | | 19 | 27 | 513 | 19 | 27 | 513 | 24 | 27 | 648 |
| 86 | Dark Fantasy | | | 13 | 8.5 | 110.5 | 13 | 8.5 | 110.5 | 24 | 8.5 | 204 |
| 87 | Sunfeast meri light | | | 15 | 8.5 | 127.5 | 15 | 8.5 | 127.5 | 24 | 8.5 | 204 |
| 88 | Sunfeast meri light | | | 42 | 26 | 1092 | 42 | 26 | 1092 | 48 | 26 | 1248 |
| 89 | Mom's Magic (Rich Batter) | | 250gm | 43 | 27 | 1161 | 43 | 27 | 1161 | 24 | 27 | 648 |
| 90 | Mom's Magic (Rich Batter) | | 75gm | 26 | 9 | 234 | 26 | 9 | 234 | 24 | 9 | 216 |
| 91 | Mom's Magic (Rich Batter) | | 60gm | 25 | 9 | 225 | 25 | 9 | 225 | 24 | 9 | 216 |
| 92 | Anmul zero Sugar | | 100gm | 53 | 9 | 477 | 53 | 9 | 477 | 48 | 9 | 432 |
| 93 | Anmul Smileys | | 250gm | 53 | 25 | 1325 | 53 | 25 | 1325 | 24 | 25 | 600 |
| 94 | Anmul coconutty | | 250gm | 53 | 22 | 1166 | 53 | 22 | 1166 | 24 | 22 | 528 |
| 95 | Anmul Smileys cashew | | 200gm | 53 | 26 | 1378 | 53 | 26 | 1378 | 24 | 26 | 624 |
| 96 | Anmul lemon Maza | | 200gm | 15 | 18 | 270 | 15 | 18 | 270 | 15 | 18 | 270 |
| 97 | Anmul orange | | 180gm | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 98 | Anmul milk | | 200gm | 12 | 0 | 0 | 12 | 0 | 0 | 12 | 0 | 0 |
| 99 | Anmul Chocolate | | 180gm | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | Anmul Butter Bike | | 400gm | 0 | 37 | 0 | 0 | 37 | 0 | 0 | 37 | 0 |
| 101 | Anmul Jadoo | | 250gm | 0 | 22 | 0 | 0 | 22 | 0 | 0 | 22 | 0 |
| 102 | Nutrela Soya | | 300gm | 0 | 39 | 0 | 0 | 39 | 0 | 0 | 39 | 0 |
| 103 | Nutrela Soya | | 80gm | 14 | 13.5 | 189 | 14 | 13.5 | 189 | 14 | 13.5 | 189 |
| 104 | Nutrela Soya | | 45gm | 16 | 9 | 144 | 16 | 9 | 144 | 24 | 9 | 216 |
| 105 | Dabur Honey | | 130gm | 43 | 55 | 2365 | 43 | 55 | 2365 | 12 | 55 | 660 |
| 106 | Dabur Honey | | 600gm | 15 | 184 | 2760 | 15 | 184 | 2760 | 12 | 184 | 2208 |
| 107 | Dabur Honey set | | 225gm | 0 | 144 | 0 | 0 | 144 | 0 | 0 | 144 | 0 |

| | | | | | | | | | | | | |
|-----|---------------------------|--|-------|----|------|-------|----|------|-------|----|------|------|
| 108 | Green tea | | 100gm | 5 | 114 | 570 | 5 | 114 | 570 | 12 | 114 | 1368 |
| 109 | Maxo Box Maching | | | 0 | 70 | 0 | 0 | 70 | 0 | 0 | 70 | 0 |
| 110 | Maxo oil | | | 0 | 59 | 0 | 0 | 59 | 0 | 0 | 59 | 0 |
| 111 | Mortein Box oil | | | 0 | 61 | 0 | 0 | 61 | 0 | 0 | 61 | 0 |
| 112 | Glucon plus-c | | 250gm | 0 | 60 | 0 | 0 | 60 | 0 | 0 | 60 | 0 |
| 113 | Dabar Chyawanprash | | 575gm | 0 | 157 | 0 | 0 | 157 | 0 | 0 | 157 | 0 |
| 114 | Dabar Chyawanprash | | 1 kg | 0 | 297 | 0 | 0 | 297 | 0 | 0 | 297 | 0 |
| 115 | Kissan Mix fruit Jam | | 200gm | 26 | 55 | 1430 | 26 | 55 | 1430 | 24 | 55 | 1320 |
| 116 | Morteincoyol Box | | | 13 | 23 | 299 | 13 | 23 | 299 | 12 | 23 | 276 |
| 117 | Mother Dairy ghee | | 200gm | 13 | 129 | 1677 | 13 | 129 | 1677 | 12 | 129 | 1548 |
| 118 | Mother Dairy ghee | | 900gm | 5 | 502 | 2510 | 5 | 502 | 2510 | 10 | 502 | 5020 |
| 119 | Kanshaboti Ghee | | 200gm | 0 | 108 | 0 | 0 | 108 | 0 | 0 | 108 | 0 |
| 120 | Kanshaboti Ghee | | 500gm | 0 | 212 | 0 | 0 | 212 | 0 | 0 | 212 | 0 |
| 121 | Hajmola Regular | | | 5 | 32 | 160 | 5 | 32 | 160 | 12 | 32 | 384 |
| 122 | Hajmola Regular | | | 15 | 17 | 255 | 15 | 17 | 255 | 24 | 17 | 408 |
| 123 | Dove creem | | 50gm | 15 | 23.5 | 352.5 | 15 | 23.5 | 352.5 | 24 | 23.5 | 564 |
| 124 | Dove creem | | 100gm | 24 | 43 | 1032 | 24 | 43 | 1032 | 24 | 43 | 1032 |
| 125 | Liril lemon & tree oil | | | 27 | 24 | 648 | 27 | 24 | 648 | 24 | 24 | 576 |
| 126 | Lux veivet touch | | 100gm | 75 | 23 | 1725 | 75 | 23 | 1725 | 36 | 23 | 828 |
| 127 | Lux veivet touch | | 50gm | 75 | 9 | 675 | 75 | 9 | 675 | 36 | 9 | 324 |
| 128 | Lux Saffron | | 100gm | 75 | 24 | 1800 | 75 | 24 | 1800 | 36 | 24 | 864 |
| 129 | Life boy lemon fresh | | 125gm | 75 | 0 | 0 | 75 | 0 | 0 | 36 | 0 | 0 |
| 130 | Life boy total | | 125gm | 75 | 22 | 1650 | 75 | 22 | 1650 | 36 | 22 | 792 |

| | | | | | | | | | | | | |
|-----|---------------------|--|-------|-----|------|-------|----|------|-------|----|------|------|
| 131 | Veet | | 25gm | 0 | 56 | 0 | 0 | 56 | 0 | 0 | 56 | 0 |
| 132 | Margatna | | 50ml | 75 | 33 | 2475 | 75 | 33 | 2475 | 12 | 33 | 396 |
| 133 | Margatna | | 100ml | 13 | 67 | 871 | 13 | 67 | 871 | 12 | 67 | 804 |
| 134 | Garnier Colour | | 70ml | 13 | 168 | 2184 | 13 | 168 | 2184 | 12 | 168 | 2016 |
| 135 | Garnier Colour | | 35ml | 5 | 72 | 360 | 5 | 72 | 360 | 5 | 72 | 360 |
| 136 | Kesh king oil | | 100ml | 3 | 148 | 444 | 3 | 148 | 444 | 3 | 148 | 444 |
| 137 | Vasmol kesh kala | | 100ml | 3 | 52 | 156 | 3 | 52 | 156 | 3 | 52 | 156 |
| 138 | Vasmol kesh kala | | 50ml | 5 | 27 | 135 | 5 | 27 | 135 | 5 | 27 | 135 |
| 139 | Amla hair oil | | 45ml | 35 | 17 | 595 | 35 | 17 | 595 | 24 | 17 | 408 |
| 140 | Garnier face Wash | | 25gm | 5 | 37 | 185 | 5 | 37 | 185 | 5 | 37 | 185 |
| 141 | Vaseline | | 24ml | 5 | 33 | 165 | 5 | 33 | 165 | 5 | 33 | 165 |
| 142 | Vaseline | | | 10 | 0 | 0 | 10 | 0 | 0 | 24 | 0 | 0 |
| 143 | Dubor honey | | 20gm | 45 | 14.5 | 652.5 | 45 | 14.5 | 652.5 | 42 | 14.5 | 609 |
| 144 | Axe AQUA | | 150ml | 0 | 178 | 0 | 0 | 178 | 0 | 0 | 178 | 0 |
| 145 | Clinic plus Shampoo | | 80ml | 425 | 38 | 16150 | 53 | 38 | 2014 | 48 | 38 | 1824 |
| 146 | Clinic plus Shampoo | | 175ml | 75 | 67 | 5025 | 75 | 67 | 5025 | 46 | 67 | 3082 |
| 147 | Sunlight | | 500gm | 15 | 34 | 510 | 15 | 34 | 510 | 12 | 34 | 408 |
| 148 | Sunlight | | 1kg | 35 | 69 | 2415 | 35 | 69 | 2415 | 48 | 69 | 3312 |
| 149 | Sunlight | | 125gm | 63 | 9 | 567 | 63 | 9 | 567 | 48 | 9 | 432 |
| 150 | Surf ex easy wash | | 500gm | 51 | 49 | 2499 | 51 | 49 | 2499 | 24 | 49 | 1176 |
| 151 | Surf ex quick wash | | 500gm | 13 | 83 | 1079 | 13 | 83 | 1079 | 24 | 83 | 1992 |
| 152 | Wheel | | 165gm | 5 | 8.5 | 42.5 | 5 | 8.5 | 42.5 | 5 | 8.5 | 42.5 |
| 153 | Sunlight bath | | 150gm | 15 | 18 | 270 | 15 | 18 | 270 | 12 | 18 | 216 |
| 154 | Dove | | 25gm | 15 | 9 | 135 | 15 | 9 | 135 | 12 | 9 | 108 |
| 155 | Life boy Neem | | 90gm | 15 | 9 | 135 | 15 | 9 | 135 | 12 | 9 | 108 |
| 156 | Rexsona | | 100gm | 5 | 23 | 115 | 5 | 23 | 115 | 5 | 23 | 115 |
| 157 | Margo | | 45gm | 0 | 9 | 0 | 0 | 9 | 0 | 0 | 9 | 0 |

| | | | | | | | | | | | | |
|-----|--------------------------|--|----------|-----|-----|------|-----|-----|------|----|-----|------|
| 158 | Rin Bar | | 300m | 0 | 18 | 0 | 0 | 18 | 0 | 0 | 18 | 0 |
| 159 | Exo Bar | | 125gm | 43 | 9 | 387 | 43 | 9 | 387 | 42 | 9 | 378 |
| 160 | Surf Ex Bar | | 100gm | 0 | 9 | 0 | 0 | 9 | 0 | 0 | 9 | 0 |
| 161 | Borolin | | 20gm | 75 | 32 | 2400 | 75 | 32 | 2400 | 48 | 32 | 1536 |
| 162 | Detal Mini Pack | | 25ml | 0 | 9 | 0 | 0 | 9 | 0 | 0 | 9 | 0 |
| 163 | Garniar Black Pouch Pack | | 200ml | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| 164 | Borolin | | 40gm | 53 | 61 | 3233 | 53 | 61 | 3233 | 48 | 61 | 2928 |
| 165 | Borolin | | 10gm | 12 | 20 | 240 | 12 | 20 | 240 | 12 | 20 | 240 |
| 166 | Rexsona Powder | | 100gm | 15 | 92 | 1380 | 15 | 92 | 1380 | 15 | 92 | 1380 |
| 167 | Dabur Golabari | | 50ml | 13 | 25 | 325 | 13 | 25 | 325 | 13 | 25 | 325 |
| 168 | Dabur Golabari | | 120ml | 15 | 41 | 615 | 15 | 41 | 615 | 15 | 41 | 615 |
| 169 | SunsilkSampoo | | 80ml | 123 | 43 | 5289 | 123 | 43 | 5289 | 48 | 43 | 2064 |
| 170 | Dove Sampoo | | 180ml | 25 | 98 | 2450 | 25 | 98 | 2450 | 25 | 98 | 2450 |
| 171 | Eleen Hair Oil | | 200ml | 43 | 69 | 2967 | 43 | 69 | 2967 | 42 | 69 | 2898 |
| 172 | Lourial Conditioner | | 192.5 ml | 0 | | 0 | 0 | | 0 | 0 | | 0 |
| 173 | Lorialsampoo | | | 115 | 54 | 6210 | 115 | 54 | 6210 | 48 | 54 | 2592 |
| 174 | Pnds triple r | | 300ml | 14 | 237 | 3318 | 14 | 237 | 3318 | 14 | 237 | 3318 |
| 175 | Ujjla | | 250ml | 0 | 59 | 0 | 0 | 59 | 0 | 0 | 59 | 0 |
| 176 | Ujjla | | 30ml | 15 | 8 | 120 | 15 | 8 | 120 | 12 | 8 | 96 |
| 177 | Ujjla | | 75ml | 15 | 19 | 285 | 15 | 19 | 285 | 12 | 19 | 228 |
| 178 | Robin Blue | | 200ml | 13 | 56 | 728 | 13 | 56 | 728 | 6 | 56 | 336 |
| 179 | Robin Blue | | 100ml | 5 | 31 | 155 | 5 | 31 | 155 | 6 | 31 | 186 |
| 180 | Fare & Lovely | | 25ml | 13 | 54 | 702 | 13 | 54 | 702 | 12 | 54 | 648 |
| 181 | Closeup | | 150gm | 75 | 76 | 5700 | 75 | 76 | 5700 | 24 | 76 | 1824 |
| 182 | Closeup | | 50gm | 75 | 18 | 1350 | 75 | 18 | 1350 | 24 | 18 | 432 |
| 183 | Pepsodent | | 25gm | 75 | 9 | 675 | 75 | 9 | 675 | 48 | 9 | 432 |
| 184 | Dabur Red | | 50gm | 75 | 17 | 1275 | 75 | 17 | 1275 | 60 | 17 | 1020 |
| 185 | Dabur Red | | 22gm | 75 | 9 | 675 | 75 | 9 | 675 | 48 | 9 | 432 |
| 186 | Dabur Babul | | 15gm | 75 | 4 | 300 | 75 | 4 | 300 | 36 | 4 | 144 |

| | | | | | | | | | | | | |
|-----|------------------|--|-------|----|-------|--------|----|-------|--------|----|-------|--------|
| 187 | Dabur Babul | | 175gm | 75 | 39 | 2925 | 75 | 39 | 2925 | 36 | 39 | 1404 |
| 188 | Laskhan Gondi | | | 75 | 12 | 900 | 75 | 12 | 900 | 36 | 12 | 432 |
| 189 | Harpic | | 500gm | 75 | 78 | 5850 | 75 | 78 | 5850 | 36 | 78 | 2808 |
| 190 | Harpic | | 240ml | 75 | 32 | 2400 | 75 | 32 | 2400 | 48 | 32 | 1536 |
| 191 | Rim Liquid | | 55gm | 75 | 9 | 675 | 75 | 9 | 675 | 48 | 9 | 432 |
| 192 | Pril | | 120ml | 75 | 18 | 1350 | 75 | 18 | 1350 | 45 | 18 | 810 |
| 193 | Vim Liquid | | 155ml | 75 | 18 | 1350 | 75 | 18 | 1350 | 12 | 18 | 216 |
| 194 | Savlon Hand Wash | | 80ml | 75 | 17 | 1275 | 75 | 17 | 1275 | 35 | 17 | 595 |
| 195 | Detol | | 100ml | 75 | 26 | 1950 | 75 | 26 | 1950 | 25 | 26 | 650 |
| 196 | Detol | | 250ml | 75 | 92 | 6900 | 75 | 92 | 6900 | 50 | 92 | 4600 |
| 197 | Savlon | | 50ml | 75 | 17 | 1275 | 75 | 17 | 1275 | 45 | 17 | 765 |
| 198 | Chawmin | | 200gm | 75 | 20 | 1500 | 75 | 20 | 1500 | 53 | 20 | 1060 |
| 199 | Caktus | | | 75 | 127.5 | 9562.5 | 75 | 127.5 | 9562.5 | 51 | 127.5 | 6502.5 |
| 200 | Vegetable | | | 75 | 127.5 | 9562.5 | 75 | 127.5 | 9562.5 | 45 | 127.5 | 5737.5 |
| 201 | Ornamental | | | 12 | 127.5 | 1530 | 12 | 127.5 | 1530 | 12 | 127.5 | 1530 |
| 202 | BhuRakshak | | | 0 | 85 | 0 | 0 | 85 | 0 | 0 | 85 | 0 |
| 203 | Orchid | | 50ml | 0 | 85 | 0 | 0 | 85 | 0 | 0 | 85 | 0 |
| 204 | Green Growth | | 100ml | 0 | 63.75 | 0 | 0 | 63.75 | 0 | 0 | 63.75 | 0 |
| 205 | Lawn Ideas | | 100ml | 0 | 85 | 0 | 0 | 85 | 0 | 0 | 85 | 0 |
| 206 | Green Suraskha | | 100ml | 0 | 85 | 0 | 0 | 85 | 0 | 0 | 85 | 0 |
| 207 | Green Boost | | 20ml | 0 | 42.5 | 0 | 0 | 42.5 | 0 | 0 | 42.5 | 0 |
| 208 | Lal Saag | | | 11 | 25.5 | 280.5 | 11 | 25.5 | 280.5 | 11 | 25.5 | 280.5 |
| 209 | Bottle Gourd | | | 9 | 25.5 | 229.5 | 9 | 25.5 | 229.5 | 9 | 25.5 | 229.5 |
| 210 | Ridge Gourd | | | 13 | 25.5 | 331.5 | 13 | 25.5 | 331.5 | 13 | 25.5 | 331.5 |
| 211 | Kolmi | | | 3 | 25.5 | 76.5 | 3 | 25.5 | 76.5 | 3 | 25.5 | 76.5 |
| 212 | Cucumbar | | | 25 | 25.5 | 637.5 | 25 | 25.5 | 637.5 | 25 | 25.5 | 637.5 |
| 213 | Wax Gourd | | | 0 | 25.5 | 0 | 0 | 25.5 | 0 | 0 | 25.5 | 0 |
| 214 | Vinca | | | 0 | 42.5 | 0 | 0 | 42.5 | 0 | 0 | 42.5 | 0 |
| 215 | Balsam | | | 0 | 42.5 | 0 | 0 | 42.5 | 0 | 0 | 42.5 | 0 |
| 216 | Sun floor | | | 0 | 42.5 | 0 | 0 | 42.5 | 0 | 0 | 42.5 | 0 |

| | | | | | | | | | | | | |
|-----|-----------------------|--|--|------|------|-----------|------|------|-----------|------|------|-----------|
| 217 | Bhendi | | | 13 | 27 | 351 | 13 | 27 | 351 | 13 | 27 | 351 |
| 218 | Pumpkin | | | 12 | 25.5 | 306 | 12 | 25.5 | 306 | 12 | 25.5 | 306 |
| 219 | Radish | | | 15 | 30 | 450 | 15 | 30 | 450 | 15 | 30 | 450 |
| 220 | Cowpea | | | 5 | 25.5 | 127.5 | 5 | 25.5 | 127.5 | 5 | 25.5 | 127.5 |
| 221 | PuiSagg | | | 3 | 25.5 | 76.5 | 3 | 25.5 | 76.5 | 3 | 25.5 | 76.5 |
| 222 | Bittergoard Meghna | | | 5 | 25.5 | 127.5 | 5 | 25.5 | 127.5 | 5 | 25.5 | 127.5 |
| 223 | Bittergoard Bolder | | | 15 | 25.5 | 382.5 | 15 | 25.5 | 382.5 | 15 | 25.5 | 382.5 |
| 224 | Vermi Compost | | | 75 | 25.5 | 1912.5 | 75 | 25.5 | 1912.5 | 75 | 25.5 | 1912.5 |
| 225 | Potato | | | 210 | 13 | 2730 | 210 | 13 | 2730 | 75 | 13 | 975 |
| 226 | Onion | | | 200 | 24 | 4800 | 200 | 24 | 4800 | 50 | 24 | 1200 |
| 227 | Ginger | | | 5 | 160 | 800 | 5 | 160 | 800 | 5 | 160 | 800 |
| 228 | Garlic | | | 2 | 70 | 140 | 2 | 70 | 140 | 2 | 70 | 140 |
| 229 | Egg | | | 230 | 5.5 | 1265 | 230 | 5.5 | 1265 | 75 | 5.5 | 412.5 |
| 230 | Sugar | | | 45 | 38 | 1710 | 45 | 38 | 1710 | 45 | 38 | 1710 |
| | | | | 7475 | | 339896.27 | 8204 | | 403422.86 | 6030 | | 327945.36 |

Exhibit 5: Price List of Vegetables, 11th March 2021

| Region | Market | Category | | | | |
|------------------|--------------------|----------------|--------------------------|--------|-------------------|----------------|
| Birbhum | Tarapith-Rampurhat | Vegetables | | | | |
| Daily Price List | | | | | | |
| Sl. No | Commodity | Variety | Specification | Unit | Procurement Price | Consumer Price |
| 1 | Amaranth | Others | Good Quality | 250 GM | 10 | 14 |
| 2 | Arum | Others | Good Quality | 250 GM | 3.5 | 8 |
| 3 | Ash Gourd | Others | Good Quality | PCS | NA | NA |
| 4 | Beans | Others | Good Quality | 250 GM | 25 | 30 |
| 5 | Beetroot | Others | Good Quality | 250 GM | 16 | 20 |
| 6 | Bitter Gourd | Karala | Good Quality | 250 GM | 9 | 15 |
| 7 | Bitter Gourd | Ucche | Good Quality | 250 GM | 10 | 16 |
| 8 | Bottle Gourd | Rounded | Good Quality | PCS | 19 | 23 |
| 9 | Bottle Gourd | Sphere | Good Quality | PCS | NA | NA |
| 10 | Brinjal | Makra | Good Quality | KG | NA | NA |
| 11 | Brinjal | Muktakeshi | Good Quality | KG | 12 | 17 |
| 12 | Broad beans | Others | Good Quality | 100 GM | 2 | 5 |
| 13 | Broccoli | Others | 300- 500 g, Good Quality | KG | NA | NA |
| 14 | Cabbage | Others | Good Quality | 500 GM | 4 | 7 |
| 15 | Capsicum | Green | Good Quality | 250 GM | 11.5 | 15 |
| 16 | Carrot | Chalani | Good Quality | 500 GM | 7 | 11 |
| 17 | Cauliflower | Others | 350 -500 g, Good Quality | PCS | 10 | 14 |
| 18 | Ceylon Spinach | Others | Good Quality | 250 GM | 3 | 5 |
| 19 | Colocacia | Others | Mukhi Kachu, GQ | KG | 21 | 25 |
| 20 | Coriander Leaves | Others | Good Quality | 100 GM | 3 | 7 |
| 21 | Cucumber | Desi | Good Quality | KG | 40 | 45 |
| 22 | Garlic | Flower Variety | Good Quality | 100 GM | 6 | 10 |
| 23 | Ginger | Bold | Good Quality | 100 GM | 4 | 8 |
| 24 | Ginger | Bold | Good Quality | 250 GM | 8 | 19 |
| 25 | Green Chilli | Bullet | Good Quality | 100 GM | NA | NA |
| 26 | Green Chilli | Local | Good Quality | 100 GM | 6 | 9 |
| 27 | Green Mango | Others | Good Quality | KG | 15 | 20 |
| 28 | Green Papaya | Others | Less Than 1 Kg, Good | KG | 21 | 27 |

| | | | Quality | | | |
|----|--------------------|-----------|---------------------------------|--------|------|-----|
| 29 | Green Peas | Others | Good Quality | KG | 35 | 40 |
| 30 | Jackfruit | Others | Good Quality | KG | 20 | 26 |
| 31 | Jute Leaves | Others | Good Quality | 100 GM | 3 | 5 |
| 32 | Ladys Finger | Others | 3-5 inch, Good Quality | 500 GM | 22.5 | 26 |
| 33 | Lime | Pati Lebu | Fair Size, Good Quality | PCS | 2 | 3 |
| 34 | Mushroom | Oyester | Good Quality | 200 GM | 20 | 25 |
| 35 | Onion | Sukhsagar | Good Quality | KG | 29 | 35 |
| 36 | Onion flower stalk | Others | Good Quality | KG | NA | NA |
| 37 | Onion Leaves | Others | Good Quality | KG | 50 | 58 |
| 38 | Plantain Flower | Others | Fair Size, Good Quality | PCS | 16 | 20 |
| 39 | Pointed Gourd | Others | Good Quality | 500 GM | NA | NA |
| 40 | Pointed Gourd | White | Good Quality | 500 GM | 45 | 49 |
| 41 | Potato | New | Table Grade, Good Quality | KG | 7 | 9 |
| 42 | Potato | New | Small, Good Quality | KG | 3 | 5 |
| 43 | Potato | Pokhraj | Table Grade, Good Quality | KG | NA | NA |
| 44 | Pumpkin | Green | Good Quality | KG | 13 | 18 |
| 45 | Pumpkin | Ripe | Good Quality | KG | 14 | 19 |
| 46 | Radish | Others | Good Quality | KG | 15 | 19 |
| 47 | Red Amaranth | Others | Good Quality | 250 GM | 10 | 14 |
| 48 | Ridge Gourd | Others | Good Quality | KG | 39 | 44 |
| 49 | Snake Gourd | Others | less than 15 inch, Good Quality | 250 GM | NA | NA |
| 50 | Spinach | Others | Good Quality | 250 GM | 5 | 8 |
| 51 | Spine Gourd | Others | Good Quality | 250 GM | 20 | 25 |
| 52 | Tomato | Chalani | Good Quality | KG | 10 | 15 |
| 53 | Veg Banana | Others | Fair Size, Good Quality | PCS | 4 | 4.5 |

Exhibit 6: Photos of Farmer members of FPO and their farms





Major Findings & Recommendations

In this section, the major findings related to five key issues of the study and recommendations related to Practice, Policy and Research on FPOs to make FPO sustainable in the future are presented.

Major Findings

1. Features of FPO Design in terms of its size, scope, technology, management, and governance

The general orientation of the FPO was to increase the membership size even if the geographic cluster size increased. More members meant more equity and more volume of an item. The Board of FPO, management and facilitating agencies (POPI) showed little appreciation to the optimality of size for long term performance of their FPO.

As compared to the findings of the first phase of FPO implementation during 2011-2015 to this second phase of implementation during 2016-2020, there seem to be some appreciation to the importance of scope or diversity of products-services in business basket of the FPOs studied. The matured FPOs have gradually learnt that diversity in business basket increased their business viability and improved service to the members.

The management and governance of the FPOs studied showed three different patterns. First, most well performing FPOs have largely adopted professional managers to take care of the management. In FPOs managed by hired professionals, the business growth is higher, but the involvement of the board members and the ordinary members is low. The long-term design issues are not considered.

Second, a few well performing FPOs are spearheaded by one or two entrepreneurially charged Directors. The approach of these FPOs is paternalistic and the involvement of the members however is lower in such FPOs.

Third, in a few cases the management is directly being undertaken by the members of the Board of the FPO. The Board members also serve as members of different committees for collection, purchase, marketing, etc. The involvement and dynamism of members seemed high in such FPOs.

The issue of technology is still not a matter of concern for the FPOs. Whatever process technology can be obtained or received as a grant is being taken up without any deliberations regarding its long-term impact on the members and the FPO. About product technology such as supply of seeds

to farmer members or use of agricultural inputs such as fertilizers or farm machinery, there is hardly any debate in most FPOs. A few FPOs that have done well however have been consciously keeping off from inorganic chemicals, fertilizers, and pesticides. However, differences in opinion among farmer members were observed in such FPOs. Consensus on organic farming emerged only when the deliberations on the issues were detailed and longer.

2. Business Models of FPOs

As indicated in design issue of scope, matured FPOs have generally realized the benefits and logic of multi product-service basket strategies. They are also observed to adopt the saturation model in their selling; that is first sell in the local market before making high investments to sell their products in far off markets.

3. Equity built-up strategies adopted and successful working capital sourcing

First, increasing membership has been the standard method of increasing the equity. Second, moving some amount of the profits every year to the equity has been another common practice to increase the equity of the FPO.

Banks seem to recognize the worth of the FPOs only when they see business volume of the FPOs. A very few nationalized banks and NABKISAN in the recent years have come to the rescue of credit needs of these FPOs. In the last couple of years, Sammunati, a financial institution has been aggressively pitching as a credit provider. Often, as the business volume of an FPO increases, several banks and financial institution reach out to that FPO. However, the FPOs decide to go with a bank based on its history and the interest rates it charges while choosing their source of credit.

4. Integration of FPO to its respective Ecosystem including production, governance, institutions, and relationships that has enabled the FPO to get grounded sustainably

The large geographic spread of memberships in the FPOs has led to thin representation of members from their respective local governance unit (GP). There is no critical mass of members in the FPO from a GP to have any influence to positively integrate the FPO with the local governance. The benefits of systematic integration to its respective ecosystem that are possible is far from the current thinking of the Board members and the FPO facilitators. The external factors of local governance and local institutions are perceived as threats to the functioning of an FPO.

Most the small and marginal farmer member of the FPOs are in reality deeply wedded to their respective local governance and their behaviors are mostly influenced by the schemes

implemented through the GP rather than by the directions and plans of the FPOs. Accordingly, most ordinary members do not seem to have deep ownership with their respective FPO where they have an equity; rather they seem to perceive their FPO as one of the few alternative local business transaction units.

5. Convergence strategies of resources and expertise at the primary FPO level that make FPOs as a credible, reliable, and sustainable single window institution of the farmers in their respective communities/clusters

Many of the matured FPOs have succeeded in converging various schemes of the local governments. These successes are observed to be dependent on the good offices and network of the facilitating agencies, particularly, the POPIs. A few local government departments have also realized the benefit of converging their schemes through the well performing credible FPOs and facilitating agencies. However, the overall design, structure, and approach of the FPO that has been broadly towards selling external agricultural inputs to farmers and procure surplus produce of farmers for a fair price do not seem to provide the direction for an FPO to emerge as a single window service provider to small and marginal farmers/producers in the rural agricultural ecosystem. The lack of design thinking and support seem to limit the intent of several facilitating agencies to make FPOs a credible, reliable, and sustainable single window institutions of the smallholder farmers.

Recommendations for Execution, Policy and Research on FPOs

For Policy Execution:

- **Multi-functionality of FPOs:** Multiple product and service business plan based on the needs and with agreement of producer members would be the best strategy to sustain the producer members and the FPOs. While in the short term; an FPO may begin with a few activities and limited business portfolio; it needs to be designed and planned to gradually move towards multi-product and service basket strategy in the long term to cater to most of the needs of the producer members in an FPO.
- **Independent governance of FPOs:** Irrespective of how FPOs are registered either under the Companies Act or Cooperative Society Act, they need to pursue the interests of their members through an autonomous and effective governance structure, based on solidarity among producers. Successful farmers, facilitators and professionals staffing an FPO must be carefully chosen through a consultative process and adequately paid for their services.

Local NGOs who understand the dynamics of the local community are to be tasked to build the capacity of an FPO to operate independently within a period of about 5 years.

- **Holistic Development & Empowerment of Smallholders:** While a specific product-market focus may work in the short term for some producers, FPO executives and market intermediaries; the holistic development and empowerment of small and marginal producers and the rural agricultural communities should be the long-term goal of public investments into FPOs.
- **Optimal Size of FPOs:** The design issue of geographic cluster size and nature of membership within the cluster is least emphasized by the implementors in their effort to somehow achieve the target of membership and business volume. The consequent problems of management, governance, convergence, and subsequent unsustainability associated with this poor design of cluster size and membership is enormous. Hence, a primary level FPO should be at a GP level to reduce physical distance among members and increase interactions among them.
- **Building Equity & Meeting Credit Needs:** Lack of trust among the members on the FPO (Board, CEO & POPI in different measures) has been the main reason for people not contributing equity to the FPO. The time-based target-oriented approach on membership, business volume and product portfolio seem to be in dissonance with the members that create doubts in the minds of the people. Members also do not see to the credibility, equity and firmness of business model that will accrue benefits to ordinary members. Building equity therefore lies in building trust and solidarity among the members. With trust and solidarity, the credit requirement in the early stage of the FPO can be easily handled by the FPOs as some of the key members can contribute and most members can collate their items on credit basis. When the aggregated items are sold in the nearby markets or the wholesalers, the members can be paid back within a couple of days as has been observed some of the well performing FPOs.
- **Marketing Landscape:** Keeping the transaction cost in mind, the FPO should carefully limit the market distance to sell their produce. For an FPO at its early stages, direct selling of its products in markets or buyers within its block reduces the overall transaction costs. Over time, products with higher shelf life and value-added products can be spaced out to reduce pressure of selling and transacted in markets that are a little far off from an FPO.

For Policy Making:

- **Policy coherence:** Policy making departments/institutions need to develop clear operational guidelines for the FPOs, converge resources at State Government level and coordinate systems across key state departments viz., agriculture, cooperation, panchayati raj, health, finance, forest & environment, commerce, rural development, and planning & coordination/convergence departments for policy coherence.
- **Coordination of efforts:** As Agriculture in India has been a State subject, the National Government and the State Governments need to coordinate, provide policy signal and guidelines that are internally and externally consistent to remove dysfunctions and large losses that might arise out of lack of coordination and difference in signalling among the key policy arms and departments of the Government(s). The national nodal agencies viz., NABARD, NCDC and SFAC can accordingly coordinate at the state level, converge their resources and expertise with respective district administration, remove duplication, and reduce transaction costs to facilitate the producer members and local communities with initial support of community-based NGOs to successfully implement and stabilize the FPOs in respective states.
- **Diversified mandates:** FPOs should be designed according to localized, community-owned food system perspective (as opposed to commodity orientation), based on diversified cropping systems (to better withstand climate variability), free ecosystem services (e.g. soil formation, pollination, predation) and chiefly, food systems that are independent from corporations for the procurement of seeds and synthetic inputs. To this end, Agro-ecology should be included by GOI in ICAR mandate.
- **Optimal Cluster Size & Architecture of FPOs:** For creating conditions for greater interactions both social and business transactions, resource convergence, and greater participation in decision making; primary FPOs at GP level is recommended. In addition to GP level FPOs, Block level FPO Federation for value addition & District level FPO federation for Marketing/Exports can be organically developed. This architecture of FPOs from GP to District will not only help connect FPOs to consumers within the district but also in the state, national markets, and global markets with equal ease.

- The directive for ‘one district one product’ in the National Scheme for 10,000 FPOs needs to be removed and a clear three tier architecture of FPOs architecture in the district (as indicated in the above point) such that **small producers’ competence and resilience** (*to meet their own nutritious food needs through diversified farming systems even with climate changes*) **based on ‘economies of scope’ are not undermined** in the long run.

For Researchers on FPOs:

There are indeed many factors that limit the policy makers, policy executives and field executives to discern and deal simultaneously with the multiple dimensions and factors that impact the FPOs. Therefore, researchers and successful producers from respective ecosystems could provide further understanding to the following key issues and research questions.

- **From ‘economies of scale’ to ‘economies of scope’:** Research and scholarship on the *science of economies of scope* in Agro-ecological systems is required to sensibly guide policy on agriculture, as well as determine the optimal organizational design and institutional architecture to ensure stable relationships among FPOs, sustainable food production, nutrition, food safety, and lowering transaction cost of food distribution.
- **Producer-sensitive administrative procedures:** Smallholder farmers with diverse agricultural system have limited resource and competence base of smallholder producers versus other traditional entrepreneurs with specialization on one product or service, better access to resources and capital; hence researchers need to investigate the performance assessment methods that can be contextualized to members of respective FPOs.
- **Reconciling short and long-term objectives:** Since the current levels of farm net incomes by farmers in today’s socio-political context is low; where short-term gains have more appeal than long term benefits; what should be the Policy and FPO strategy to help farmers to accept and adopt the long-term sustainable goals?
- **Balancing specialization with diversification:** From empirical evidence; we find that there are deep interconnections between farm and nonfarm activities among rural population, where specialization of products or service do not fit to the needs of producer members. In such a context, what should be the business portfolio strategies for FPOs?

- **From static to dynamic design:** Agriculture and rural ecosystems operate in highly dynamic open systems; whether designing FPOs in line with closed systems (traditional industrial organization model with one product or service specialization) or a holistic, single window type of FPO would fit to the context (dynamic open systems) and be able to cater to the needs of the small and marginal producers?

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