

**Proceedings of Workshop on
“Agriculture Value Chain and Market Linkage”**

Hotel Republic, Patna, Friday, 15th July, 2016



Introduction:

Demand of food products is increasing year by year due to increase in population. Farmers are in distress due to change in climate, natural calamities (flood/drought/untimely rains etc.) They under this situation are neither getting adequate production nor remunerative price for their produces, resulting in large number of farmer-suicides. As a solution to this burning problem of the day, Govt. and non-governmental organizations are promoting small farmers' organizations. These organizations may play an important role in creating strong supply chains and linking farmers to the market with assured quality and quantity.

A workshop on "Agriculture Value Chain and Market Linkage" was organized jointly by CUTS International, Jaipur and Indian Grameen Services (IGS), a BASIX group affiliate not for profit company under the project entitled "Sustainable Development Investment Portfolio (SDIP)" funded by Department of Foreign Affairs and Trade (DFAT), Govt. of Australia in order to overcome these challenges and hurdles, with a view to strengthen them to grow their business activities.

Proceedings:

The workshop commenced with a welcome address by Mr. Dharmendra Sriwastwa, Senior Manager, Indian Grameen Services (BASIX) followed by brief introduction of the participants coming from FPOs of Bihar & Bengal, experts from BASIX Krishi Samruddhi Limited, Digital Green Trust (India), Indian Grameen Services, Jeevika, Aga Khan Rural Support Programme (India), Sehgal Foundation etc.

This was followed by Mr. Mihir Sahana, Managing Director of BASIX Krishi Samruddhi Limited, Chief Guest of the workshop welcoming the participants and briefing objective of this workshop.

Following up the programme, Ms. Susan Mathew, Sr. Programme Officer, CUTS International explained the mandate of CUTS International. She welcomed the participants to discuss the operational and policy level issues with respect to FPOs in order to create an enabling environment for the organizations of small farmers. She urged to the representative of FPOs participating from different states of the country to discuss the challenges, problems being faced by them and reforms they need in present Government policy.

Representative of FPOs reflected about present status of respective FPO such as no. of member farmer, share capital, crops in which they are dealing with. They also explained the problems and hurdles they are facing to grow their business. The representative of FPOs also shared the list of produce they can deal in among themselves in order to maximize their business. Main crops they are growing are as under:

1. Paddy
2. Wheat
3. Maize
4. Pulses (in East Champaran & Muzaffarpur district) and
5. Vegetables.

Key problems being faced by them are as under:

1. Finance

2. Lack of knowledge of market
3. Lack of knowledge of policies of the Govt.
4. Lack of knowledge of value chain
5. Market Linkages
6. Govt. Support

After having heard the problems, Mr. Mihir Sahana discussed on the key challenges of FPOs such as Finance, Marketing and Capacity Building along with Govt. schemes and role of NABARD, how IFFCO can help the FPOs in strengthening themselves. He also explained about the policies of Govt. of Madhya Pradesh and Bengal for strengthening FPOs and linking them with market in their State. From his personal experience, he shared, farmers in MP are very progressive and the Govt. is also very supportive to FPOs. He gave the example of FPO in MP having its turnover of 4 crores and above. He explained that for any business and to compete with the market, FPOs must be financially sound and have a deep knowledge of ups & downs of the market. Only then they can compete with the market and grow. He discussed in details about the value chain. He appealed the representatives of FPOs to be more active and collect share capital of Rs.10, 00,000/- If they do so then Small Farmers Agri Business Consortium (SFAC) will give a grant of the same amount in their bank account as support to grow their business. After having Rs.20,00,000/- in its bank account FPO is eligible to apply to the bank for a loan of up to Rs.1,00,00,000/- which is sufficient for starting the business. He also explained about a few loan schemes of NABARD and some other private agencies working for financial support to the small farmers. FPOs of M.P. & W.B. are getting benefit through these schemes.

Mr. Pawan Ojha, RM, Digital Green Trust (India) shared his experience of promoting FPOs in Jharkhand. He has promoted 150 FPOs. He also gave example of FPOs having their turnover of 1 crore approx. Mr. Ojha suggested that the FPOs must work as distributor/stockiest for the member farmers and get them benefitted. With citing an example; Last year in season the rate of potato was Rs.8/- per Kg. The stockiest purchased potato from farmers and stored it in cold storage. In off season when the rate increased to Rs.18/- per kg, they got a good profit. If the FPO do the same thing and stock itself the produce of its member farmers, it can give the benefit of increased rate to its member farmers. FPOs have to look for the opportunities. They need to do market survey. He emphasized on in addition to current business, looking for new business opportunities such as poultry, goatery etc., and new market in addition to local market giving better price of their produce.

It is also appeared among the discussion that the period of 3 years for promoting the FPO under SFAC project is very short. It should be at least 5 years. Generally it takes 2 years in organizing farmers and process of registration, getting VAT & CST etc. In 3rd year the FPO comes in the position to start business and the support for SFAC is withdrawn in its childhood state. After starting business it must be supported for at least 2-3 years to grow.

Expert from JEEVIKA shared their experience of promoting FPOs. They emphasized on regular meetings, proper communication etc.

Mr. Sourabh Sundarka, Chartered Accountant asked in short about proper book keeping, accounting procedure, ROC filing, TIN VAT audit etc. for FPOs

Conclusion

- FPOs need to be organized and create their State Level Federation; only then they can create pressure to the state govt. for passing rules supporting to grow their business
- FPOs need capacity building
- FPOs should be strengthen to compete the market
- Central & State govt. should pass some favourable rules to buy their produce by local venders as well as by govt. agencies.
- Govt. must assure the benefits of Crop Insurance, KCC and bank loans to FPOs. Govt. must control fraud, delay or negligence of the authorities in providing loan to FPOs
- Product exchange (Selling & Purchasing) by FPOs. Interstate market Linkage amongst FPOs
- FPOs must grow high yield crops

The programme was concluded with closing remarks by Chief Guest Mr. Mihir Sahana and Ms. Susan Mathew. Vote of thanks was followed by lunch.

Photographs



Figure 1 Mr. Mihir Sahana & Ms. Susan listening the problems of FPOs



Figure 2 Representative of FPOs sharing present status of FPOs, problems being faced by them



Figure 3 Mr. Pawan Ojha, RM, Digital Green Trust (India) sharing his experience of promoting FPOs

Participants list

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11.	Ravi Shankar Singh	Chairman	Bapudham Samruddhi Agro Producer Company Limited, Bariyarpur, E. Champaran	
12.	Gagan Deo Prasad	Chairman	Maa Baudhi Devi Samruddhi Agro Producer Company Limited, Chakiya, E. Champaran	
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