

Gujpro Agribusiness Consortium Producer Company Limited

GUJPRO

“A Consortium of Producer Organizations from Gujarat”

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| Name of the Organization: | Gujpro Agribusiness Consortium Producer Company Limited (GUJPRO) |
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A. Background

Growing marginalization of smallholder farmers within increasingly liberalized agriculture markets has attributed to the growing assertion of producer organizations to defend local interests and ensure that farmers participate in policy dialogues particularly within national and regional forums. In defense of smallholders, farmer based groups have campaigned for fairer market condition fairer access to international markets, improved government support in relation to extension service, the provision of rural infrastructure and a greater role for smallholder farmers in the decision making process.

On one side there is lots of hope and optimism of FPOs addressing the problems linked with food security, reducing inflation linked with spiraling food prices and enhancing the livelihood of small and marginal farmers by adopting market based strategies and on the other side there are many issues and challenges which negatively affect their progress towards achieving this mission. Organizational development issues, poor capital formation, issues linked with value addition and marketing of produce, increasing scale of work, impact of government policies, trade barriers, etc are some of several issues which need to be addressed at various levels. Several of these issues could be addressed through a collective approach, wherein FPOs involved in agribusiness sharing a common vision should come together to discuss, strategize and take collective actions to resolve these problems.

Considering the merits of taking collective actions in agri-business, knowledge and information sharing and taking actions for policy reforms, a state level forum was proposed. After initial consultation with FPOs, NGOs, experts and other stakeholders from Gujarat, this state level forum of FPOs was formed on 27th November 2012. This forum is now being registered as a State Level Producer Company (SLPC) and will be recognized as “GUJPRO Agribusiness Consortium Producer Company Limited” (GUJPRO).

Mission

To advance the business and policy interests of Farmers Producer Organizations (FPOs) of Gujarat. To provide technical and capacity building support to FPOs aimed at increasing their business competitiveness and creating sustainable social enterprises.

Objectives of State Level Forum of FPOs

- To leverage the collective bargaining power of FPOs with input suppliers, financial institutions, market agents etc.
- To develop linkages and facilitate partnership with a range of stakeholders to add value to the activities of FPOs.
- To identify policy and procedural issues impacting the functioning of FPOs and dialogue with local, state and national level authorities for the satisfactory resolution of these issues.
- To facilitate FPOs for carrying out all agriculture extension activities of central and state agriculture department to promote agri and allied activities.
- To introduce new ideas, technologies and approaches to working, in order to develop, maintain or enhance the competitiveness of FPOs.
- To support or work in partnership with farmer producer organizations for standardization, branding and marketing of products.
- Provide technical support for value addition/ processing of agriculture commodities aggregated by FPOs.
- Financing of procurement, processing, marketing or other related activities, which including extending credit facilities or any other financial services to its members.
- To perform the role of an agency which would take up business negotiations on behalf of the FPOs whenever required and provide logistics and collateral management services to FPOs.
- Facilitate linkages of FPOs with banks and financial institutions for credit needs.

B. Scope of work

FPOs face issues and challenges on several fronts such as input quality and timely availability, access to appropriate and affordable technology for farming, value addition, marketing to unlock the price potential of their produce and access to finance. The present issues plaguing the survival and growth of FPOs can be very well addressed by organizing them through business. Business and developmental objectives can be very well achieved by augmenting the resources, strength and skills of all FPOs.

A large group of farmers joined through a consortium of FPOs would negotiate with manufacturers, suppliers of goods and services, financial institutions, traders, processors and addresses market forces leading to better realization of price for their produce. A network of FPOs joined through a common goal would be in a better position to systematically engage with the business community. Opportunities open up in the areas of input supply, seed processing, food processing, contract farming, export of commodities/processed products, retailing etc. It is becoming increasingly apparent that many of the risks in agriculture can be significantly mitigated when producers (especially small and marginal producers)

aggregate production and marketing efforts. The rapidly growing organized retail sector (while small at present, but doubling its market share every three years) seeks direct buying and selling opportunities with primary producers. Contract farming models are emerging across a wide range of commodities, ranging from fresh produce, spices to staples. Dealing with FPOs reduces both costs and transaction time for these market players.

Access to improved and affordable technologies for farming which is major concern in the current context would become a reality. Extension services would become accessible and effective through this proposed arrangement. Sources of knowledge and opportunities for small and marginal farmers would open up leading to their empowerment and also strengthening their livelihood.

A new class of organized intermediaries has appeared on the agriculture marketing horizon in the form of collateral management service providers, offering finance against warehoused produce. FPO produce could be leveraged with these agents to raise working and investment capital. Similar to this, new avenues would be explored for FPO financing beyond the traditional FIs.

A consortium of FPOs would be in better position to defend and promote the interests of its members with the government through active advocacy, liaising with related departments of the state and central government, highlighting the issues and constraints faced by FPOs to realize their maximum potential targeting at bringing about a policy change and change in the mindset and approach of important stakeholder groups like the banks, financial institutions and the government. Increase the representation of FPOs in various committees/panels of central and state governments.

Access to information and knowledge about demand supply situation of different crops, markets for value added crops and products manufactured by FPOs would help FPOs in opportunity mapping and take informed decisions regarding taking up business activities, scaling up and strategy formulation. The consortium would do market research and value chain studies for specific crops/products and regions and disseminate the information to its members. The consortium would also do need specific training of its members in organizational and business development areas.

C. Structure

The GUJPRO Agribusiness Consortium Producer Company Ltd. could be an apex body with sub groups that deal with business development, policy and procedures, institutional supports, sub-sectors of agriculture like horticulture, animal husbandry, fisheries, honey collection, poultry etc.

General Body

General body will comprise of all the members of the company. General body meeting will be held once every year. Important decision regarding election/selection of board of Directors, approval of annual programme plan and budget, approval of annual audit report and annual activity report, appointment of auditor, formation of sub-groups to work on sub areas will rest on the general body. Voting rights will

rest only with permanent members of the forum. Provisional members and observer members are excluded from voting.

Board of Directors

The Board of Directors (BOD) will be elected/selected/nominated from the General Body. The BOD will meet every four months to plan, monitor, guide and support activities planned by the forum. The composition of BOD is as proposed in the table-1.

Representative of key government departments such as agriculture, Horticulture, Fisheries etc, may also be requested to attend the meeting of the forum as special invitees though they may not be formal member of formal member of forum.

Advisory Committee

An advisory committee comprising of 1-2 members of BOD, representatives of NGOs (promoters of FPOs), subject experts, financial institutions, corporate bodies and government agencies would be formed. The role of the advisory committee is as given in table-1

Secretariat

Sajjata Sangh will remain the secretariat during the initial years. The secretariat will anchor the SLPC. Representative of secretariat will perform his role as the secretary of the BOD formed. Administrative and management functions will be done by the secretariat. Coordination between various subjects, organizing meetings, initiate dialogues with various actors, compliances, etc will be done by secretariat with active involvement of BOD.

The following structure was proposed.

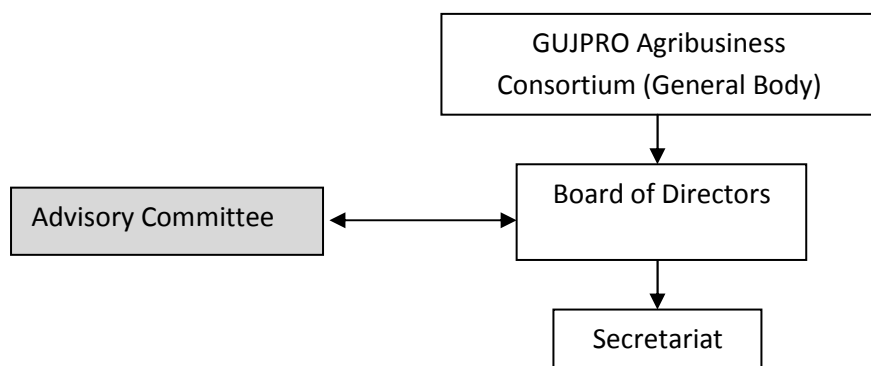


Figure-1: Organizational Structure

Table-1: Proposed Committees, Composition & Roles under the Forum

| Committee | Composition | Role |
|---|---|--|
| General body (Meeting 1-2 times a year) | All member FPOs (after screening) | <ul style="list-style-type: none"> - Approve activity plan, budget - Election/Selection of BOD - Take policy level decisions. |
| Board of Directors (Meeting every quarter) | 7 member committee 6 FPO Members 1 Expert Director | <ul style="list-style-type: none"> - Facilitate learning and sharing of knowledge and information. - Facilitate linkages with companies, services providers, other agencies. - Mobilize funds/resources. - Implementation, Monitoring & Review of work - Screening and approval of companies & service providers for empanelment. - Address policy level issues with concerned stakeholders. - Grievance redressal. |
| Advisory Committee | 10 member committee NGO stakeholder Subject Expert Representatives of Banks Representative from Govt. agency Corporate representative | <ul style="list-style-type: none"> - Advice BOD - Explore opportunities; facilitate partnerships with external stakeholder agencies. - Play a crucial role in policy advocacy to create an enabling environment for business. |

A second category of members are called “Observer Members”. These can be institutions/individuals which are directly related to the functioning of FPOs. Representatives of key government departments, such as Agriculture, Horticulture, Dairy and Animal Husbandry, Fisheries etc. may also be requested to attend the meetings of the forum as special invitees, though they may not be formal members of the forum.

The mandate of FPO committee covers all the sub sectors of agriculture which also includes horticulture, dairy, fisheries, poultry, honey, etc.