Note on State Level Producer Company, Telangana

Concept of State Level Producer Company

The State level Producer Company (SFPC) is an association of all FPOs in the state supported by the Knowledge pool of all concerned players who are involved in Agriculture and allied value chain (e.g. Civil Society actors, FPOs, Development Donor agencies, Government Departments, Market players, Agriculture Universities and Agriculture extension agencies and others).

The Telangana State Farmers Producer Company would be working directly with Farmer Organizations to help in mitigating the difficulty of farmers through

- Institutional Development services
- Capacity building services
- System and process integration
- Technical training dissemination
- Financial intermediation
- Market linkage and Value Chain development
- Policy advocacy and
- Facilitating social security and economic development.

Need for State Level Producer Company

Its known fact that the participation of farmers in a particular value chain is very much limited rather restricted to cultivation because of lack of capacity and capabilities at individual level and many a times in collectives also. Majority of the activities and benefits out of them along the value chain is harnessed by many other players involved in the value chain. So the farmers to get incremental economic value, need to participate and operate in extended value chain as Farmers Producers Organisation FPO/FPC and further an apex body the State Level Producer Company..

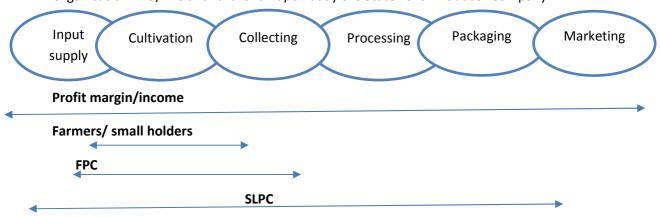


Figure 1: Diagrammatic representation of need of SLPC

State level Farmers Producer Company -SLPC Structure:

It is a membership based organization and constitutes of FPO's as members and shareholders.SLPC in Telangana Rythu Farmers Producer Company under company Act (under Sec of Producer Company)has been incorporated on 30th December 2014. This has been promoted by five producer companies from Mahabubnagar and Medak districts. Initial Board of directors is elected from the board of directors/representatives of FPO promoters are nominated by the promoter FPOs and also professionals with expertise for strengthening the SLPC.BODs will be supported by Advisory Committee (AC) at strategic level.Advisory Committeeconstitutes empaneled representatives of Indian Grameen Services, other Resource Institutions, Govt. Banks, and other experts.

Telangana Rythu Producer Company (TRPC) is a state level federation of the FPO's of Telangana. TRPC will be run by professional team under the guidance of Board of Directors to manage business.

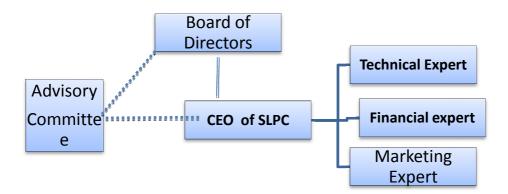


Figure 2: Structure of Telangana State Level Producer Company

<u>Criteria for membership in TSLPC:</u>

- Initial one time joining fees: INR 5,000 per FPO.
- Annual association nominal membership fees per FPC @INR1, 000 per 10 lakh of business turnover of member FPOs.
- Additional service fees for various services will be determined on case to case basis with separate agreements among member FPCs and SLPC

Criteria for shareholding in TRPC:

- Member FPOs will be shareholders of SLPC by contributing to share capital.
- Amount of share capital will be @ INR 100 per active share holders within each FPO.

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Proposed Services from State Level Producer Company

Operational Sustainability of FPCs:

- Strengthening of member FPOs through capacity building for institutional sustainability. Building capacity of member-FPOs in one or more of a variety of fields such as bookkeeping & accounting, farming system strengthening, market linkage, financial management, policy advocacy, bank-linkage, accessing government schemes, insurance service to name some
- To promote new FPOs and align other FPOs within the SLPC operational spectrum
- To be the window to the outside world, in replacement of the promoter organization
- To review/regulate/supervise the functioning of member-FPOs
- Policy advocacy for making conducive FPO environment for FPO growth in State and national level.

Financial sustainability of member FPC

- To undertake marketing of the produce of the FPOs and cooperative societies who are having membership in this SFPC
- Create an enabling environment for FPOs to get access to financial services
- To facilitate in marketing, equity raising, credit and especially multiple credit lines.
- Conducting region specific market studies and keeps FPOs updated on the needs of the market so that FPOs engage in businesses which the market demands.
- Convergence with government scheme s is an important task of SFPC in Telangana to access government or other schemes for FPOs or their members.
- Facilitate the Marketing and Export support of processed products of FPOs
- Tie up with retail chains spread across India for supplying produce and government to develop Raithu Bazaars for FPOs.
- Working with FPOs for branding and financial outlays for advertisement.
- Knowledge dissemination among the FPOs.
- Introducing new ideas, practices and technologies.

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