

# The Morning Star

## Sukuwa



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### About the newsletter

The growth of Farmer Producer Organizations (FPOs) across the country has begun to assume the proportions of a movement. What began as a small pilot initiative by SFAC three years ago has now formally established itself as a mainstream activity in the farming community. Member-based FPOs offer a pathway to small producers to link to the value chain and overcome the constraints of small holding size, lack of investments and poor access to markets. With strong policy support in place at the Central and State level, FPOs are emerging as strong and viable business enterprise controlled by farmers to realize the real value of agriculture.

This Newsletter is an attempt to capture the success of FPOs in different parts of the country and bring the stories to a larger audience. The Newsletter will be published every quarter, alternately in English and Hindi. This second edition of the Newsletter focuses on successful FPOs in Odisha, Chattisgarh, Maharashtra and West Bengal. We invite readers to write in with news of other successful FPOs so that these stories may inspire and motivate the wider farming community. Please also pass on this copy to a friend or associate and download additional copies from our website.

### Overview of FPO promotion efforts

The table below offers an overview of the scope and scale of the FPO promotion drive undertaken by SFAC. Further details can be accessed on our website [www.sfacindia.com](http://www.sfacindia.com)

### STATE WISE ACHIEVEMENT UNDER VIUC & PULSES FOR FPO PROMOTION

S.no	Name of State	Target			Achievement			
		No. of Farmers	No. of FIGs	No. of FPOs	No. of Farmers	No. of FIGs	FPO Registered	FPO registration under process
1	Arunachal Pradesh	1750	88-117	2	1750	94	2	0
2	Andhra Pradesh	13998	699-933	10	14492	851	10	0
3	Bihar	6000	300-400	7	6060	408	7	0
4	Chhattisgarh	6000	300-400	6	6064	412	5	0
5	Delhi	3500	175-233	4	3535	196	4	0
6	Goa	1750	88-116	2	1810	116	0	2
7	Gujarat	10000	500-667	11	10461	536	8	3
8	Haryana	5000	250-333	10	5298	259	9	1
9	Jammu	1500	75-100	1	1560	85	1	0
10	Srinagar	600	30-40	1	600	35	0	1
11	Jharkhand	10000	500-667	8	10107	628	8	0
12	Karnataka	16500	825-1101	15	16828	864	14	0
13	Madhya Pradesh	34000	1700-2267	39	34410	1861	34	5
14	Maharashtra	35500	1775-2367	33	36917	2065	33	0
15	Manipur	1750	88-117	2	1750	84	2	0
16	Meghalaya	1750	88-117	2	1970	140	2	0
17	Mizoram	700	35-47	1	700	35	0	1
18	Nagaland	1750	88-117	2	1750	139	1	1
19	Odisha	6000	300-400	6	6023	301	6	0
20	Punjab	6000	300-400	8	6288	343	7	0
21	Rajasthan	32500	1625-2167	25	32215	1827	22	2
22	Sikkim	1750	88-117	2	1876	159	2	0
23	Tripura	1750	88-117	3	1750	127	3	0
24	Uttarakhand	6000	300-400	6	6004	359	7	1
25	Uttar Pradesh	19000	950-1266	20	19697	1034	10	10
26	West Bengal	8500	426-566	7	8322	641	7	0
	TOTAL	233548	11677-15570	233	238237	13599	204	27

# Awakening to a New Dawn...

## West Bengal farmers take control of their profits

The formation of FPOs has emerged as a new dawn in the lives of hundreds of farmers in the Barasat region of West Bengal. From being hassled for right prices for their produce to taking control of their own business, these farmers have come a long way.

Soumitra Maity, Sankar Jana, Montu Jana and several other farmers of Babpur village realized the futility of their existing marketing techniques and embraced the rewarding concept of Farmer Producer Organisations (FPOs). Their sleepy little village, Babpur, is situated just 40 km away from the capital city of Kolkata and holds great promise in terms of returns on agricultural produce. It is one of the hubs of vegetable cultivation and enjoys great connectivity through roads.

Despite all these opportunities, these farmers of Babpur village were struggling to make ends meet. The exploitative high handedness of middle men and the loss of profit to retail marketing ailed the economic profitability of their produce.

But help came in the form of an initiative that promoted formation of FPOs, launched by the Small Farmers' Agribusiness Consortium (SFAC).

This unique initiative brought the farmers of Babpur village together under the National Vegetable Initiative for Urban Cluster (VIUC) Programme and



facilitated the formation of local Farmer Interest Groups (FIGs).

With the timely intervention and able guidance of Resource Institutions such as the Indian Grameen Service, SFAC facilitated the formation of 93 FIGs in three blocks (Barasat I, Amdanga and Habra II) of the North 24 Parganas region. The FIGs in these three blocks have now been federated and registered into a Producers' Company (PC) under the VIUC.

The next step was to raise share capital for the PC. It wasn't an easy task to convince all the members to pool in money for the company. Babar Ali Mandal, one of the BoD members of Barasat FPO recalls, "It was not that easy, but we convinced the farmers about raising share capital and that the judicious use of share capital could bring profit to the farmers collectively".

However, with determined persuasion, the Board of Directors managed to convince the members. Eventually, each farmer in the PC contributed Rs 1,000 and together they have raised a total share capital of Rs 12.50 lakh.

They have also obtained a trade license and input license

from their Panchayat and the Agriculture Department. The PC has also approached major processing and marketing entities for the sale of their products. Sankar Jana, the Director of the FPO, said, "We have already discussed with IFFCO and BAYER for their products and they have agreed to supply the input demanded. The Board members decided to meet only 25 per cent of the input demanded for this season."

Today, nothing stops them from dreaming big. 'We are aiming an annual turnover of around Rs 50-60 lakh by the end of the year', said Soumitra Maity, another BoD member of the FPO.

The success of the Barasat FPO has instilled hope and enthusiasm in farmers of nearby areas too. All the other FPOs formed by IGS under VIUC are raising a share capital of around Rs 10 lakh. All of them have trade and input licenses and are liaising with various companies for input marketing. Furthermore, some of them are also taking up the challenge of vegetable seed production with technical support from Krishi Vikas Kendras and other Resource Institutions.

- 93 FIGs mobilised in three blocks North 24 Parganas
- The FIGs have been registered into Producers' Company under the VIUC.

### Work hard, sell smart...

The formation of FPOs also led to the creation of a brain pool for these farmers of the Babpur village in Barasat of West Bengal. They not only discovered the benefits of joint marketing but also devised profitable and innovative techniques to create market linkages. Pooling their ideas together, these farmers decided to employ a motorized vending cart to take their produce to the nearest markets. However, this idea would bring results only after repeated failures.

Barasat I and Amdanga blocks are some of the prime zones of vegetables in North 24 Parganas district in West Bengal. There are three markets within a radius of 8 km. of Babpur. All the farmers carried their produce to these markets either by bicycle or a van, individually. There they used to sell their produce to the local aggregators and wholesalers and return back with whatever money was paid to them.

"We often wondered about the wholesale and retail price of different vegetables at Koley market. The prices were much higher than what we were given as remuneration," remembers farmer Charuchandra Bag, who has been a vegetable grower

for more than 20 years. "How can an individual farmer with a scanty produce think of carrying his produce to distant markets. I would lose my margin in just transportation," he said.

However, after the formation of the FIG in Babpur, IGS convinced and encouraged the farmer to try selling out some of their produce collectively. Babpur Krishak Sangha decided to try selling their produce directly to distant retail and wholesale markets.

"It was not a easy decision to make, we discussed for about 4 hours with the IGS team and decided to experimentally try out wholesale and retail market for a few days," remembers Sankar Jana, the Secretary of Babpur Krishak Sangha and one of Directors of the newly formed Barasat Progressive Vegetable Producers Company Ltd. "It was decided that we will review the situation every day and plan our future course of work," he added.

A motorized vending cart was hired immediately and the farmers were ready for a new battle. Four teams were formed and they were assigned three retail markets of Kolkata Corporation with the help of the DHO and Koley market for wholesale trading.

"Each night after returning home, we sat together, calculated and found out that we had to bear the transport cost which practically ate up our profits," recalls Montu Jana, one of the team members assigned to New Market, a retail market in North Kolkata.

After incurring losses for four consecutive days, IGS along with members of the Babpur Krishak Sangha sat together to take stock of the situation. The problem was identified as the small scale of produce sold. The amount sold in retail markets is very low and it did not fit in the scale economy. Hence, IGS decided to close the retail marketing and continue with wholesale trading.

### Towards a Brighter Future

The FIG members, from then on, carried their vegetables to different wholesale markets on the hired motorized vending cart. After continuing for a month, Babpur Krishak Sangha decided to buy a motorized vending cart of its own.

In this endeavour too, the Babpur Krishak Sangha has set a precedent for other FIGs to emulate. Another FIG named Kakoli Krishak Sangha has also bought a vending cart to carry their vegetables to the market and three more FIGs are applying for it.

"It's a very small initiative", says Sankar Jana, who as the Director of Barasat Progressive Vegetable Producer Company Ltd., believes it is his responsibility to himself to take this initiative up to FPO level. "We are now scaling up this initiative at FPO level to work as an aggregator and incorporate wholesale marketing of vegetables in our business plan also," he said.



# United We Conquer...

In continuance with its efforts to create effective market linkages for farmers, SFAC through its Resource Institution, ITS Limited, has put in place a unique and innovative process to help the farmers of Nimapada in Odisha sell their produce at better prices.

Today, 600 farmers of the Patitapaban Farmers' Producer Organisation sell their produce to Udyan Fresh. Udyan Fresh is an only-vegetable retail chain promoted by the Department of Horticulture, Government of Odisha.

Udyan Fresh serves as an aggregation centre for FPOs in Odisha. Farmers can sell their produce at rates which are 10 per cent higher than market rates. The produce is collected by vans that visit villages such as Nimapada every day and collect as much as 1 tonne of vegetables daily.

These vegetables are graded by the farmers manually, which helps them fetch better prices. According to Mr Avaya Samal, an ITS official who is directly involved with the ground level activities of the FPOs, said, "By selling their produce to Udyan Fresh, the farmers of Nimapada are making 10 to 20 per cent profit. As the van comes to the village to collect the produce, the farmers do not have to worry about transportation costs and the interference of middlemen."

Subhash Jena, a member of the



Patitapaban Farmer Producer Organisation said, "We supply vegetables such as cauliflowers, brinjals, tomatoes, pumpkins, green bananas etc. to Udyan Fresh. The van comes to collect our vegetables, we do not have to worry about the easily perishable items such as tomatoes. The payment process is also quite transparent and quick. We receive the payment for our produce almost instantly. We are happy that we do not have to haggle with middlemen anymore."

The change that this market linkage has brought about in the lives of the farmers of Nimapada has motivated other farmers of nearby areas.

Other FPOs such as the Jayadev Farmers' Producer Company Limited are in talks with Udyan Fresh to set up a collection point near their village. Similarly, 18 FIGs of Balipatna, a town in the Khurda district of Odisha, have also approached Udyan Fresh for transactions.

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- Farmers can sell their produce at rates which are 10 per cent higher than market rates.
- The farmers of Nimapada are Taking 10 to 20 per cent profit.
- Other FPOs of nearby areas are in talks with Udyan Fresh now

Name of the FPO: Patitapaban Farmer Producer Company, Nimapada, Odisha  
Resource Institution: CTRAN and ITS

# United We Rule...

Narayangaon, a small village in Maharashtra, bears testimony to one of the most inspiring stories of farmer mobilisation and empowerment. Despite all the hard work and effort put into growing a bountiful produce, the farmers of Narayangaon could hardly make a profit.

The expenses incurred in getting their produce transported to the local markets and the exploitative tactics of middlemen ate into their margins and barely left them with any returns. Their greatest disadvantage was that their produce was an easily perishable product and hence they had no option but to sell it off at whatever price was offered.

To make their plight even worse, middlemen, who would transport their produce to the local markets, would give them wrong information on the market price of products, delay their payments and even extort money for accidental losses that would occur during transportation.

In order to put an end to this exploitation, Shriram Gadhve, the champion of the Farmer Producer Organisation (FPO) movement in Narayangaon, took up the onus on himself to save his fellowmen from their plight.

Gadhve spread word about the FPO movement, initiated by the Small Farmers Agribusiness Consortium (SFAC) and convinced all the tomato growers in Narayangaon to join the movement.

Through sheer grit and determination, Gadhve was able to collect all farmers to form an FPO called the Vegetable Growers Association of India (VGAI). With help from Resource Institutions, Gadhve and his fellow farmers gained more knowledge about crop loans, financing solutions, new technologies and new ways of creating market linkages for their produce.

The formation of VGAI led to a paradigm shift in power. Joining hands had given the farmers of Narayangaon a renewed sense of self belief and strength. Together they were invincible and too strong a force for middlemen and traders to exploit. They developed a wholesale market of tomatoes in Narayangaon.

Today, Narayangaon is the largest open tomato auction market in the country. This market attracts traders from all over the country who carry back the produce to different parts of the country such as Ahmedabad, Surat, Baroda, Kota, Indore, Jabalpur, Jhansi, Lucknow, Agra, Delhi, Bangalore, Hyderabad, Chennai, Pune and Mumbai. At the market, every merchant is charged an additional amount of Re 1 per crate as commission.

Apart from providing the power of bargaining to farmers, the market of Narayangaon has brought about all round prosperity for them.

The area under cultivation has expanded from 500 acres in 50

villages to 2200 acres in 150 villages. In addition, the creation of a market has helped these farmers receive their returns almost instantly. All merchants come directly to the market and pay in cash for the produce on the spot. If the produce is graded, the remuneration is higher.

Riding on the success of the Narayangaon wholesale market, the farmers of the VGAI FPO have decided to take a step forward. They are planning to launch a portal that will allow them to auction their produce over the internet.

Mr Gadhve, the pioneer of the FPO movement in the Narayangaon village is quite positive about this endeavour and hopes that it will bring in more profits and prosperity to him and his fellowmen. "It wasn't easy to instil belief in all the farmers. But the overwhelming success of the wholesale market and the benefits that our FPO has brought us, has motivated and inspired us to do more. We are looking at incorporating new technologies and techniques to sell more of our produce.

Today, most of the farmers are well off, live in pucca houses, own cars and can afford higher education for their children in good schools. We had been denied justice and we fought for it. Today, we believe in our strength and do business on our own terms," said Mr Gadhve, President of the VGAI.

Name of the FPO: Vegetable Growers Association of India, Narayangaon, Maharashtra

# United We Prosper...

Prosperity had seemed like a far-fetched dream for years to the farmers of the Darri village in the Dhamteri district of Chhattisgarh. Despite all the toil and hard work that went into raising healthy crops, the returns on their produce were almost nothing.

Disputes over land, lack of funds and conniving middlemen denied them of their rightful profits. From the purchase of seeds and fertilisers to the sale of their produce, the interference of middlemen was intolerable.

After suffering for years at the hands of exploitative middlemen and unjust traders, the farmers of Darri decided to come together to devise a way to eliminate middlemen from the supply chain completely.

Farmers from almost 24 villages in the Dhamteri district joined hands to form a Farmer Producer Organisation. Their determination to tide over their problems drove them to get the FPO registered as an official company. They procured a licence and pooled in money to set up a small shop that sells seeds, fertilisers, insecticides and pesticides.

Today, for farmers in the Darri and



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neighbouring villages, this shop is the first choice for purchase of all agricultural products, ranging from seeds to fertilisers. The prices of all products are fixed by the members of the FPO.

This endeavour has posed a major threat to the middlemen and traders who had exploited these farmers earlier. Through the formation of an FPO, the farmers have realised their power as a joint entity.

"We have earned the power to bargain, understood how to analyse market conditions, buy products without being cheated and sell our produce at the right prices," said Bir Singh, member of the Dhamteri FPO.

The success of this endeavour by the farmers of Darri has now become a motivation for farmers of neighbouring villages.

"We have earned the power to bargain, understood how to analyse market conditions, buy products without being cheated and sell our produce at the right prices,"

Name of FPO : Agriculture Development Multipurpose Autonomous Cooperative, Dhamteri  
Resource Institution: Cohesion Foundation, Ahmedabad, Gujarat



# Seeds of Prosperity

The common dilemma faced by every enthusiastic cook is the discolouration of potatoes after it has been cooked. The Kufri Pukhraj potato comes as a relief to most; it not only retains its beautiful white colour after cooking, it is also incredibly easy to cook and has a beautiful mild flavour.

The market research for the best-quality potato seeds to cultivate Kufri Pukhraj potatoes took the farmers of Narayangaon to Jalandhar in Punjab where they learnt to tissue culture potato seeds. It met with all the parameters and has since proved its efficacy on ground year after year. The President of Vegetable Growers Association of India (VGAI) has already started working to narrow the gap between the hardwork put in and the happiness of the farmers. The private seed companies are contacted by Mr Shriram Gadhave, President, VGAI and the Agricultural Commissioner, Pune, to work out a minimum rate for the purchase of seeds by the farmers. The marketing officers of the seed companies are contacted thereafter and the proposal for the common purchase of seeds is given to them. Once the officers approve the proposal; the FIGs can directly go in for the seed purchase without the help of the agents and the distributors.

The common purchase of the seeds under the aegis of the FPO has a three-pronged effect:

The wholesale procurement of seeds enables them to purchase seeds at a much lower rate than the market rates. Even after deducting the transportation costs, the rates work out to be much lower.

The seeds are purchased after a lot of market research only after ensuring that all the parameters such as resistance to diseases, immunity to pests, higher yield etc, are met.

The most important effect is the elimination of the middlemen in the process, thereby, impacting the income of the farmers positively.

Choosing to go down this road has helped farmers identify seeds that are resistant to diseases such as blight, are immune to pests. Furthermore, now the quantity of seeds required per hectare is lesser as compared to the other seeds, being 7 quintals per hectare as compared to 8 quintals of the others. Also, the number of days required for harvesting are 75-80 days in comparison to other seeds, which take 80-85 days and the yield of the very favourable Kufri Pukhraj per hectare works out to be 12-15 tonnes, much higher than 7-10 tonnes from the other seeds.

In addition, with the implementation of the latest technology like mulching and drip irrigation, the farmers have been able to further increase yields and cut down on costs, thus enhancing their incomes and improving their standards

of living. Even though there has been an enormous amount of ground water depletion, the inculcation of such technological tools has not deterred the yield and quality of the produce.

The farmers, who had been facing exploitation because of the constant involvement of middlemen at every juncture of the process have found some solace. "We have been able to produce high yield of good quality potatoes and market them without the involvement of middlemen. Technology has helped us reduce our work load and the usage of better quality seeds has led to increase in our income," said Sunil Gaikwad, member of the VGAI.

The FPO in Narayangaon has affected the lives of the farmers in a big way. It has enabled the farmers to mitigate the presence of these middlemen, thereby bringing about a perceptible change in the economic condition of the farmers. Eliminating the presence of middlemen during the purchasing of seeds has, in itself generated a net benefit of 25-30 per cent for the farmers.

Though the seeds of a number of vegetables such as okra, ridge gourd, and bitter gourd have been procured under this scheme, it has been in the sphere of potato cultivation that the scheme has met with resounding success.

# Woman Power – All woman FIG of Maharashtra

Mr Suresh Baban Gaikwad, Gram Panchayat leader and member of the Vegetable Growers Association of India (VGAI), triggered a movement that has empowered the women of Narayangaon. About 150 women of the Gayatri Sanyukta Mahila Samiti were brought together to form an all woman FIG in the Junnar district of Pune.

The FIG was formed in 2012 and since then these women have been actively involved in the production of gunny bags that are bought directly by the VGAI for marketing of their produce. Their business peaks during the sale of onions and these women make a net profit of about 20 per cent every season.



This women FIG has received financial support from NABARD, which has enabled them to buy sewing machines to stitch gunny bags on a large scale.

Their business is slowly starting to catch up momentum and currently, these women are making a monthly income of Rs 8000.

Name of the FIG: Gayatri Sanyukta Mahila Samiti, Narayangaon, Maharashtra  
Resource Institution: Vegetable Growers Association of India, Narayangaon, Maharashtra

## About SFAC

Small Farmers' Agribusiness Consortium (SFAC) is a society promoted by the Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India and is responsible for providing value addition opportunities to farm producers. Since its establishment in 1994, SFAC has emerged as a focal point in the country for all issues related to value addition in the agriculture sector. Chaired by the Union Agriculture Minister, the SFAC society also includes the Secretary, Department of Agriculture and Cooperation, Govt. Of India, representatives of RBI, NABARD, SBI and several other public sector banks as well as representatives of agribusiness industries.

## Afterword

What do you think of the first edition of this newsletter? Did it help you understand better about the opportunities, challenges and capabilities of the Farmer Producer Organizations? Do you require more information related to FPOs? Do get in touch with us if there is anything else that you would like to know about FPOs. You can write in at the following address or contact us through mail:



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