It is a matter of immense pleasure to share with you that our sincere efforts towards the Vegetable Initiative for Urban Clusters (VIUC) have started bearing fruits with the initiation of registration of Farmer Producer Organisations (FPOs) in different parts of the country. By the end of January 2013, five FPOs have already been registered, one FPO each in states of West Bengal, Jammu & Kashmir, Rajasthan, Manipur and Maharashtra. This could be the source of inspiration for stakeholders registering FPOs in other states.

As of January, around 39% of the sanctioned funds have been released in nineteen states for the current financial year 2012-13. Utilization of allotted funds has already started in the seven states i.e. Andhra Pradesh, Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Rajasthan and Sikkim. As of now, maximum funds have been utilized for components of ‘seed production of vegetables’ followed by ‘vegetable cultivation’ and ‘organic farming’.

To keep track of the current situation and needs of the upcoming FPOs, Small Farmers’ Agribusiness Consortium (SFAC) hosts a series of Round Table Discussions from time to time. Based on the feedback received during these Round Table Discussions, SFAC has launched State Level Committee of FPOs (SLCFPOs) in the eight states of Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Uttarakhand to address the challenges being faced by Farmers’ Organisations. These forums will facilitate better coordination among FPOs which will enable them to enter into policy dialogue with State and Central agencies; access services and inputs from government and private agencies; increase capacity in a cost-effective manner; seek credit from financial institutions and leverage investment opportunities in agribusiness with assistance from SFAC.
SFAC has also initiated an online platform to update and share progress of FPOs. A link ‘Connect to Farmer Producer Organisations (FPOs)’ has been created on the SFAC website which hosts information related to the upcoming Farmer Producer Organisations (FPOs). This link provides detailed contact list along with produce available with these FPOs, which serves as readily available database for prospective partners in the FPO initiative.

In this issue, the focus is on the Approved Action Plans for year 2012-13 and physical and financial achievements.

**Approved Action Plan for Year 2012-13**

For the year 2012-13, a total of ₹ 293.00 crores have been allocated for all the twenty-nine states. Of these, Approved Action Plans of four states, namely Delhi, Himachal Pradesh, Maharashtra and Tamil Nadu have not been made available. Out of approved Action Plans of ₹ 240.05 crores for twenty five states, ₹ 113 crores have been released to the states till January 2013.

Out of total Approved Action Plans, 32.90% funds have been allocated for components of ‘vegetable cultivation’ and 17.38% funds have been allocated for ‘protected cultivation’. Jointly these two components constitute more than 50% of total fund allocation. Component of ‘promotion of farmers associations/groups’ has been allocated 11.03% of total fund, followed by ‘post-harvest management’ and ‘market’ components, 9.05% and 7.57%, respectively.

The remaining funds have been allocated for other components such as organic farming, farmer trainings, vegetable seeds, seedling production and administrative costs. Additional components have been added by some of the states, such as establishment of community nursery, rooftop gardening, kitchen gardening tools and implements, rain shelters, mobile agri clinics etc. The distribution of funds for different components is almost similar as in the previous financial year (2011-12).

### Component-wise Distribution of Funds by all the State (AAP 2012-13)

<table>
<thead>
<tr>
<th>Component</th>
<th>Allocation Percentage</th>
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<tbody>
<tr>
<td>Vegetable Cultivation</td>
<td>32.90%</td>
</tr>
<tr>
<td>Protected Cultivation</td>
<td>17.38%</td>
</tr>
<tr>
<td>Seed Infrastructure</td>
<td>0.17%</td>
</tr>
<tr>
<td>Vegetable seedling production</td>
<td>3.02%</td>
</tr>
<tr>
<td>Seed Production of Vegetables</td>
<td>2.57%</td>
</tr>
<tr>
<td>Others</td>
<td>5.18%</td>
</tr>
<tr>
<td>Promotion of Farmer Associations/Groups</td>
<td>11.03%</td>
</tr>
<tr>
<td>Administrative Cost</td>
<td>2.08%</td>
</tr>
<tr>
<td>Promotion on INM/IPM</td>
<td>1.31%</td>
</tr>
<tr>
<td>Organic Farming</td>
<td>4.29%</td>
</tr>
<tr>
<td>Post-Harvest Management</td>
<td>9.05%</td>
</tr>
<tr>
<td>Markets</td>
<td>7.57%</td>
</tr>
<tr>
<td>Base Line Survey</td>
<td>0.55%</td>
</tr>
<tr>
<td>HRD - Training of Farmers</td>
<td>2.93%</td>
</tr>
<tr>
<td>Administrative Cost</td>
<td>2.08%</td>
</tr>
<tr>
<td>Promotion of Farmer Associations/Groups</td>
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### Major Milestones

During the months of December 2012 and January 2013, three Farmer Producer Organisations (FPOs) were registered, one each in state of Rajasthan, Manipur and Maharashtra.

In Rajasthan, Access Development Services has facilitated the registration of **Jaipur Vegagro Producer Company Limited** with 5000 member farmers. The Company has been incorporated comprising four **Kissan Utpadan Sangh (KUS)** spread over four blocks – Chomu, Amer, Shahpura and Jambaramgarh.

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1. **Kissan Utpadan Sangh (KUS) is not a legal entity.**
In Manipur, Bishnupur District Vegetable Producing Co-operative Society Ltd. has been registered with its head office in Moirang, Bishnupur. FPO has 100 farmers as its members and is planning to include more farmers’ members. To facilitate the marketing of member farmers’ produce, FPO is planning to establish a collection center at Bishnupur and a pack house at Moirang. The registration of FPO has been facilitated by Indian Grameen Services (IGS).

In Maharashtra, Indian Society of Agribusiness Professional (ISAP) has facilitated the registration of new Farmer Producer Organization (FPO) by the name of Shri Satwaji Baba Agro Producer Company at Wafgaon (Pune). Currently FPC has membership of 15 Farmers Interest Groups (FIGs) which will reach 50 over period of time. Thirty five hundred farmers spread across seven villages are associated with the company. The company has started collective procurement of inputs such as fertilizer and is planning to procure potato seeds directly from Punjab. Direct market linkages have been established with Parle Agro to supply a minimum of 1000 MT of potato on monthly basis.

**Highlights**

**ANDHRA PRADESH**

- Twelve successful trainings have been conducted for farmers on soil sample collection and significance of *Kissan* Credit Cards.
- Exposure visit cum training programme on Quality Management Programme (QMP). Twenty two farmers were taken to Demonstration Plots of other farmers within districts of Medak and Rangareddy to showcase increase in yield due to use of scientific methods of crop cultivation.

**ASSAM**

- Vegetable Seed Distribution for both open field (1000 Ha) and hybrid vegetable (1000 ha) cultivation for vegetables like Brinjal, Chilli, Beans, Okra, Tomato, Cabbage and Cauliflower taken up in all the four districts of Kamrup, Darrang, Nalbari, Morigaon covering all the farmer members of FIGs.

**BIHAR**

- Farmers have initiated joint procurement of agri inputs and joint marketing of vegetables. For the two proposed FPOs in Patna, 52 bags of urea, 2 kg of cauliflower seed and 3 kg of brinjal seed were procured jointly during last month.
- Due to the realisation of benefits from collective farming, farmers in Patna and Nalanda districts have started using machinery such as power tillers, spray machines, bore-wells, on sharing basis.

**CHHATTISGARH**

- Training Programme on Organic Farming conducted for more than 60 farmers in Semra, Jortari and Devri blocks.
- Vegetable Seeds of tomato (500 grams), bitter gourd (15 kg) and okra (14 kg) of VNR Seed Company and seedlings distributed amongst members of seven FIGs.

**NORTH GOA**

- To promote organic farming, IGS has taken up two demonstration plots to illustrate the use of bio-pesticides and seed treatment at Verna in collaboration with ICAR. Along with this, two demonstration plots of watermelon have been established in collaboration with Zonal Agriculture Office, Margao.
Special Training was organised at field level on the use of eco-friendly bio-pesticides at KVK South, which was attended by 28 farmers.

**GUJARAT**

Due to the strong co-operative movement in Gujarat, FPOs are being registered as vegetable-growing co-operatives. Registration of one FPO (comprising of 91 FIGs) at Mechedabad is under process.

**MADHYA PRADESH**

Audio-visual techniques such as screening of a film on methods of sowing, seed rate, balanced fertiliser dosage, insect and disease control, safe use of insecticide and safe disposal of pesticide containers are being employed by ADS to motivate the farmers to adopt modern technology interventions.

Farmers have been linked with Ankur Seeds for collective procurement of vegetable seeds by ADS.

FPO Level meetings (16 nos.) organised by IGS to educate the FIG representatives about visioning, role, responsibilities and business operations of FPO.

IGS organised a demonstration of organic farming in Sehore district and also the benefits of cultivation of vegetables in poly-house were showcased to farmers.

**MAHARASHTRA**

Due to the initiatives of the Resource Institution – Vegetable Growers Association of India (VGAI), farmers are slowly moving from conventional farming to organic farming. Farmers have started using “lures” (pheromone insect traps) as a biological control measure which is helping them to save 50% of the spraying cost.

Farmers are also using plastic mulching and drip irrigation technology which has led to increase in productivity by almost 300% in crops such as okra.

**NAGALAND**

Ten FIG representatives attended the North East Farmers Meet organised in October 2012 by Central Institute of Horticulture (CIH), Medzilphema in collaboration with the Department of Horticulture, Kohima, Nagaland.

Distribution of vegetable crates, water pumps, watering cans and knapsack sprayers (2 per FIG) to all FIGs being undertaken by the State Department of Horticulture.

Bade village in Dimapur is already certified as ‘Organic’ under ONECERT ASIA and farmers in the other project areas are also being motivated to get their lands certified.

**WEST BENGAL**

In Murshidabad district, more than twelve shade net houses have been installed at farmers’ field for vegetable cultivation. Construction of poly-houses is in progress. Work order for setting up 27 vermicompost units has been issued. With the joint efforts of the Department of Food Processing Industries and Horticulture, Murshidabad and Resource Institution IGS, the farmers have become aware of the benefits of the scheme.
Success Stories from the Field

**JHARKHAND**

Name of the Farmer Interest Group: Jai Maa Durga FIG, Village: Anedih, Block- Bundu, District - Ranchi

Lakshmi Devi is the group leader of the FIG named Jai Maa Durga. She is a small farmer, cultivating tomato, brinjal, chilli, potato and other vegetables. Due to the efforts of Resource Institution Indian Grameen Services (IGS) in providing timely training on different aspects of vegetable cultivation such as raising nursery, transplanting at proper spacing and timely fertiliser application, she has become aware of improved package of practices of vegetable cultivation. Planting the seedlings at proper spacing has increased the yield and plants are able to grow more vigorously. Due to adoption of these practices, now she is able to harvest 2.5–3 kg more fruits/plant.

She is the leader of the group and organises weekly meetings with other group members. The group constitutes of all female members and they all are actively contributing to vegetable cultivation, while the male members of their respective families help them in marketing of the produce. The initiative has helped in engaging more women workforce leading to increased employment and women empowerment.

The increase in crop yield has led to group savings to the tune of ₹ 1000 per month; as a result, the group is able to provide a loan of up to ₹ 7000 to members at a low interest rate of 3 percent per annum. This is leading to financial independence of the members and has lowered the dependency on the local money lenders.

**PUNJAB**

Name of the Farmer Interest Group: Heddon Sabji Utpadak Samuh, Samrala, Ludhiana

In Samrala block of Ludhiana district, members of the Heddon Sabji Utpadak Samuh are quite progressive and forward-looking. All the farmers are cultivating different vegetables and selling in distant markets of Chandigarh, Ludhiana and Ropar. Mr. Subhash Chander is the President of the group and cultivates exotic vegetables and salads – Lettuce, Celery, Broccoli, Parsley, Red Cabbage, Thyme, Leek and Oregano, Red and Yellow Capsicum on approximately one ha land. He has been cultivating these crops since a long period of time and selling them in kissan mandis of Chandigarh (Sector- 15, 22 and 44) and Ludhiana. He sells these exotic vegetables at a premium price and saves around ₹ 60–80,000 per acre depending upon the prevailing demand and market prices.
Another farmer Mr. Sukhbir Singh has been farming for 10-12 years. He has achieved proficiency in cultivating brinjal round the year and now cultivates it in two acres of land. During winter months, he has developed innovative methods to grow the nursery, wherein he raises the seedlings in temperature controlled low tunnels even in the months of December and January. This has helped him to get year round production of brinjal and his savings have increased by almost ₹20,000 per acre.

**BIHAR**

**Name of the Farmer Interest Group: Maa Durga Subzi Utpadak Sangh, Village: Mustafapur, District: Vaishali**

Mr. Santosh Bhagat is small farmer of the area. He has been growing hybrid peas in one acre area. Earlier he was growing peas and other vegetables with the traditional methods of cultivation through which, he was able to obtain yield of only 40 quintals/acre. After learning the modern package of practices through the training provided under VIUC scheme, use of vermicompost and other inputs provided by the department, his yield has increased by almost 25% to 50 quintals/acre. Similarly yield of tomato, which was 80 quintals/acre, has now increased to 100 quintals/acre.

His income from vegetable cultivation prior to the VIUC scheme was ₹18,000/- per season has increased to approximately ₹30,000/- in one season. He has been highly benefitted by the scheme and is motivating other farmers to become members and avail the benefits of the scheme.

**Producers’ Company – Know the Process of Registration!**

‘Producer Company’ means a body corporate having objects or activities specified in section 581B of the Companies’ Act and registered as Producer Company under this Act.

‘Producer Institution’ means a Producer Company or any other institution having only producer or producers or Producer Company or Producer Companies as its member whether incorporated or not having any of the objects referred to in section 581B and which agrees to make use of the services of the Producer Company or Producer Companies as provided in its articles.

Any ten or more individuals, each of them being a producer or any two or more Producer Institutions, or a combination of ten or more individuals and Producer Institutions, desirous of forming a Producer Company having its objects specified in section 581B and otherwise complying with the requirements of this Part and the provisions of this Act in respect of registration, may form an incorporated Company as a Producer Company under this Act.
### Registration Process of Farmer Producer Organisation under Companies (Amendment) Act, 2002

| **Digital Signature Certificate (DSC)** | It is mandatory to have Digital Signature of minimum one Director or Chairman, which is the only secure way to submit a document electronically. All filings done by the companies are required to be filed using Digital Signatures.
| **Director Identification Number (DIN)** | DIN number can be obtained online only from the Company Affairs Cell, Noida UP, without any fees by providing identification proof number (Only PAN Card, Voter Identity Card, passport or driving licence number is accepted).
| **Naming of Producer Company** | A Producer Company should be named using the suffix "...... Producer Company Limited" appropriately indicating its status of producer company. Identify in order of preference, at least one suitable name up to a maximum of five names, indicative of the main objectives of the company.
| **Memorandum and Articles of Association** | After ascertaining the name of the Company, the Memorandum of Association (MoA) and Articles of Association (AoA) have to be prepared and printed (preferably a computer print out - printed on both sides of paper).
| **Submission of Documents to RoC** | File the following documents along with the fee payable with Registrar of Companies of the state, where the Registered Office of the Company is situated: Copy of letter of Registrar of Companies confirming the availability of name for formation of company; MoA and AoA duly stamped and signed.
| **Certificate of Incorporation** | The RoC on being satisfied that all the documents for the incorporation are submitted is obliged to register the Memorandum, Articles and other documents, if any, and issue a ‘certificate of incorporation’ within thirty days, which is a conclusive proof of its formation in terms of Part IXA [Section 581C (2)]

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1. From September 16 2006, Ministry of Corporate Affairs has initiated an electronic mode transaction for all the process of statutory filings under the Companies Act, 1956.
2. Certification Agencies are appointed by the office of the Controller of Certification Agencies (CCA) under the provisions IT Act, 2000. There are a total of seven Certification Agencies authorised by the CCA to issue the Digital Signature Certificates (DSCs). The details of these Certification Agencies are available on the portal of the Ministry of Corporate Affairs www.mca.gov.in.
3. As per the Companies (Amendment) Act, 2002, Section No. 581B.
5. Fees should be deposited in the regional bank authorised by the MCA.
6. Stamping should be done in accordance with the requirement of the Indian Stamp Act, 1899 and the applicable rate depending on the State where the Registered Office of the company is to be situated.
7. The applicant can apply for registration of the new company within six months of name approval.
8. The amount of registration fees to be paid will depend upon the authorised share capital kept by the company in the Article of Association.
9. As per the Companies (Amendment) Act, 2002, Section No. 146.
10. As per the Companies (Amendment) Act, 2002, Section No. 33 (2).
Power of Attorney

All the work required to incorporate the Producer Company can be done either by the Board of Directors or alternatively, the General Body can authorise any one of them or any other person to follow the matter with the RoC. In the latter case, they have to execute a power of attorney in favour of the person, who is authorised to act on their behalf.

A power of attorney form duly stamped and executed by all the subscribers of directors have to be submitted to the RoC.

A power of attorney holder is, specifically, authorised to make corrections, as may be necessary in the Memorandum and Articles of Association and all other documents filed with the RoC and to attest the same on their behalf and to receive the Certificate of Incorporation.

Tasks to be completed immediately after incorporation of the Producer Company

1. Opening of a Bank Account with minimum two officially nominated signatories in the name of the company.
2. Getting a PAN/TAN Number from the Income Tax Department and TIN number from the Commercial Tax Department to carry out business. The company has to register itself for Service Tax from Commercial Tax Department and VAT from Excise Department.

<table>
<thead>
<tr>
<th>Estimated Cost for Incorporation of Producer Company</th>
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<tbody>
<tr>
<td><strong>Particulars</strong></td>
</tr>
<tr>
<td>Application for the name of PC</td>
</tr>
<tr>
<td>Digital Signature</td>
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<tr>
<td>Stamp Duty</td>
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<td></td>
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<tr>
<td>Registration/filing fees</td>
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<tr>
<td>Fees of CA/CS Firm</td>
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<tr>
<td>Stamp Cancellation</td>
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<tr>
<td>Affidavit Expenses</td>
</tr>
<tr>
<td>Share transfer fee and processing charges</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

*Some of the cost components are indicative and actual amount may vary*

Issues and Challenges

Gujarat

- State Department of Horticulture selects the beneficiaries on individual basis and not on the basis of group/FIGs and therefore only few farmers get benefitted from the assistance provided under the scheme, not the entire FIG. There is a need to improve coordination amongst various agencies for enhancing efficiency of the scheme.
- In some clusters, farmers are still not aware of the concept of collectivisation and need adequate capacity building to improve understanding.

Maharashtra

- Farmers are facing the problem in direct marketing of their produce in Mumbai, as Special permission is required for direct sale of produce and FPOs are facing resistance from traders operating in APMCs.

Odisha

- Aggregation centre located at Jatamundia in Cuttack is not yet operational due to which farmers are facing problems in the sale of produce.