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A QUARTERLY NEWSLETTER OF SFAC (OCTOBER - DECEMBER 2017)

FOCUSSING WELFARE OF SMALL AND MARGINAL FARMERS

District-wise mapping of Farmer Producer Organisations and Venture Capital Assistance units





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FROM THE DESK OF MANAGING DIRECTOR



The first issue of "CONNECT", a quarterly journal of your own organisation SFAC is in your hands. It is indeed a moment of pride for all of us. The newsletter will provide an insight to all of us about SFAC's contribution to the growth and prosperity of Indian Agriculture.

The fundamental objectives of SFAC are to mobilise farmers at grass-roots by forming and developing Farmer Producer Organizations and promote agri-business to catalyse private investment. The country has experienced a huge success in the dairy sector just because of farmers' collectivization concept. We strongly believe the same level of success is possible in agriculture sector also. FPO formation started in 2011-12 aiming at empowerment of farmers socially and financially and enabling economies of scale to be reaped. The Equity Grant Scheme makes matching equity available to FPCs and the Credit Guarantee Scheme guarantees financial exposure granted to FPCs by financial institutions to strengthen their borrowing capacity and business turnover.

The VCA Scheme while funding small agribusiness projects also provides direct backward linkages with farmers thereby both enhancing incomes and creating local employment. We are now trying to provide such linkages through the FPOs thereby linking the two main objectives of SFAC.

The challenge we collectively face is to ensure continuous sustainability and viability of the FPOs formed and convert them into agri-entrepreneurs. Some of the initiatives launched by SFAC include advanced training programmes for CEOs & Board of Directors of FPOs in collaboration with BIRD, NIRD; assistance for professional hand holdings in formulation and execution of business plans, infrastructural support by dovetailing with existing schemes of MIDH, RKVY and NIRD and creation of marketing platforms to link FPOs with bulk buyers and aggregators.

We will attempt to provide updates of all such initiatives through this newsletter. It will also be our endeavour to bring to the forefront major success stories of both FPOs and agribusiness ventures both as good practices as well as providing valuable information to potential customers.

It is our fond hope and belief that these initiatives taken by SFAC in collaboration with all of you will bear fruits and contribute to the vision of doubling farmers' incomes.

With greetings for "*Sabka Saath, Sabka Vikas*".

–Sumanta Chaudhuri

WE ARE

SFAC is a non-profit earning Society registered under Societies Registration Act 1860 promoted by Department of Agriculture, Cooperation and Farmers' Welfare, Government of India in association with RBI, NABARD, IDBI and SBI. We are committed to the welfare of small and marginal farmers.

Major activities undertaken by SFAC:

- i) It is promoting formation and development of Farmer producer Organisations. SFAC is moving towards establishing an eco-system for FPOs to make them sustainable and viable in the long run.
- ii) It provides Equity Grant to Farmer producer Companies and Credit Guarantee cover to Financial institutions to enable them to provide collateral free credit to FPCs to minimise their lending risks.
- iii) SFAC is engaged in the promotion of Agri-business through Venture Capital Assistance and Project Development Facility thereby catalyzing private investment .
- iv) National Agriculture Market, a pan-India electronic trading portal (e-NAM) to create a national market platform for trading of agriculture commodities.



VENTURE CAPITAL ASSISTANCE SCHEME

SFAC provides venture capital to agribusiness projects by way of interest free loan to supplement the financial gap worked out by the sanctioning authority of term loan under Means of Finance with respect to cost of project subject to the fulfilment of the following conditions:

- The Project should be in agriculture or allied sector or related to agricultural services. Poultry and dairy projects will also be covered under the Scheme.
- The Project should provide assured market to farmers/producer groups, i.e. Backward Linkages are available.
- The Project should be accepted by Notified Financial Institution for grant of term loan.
- The quantum of SFAC Venture Capital Assistance will depend on the project cost and the promoters' Equity and will be the lowest of 26% of the promoter's equity OR Rs.50.00 Lakhs.
- For projects located in North-Eastern Region, Hilly States (Uttarakhand, Himachal Pradesh, Jammu & Kashmir) and in all cases in any part of the country where the project is promoted by a registered Farmer Producers Organisation, the quantum of venture capital will be the lowest of the 40% of the promoter's equity or Rs. 50.00 lakhs.

This venture capital will be repayable back to SFAC after the repayment of term loan of lending Notified Financial Institution as per original repayment schedule or earlier.



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PERFORMANCE OF VCA SCHEME SINCE X PLAN

Plan Period	Venture Capital Assistance (Rs. in Crore)	Total Project Cost (Rs. in Crore)	No. of Projects
X Plan (2002-2007)	23.86	262.51	103
XI Plan (2007-2012)	120.17	1461.03	409
XII Plan (2012-2017)	336.34	4062.09	1111
2017-18 upto 8.11.17	47.64	518.23	170
Total	528.01	6303.86	1793

Total VCA Sanctioned/disbursed Rs. 528.01 Cr. to 1793 agri-business projects; Total Project Value: Rs. 6303.86 Cr benefitting approximately 1.57 lakh farmers; generating employment of 84185 persons.

SUCCESS STORIES



M/s Flamex Foods & Drinks Private Limited, Indore, MP (VCA Rs. 18.20 lakh in 2015-16) - Isabgol Unit marketing its product under Brand name of Smyle Isabgol. The unit touched its projected turnover of Rs. 4 Crores during last 12 months of their operation. Raw material supplied by 35-40 small farmers. The unit has a total number of 12 skilled and 8 unskilled workforce (including women).



M/s Sancheti Family Foods (India) Pvt. Ltd., Pune, Maharashtra (VCA Rs. 17.30 lakh in 2015-16) – Manufacturing of Powdered spices (Single ingredient and blended spices), Pickles, Paste and Papad and marketing its product under the brand name “SanchetiSuvidhi”. The unit has achieved the turnover of Rs. 13.5 Crores. Employment to 40 persons (including women). Raw material for the project is procured from nearby 50 farmers.

Clusters have been developed in various states viz. 92 units of Cashew processing in Karnataka, 43 units of Guar Gum in Rajasthan, 13 pulse processing and 37 poha mills in Chhattisgarh, 7 Walnut units in Jammu & Kashmir, 23 units of Raisin Processing in Maharashtra and 43 onion Dehydration units in Gujarat.

- VCA application and documentation facility is available online. Attempts are being made to strengthen backward linkages by linking VCA clusters with FPOs.

EQUITY GRANT AND CREDIT GUARANTEE FUND SCHEME (EGCGFS) FOR FARMER PRODUCER COMPANIES.

SFAC is also implementing the EGCGFS Scheme for Farmer Producer Companies from 1st January 2014. The Scheme is operational across the country. Through this scheme two major initiatives have been taken to support Farmer Producer Companies (FPCs) viz., support to the equity base of FPCs by providing matching equity grant upto a maximum of Rs. 10.00 lakh and, secondly, setting up of a Credit Guarantee Fund to provide risk cover to banks which advance loans to FPCs without collateral upto Rs. 100 lakh.

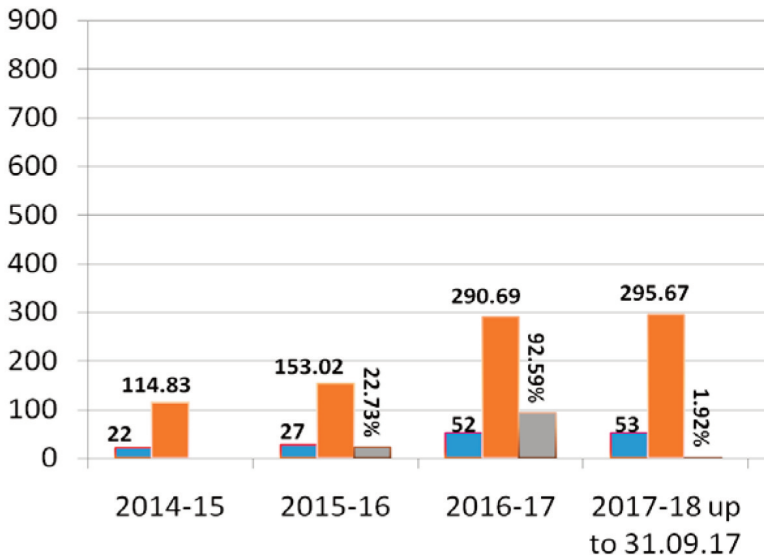


Equity Grant Fund (EGF) and Credit Guarantee Fund (CGF) are sequential in nature as the EGF enables eligible FPCs to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPC, subject to a cap of Rs. 10.00 lakh, thus enhancing the overall capital base of the FPC, their borrowing ability and CGF provide collateral free credit to FPCs by minimizing their lending risks in respect of loans not exceeding Rs. 100.00 lakhs



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The performance of Equity Grant Scheme is as under:



The Banks and Financial Institutions are not forthcoming for availing the guarantee cover. So far 26 FPCs have availed guarantee cover to the extent of Rs. 11.78 Crores upto 31st October, 2017.

Equity Grant Fund (EGF) and Credit Guarantee Fund (CGF) has since been extended beyond 12th Plan i.e. from 2017-18 to 2019-20. Facility exists for on line application of both these schemes.

PROMOTION OF FARMER PRODUCER ORGANIZATION BY SFAC

JOURNEY OF FPOS PROMOTION PROJECT BY SFAC:

SFAC was nominated as a Single Window Agency by Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India to lead a national pilot project to promote FPOs as a demonstration of the benefits of building institutions of producers and their integration in agri value chains. The initiative which started in 2011-12 under the two Central Sector Schemes for Vegetable Initiative for Urban Clusters (VIUC) and Integrated Development of 60,000 Pulse Villages in Rainfed Areas has expanded in its scope and covers special FPO projects being taken up by some State Governments under general RKVY funds as well as under the National Demonstration Project under the National Food Security Mission (NFSM) and Mission for Integrated Development of Horticulture (MIDH).

Member based FPOs offer a proven pathway to successfully



deal with a range of challenges that confront farmers today, especially small producers. Overcoming the constraints imposed by the small size of their individual farms, FPO members are able to leverage collective strength and bargaining power to access financial and non-financial inputs, services and appropriate technologies, reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms. With fragmentation of holdings due to generational transfer unlikely to abate, FPOs offer a form of aggregation irrespective of land titles with individual producers and uses the strength of collective planning for production, procurement and marketing to add value to members' produce. Experience in the performance of FPOs makes a strong case for policy support to member based farmer bodies, to significantly increase their power in the market place, reduce risks and help them move up the agri value chain.

New Initiatives by SFAC for Sustainability of FPOs

Advance Training Programme

To make the FPOs sustainable, the farmers need to be transformed to agripreneurs by imparting training on formulation and implementation of business plans, accounting, management of resources, statutory compliances through appropriate skill/capacity building programs. Realising this, SFAC has tied up with Bankers Institute of Rural Development (BIRD) and National Institute of Rural Development & Panchayati Raj (NIRDPR) to conduct 5 days advance training programme for the BoDs & CEOs. Advance training programme are being organised in the States of West Bengal, Madhya Pradesh and Karnataka in collaboration with BIRD. Similarly, advance training programme have been organised for the FPOs in Andhra Pradesh and Telangana in collaboration with NIRDPR. Till Now around 360 BoDs and CEOs have been trained by BIRD & NIRDPR.

Dovetailing with Government Schemes

FPOs are lacking in requisite infrastructure for improving their efficiency as well as productivity. Bulks of the FPOs are either horticulture or pulses based. SFAC has sanctioned proposal from 19 FPCs for establishing mini Dal Mill and another 8 FPOs are being provided basic marketing infrastructure. Similarly, around 100 horticultural based FPOs are being identified for providing financial assistance for establishing infrastructure like pack houses, reefer vans etc.



Promotion of FPOs in NE

The farmers in NE region mostly depend on horticultural crops including spices for their livelihood in the spices growing areas. As a joint initiative by Small Farmers Agribusiness Consortium (SFAC's) and Spice Board a proposal was submitted to North Eastern Council (NEC) to form FPCs in the States of Sikkim and Arunachal Pradesh. The proposal is under consideration of NEC.

SFAC has submitted a proposal to form 5 FPCs in the States of Assam and Arunachal Pradesh to North Eastern Council, Shillong under their scheme of "Marketing Support to Agri-horti produces in NE region, MH-2552". NEC has sanctioned and released funds.



SOME GLIMPSES



Training Programme for BoD



Retail outlet developed by FPOs of Tamil Nadu and West Bengal

SFAC EVENTS



SFAC's Board of Management and Annual General Body Meeting held under the Chairmanship of Shri Radha Mohan Singh, Hon'ble Union Agriculture & Farmers Welfare Minister on 30.11.2017



Visit of Kenya



SFAC participated in India International Trade Fair



Review of Resource Institutions Delegates to SFAC



Orientation programme to operationalise spice farmers



Krishi Mela at Champaran, Bihar

Awareness camps for VCA and EG & CGFS for FPCs organised in 3 States viz. Jharkhand, Chhattisgarh and Madhya Pradesh at 28 centres and Awareness camps is being organised for VCA and EG&CGFS for FPCs in 4 States viz. Maharashtra, Rajasthan, Orissa and Bihar.

- SFAC participated in World Food Festival.
- Advanced Professional Training Programmes conducted for hand-holding of management of FPCs in West Bengal, Karnataka, Andhra Pradesh, Telangana and Madhya Pradesh.

