



Connect



FROM THE DESK OF THE MANAGING DIRECTOR



Sumanta Chaudhuri

In continuation of SFAC's vision and mission to promote long term development and sustainability of FPOs, this issue of "CONNECT" highlights two major initiatives taken by SFAC in this regard.

SFAC has launched an FPO Buyer E-Interface Portal which was launched by Prof. Ramesh Chand, Member, NITI Aayog and Dr. S.K. Pattanayak, Secretary, Agriculture, Government of India at an event organized in Delhi in partnership with FICCI on 1st June, 2018. This is the first of its kind real time online platform which allows sharing of crop information between FPOs and organized buyers like retailers, wholesalers, processors and exporters. A simple registration process is all that is needed to get access to this platform free of cost. In the same event, an MoU was signed between SFAC and State Bank of India, treating them as a preferred banker in the State of West Bengal, Madhya Pradesh and Karnataka for the purpose of lending to viable FPCs making use of the Credit Guarantee Scheme of SFAC.

As you are all aware, SFAC is the implementing authority for the National Agricultural Market (e-NAM). In order to expand the eco-system of e-NAM, a concerted initiative has been taken for on-boarding of FPOs on e-NAM to enable them to sell their produce at the nearest APMC mandi on the e-NAM Portal. The FPOs are expected to aggregate the produce of farmer members and transport to e-NAM mandis for sale after uniform lot creation, proper cleaning, sorting and bagging. The first such transaction was made on 17th May, 2018 by Vikas Agro FPC in Maharashtra who sold 97 quintals of Soyabean on the e-NAM portal on 17th May at the rate of Rs.3,820/- per quintal while the modal rate was Rs.3,625/- per quintal in the physical auction.

More and more FPOs across the country are registering on the e-NAM portal and expressing desire to fully participate so as to provide more remunerative prices to their farmer members. FPOs in Maharashtra, Rajasthan, Uttar Pradesh etc. have sold their produce on this portal.

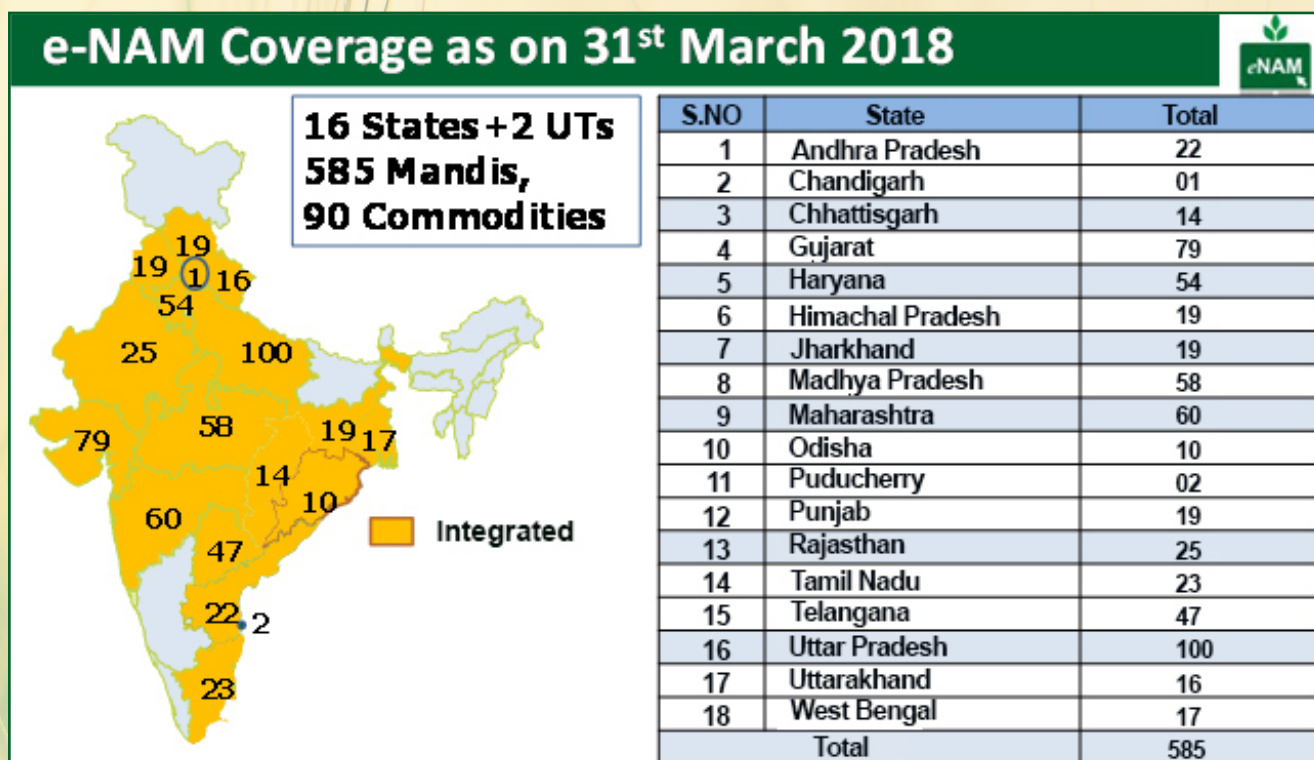
In furtherance of our endeavour to study the various agri clusters in the country, a study was undertaken by NABCONS for Cashew Processing Industry in the State of Karnataka where SFAC has assisted 124 Cashew Processing Units under its Venture Capital Assistance Scheme. The study has indicated that Cashew Processing Unit is a labour intensive activity and 90% of labour force employed by the cashew Processing Units are women. It has also resulted in indirect employment to around 605 persons per unit. The performance of the assisted VCA Units is quite satisfactory.



NATIONAL AGRICULTURE MARKET

SFAC was nominated as the implementing agency by Ministry of Agriculture and Farmers Welfare to implement National Agriculture Market (NAM), a pan-India electronic trading portal which connects the existing regulated mandis to create a unified National Market for agricultural commodities e- NAM was inaugurated on 14th April, 2016.

Mandate was to integrate 585 regulated mandis by March 2018. Accordingly SFAC has integrated 585 regulated mandis of 16 States and 02 Union Territories with e-NAM successfully well within the targetd timelines.



Onboarding of FPOs on e-NAM:

Post integration of 585 mandis, SFAC has shifted its focus towards enlargement of e-NAM eco system. M.D. SFAC has taken personal interest and has convened special meetings with the concerned State authorities, Directors / CEOs of FPOs / FPCs working in th vicinity of e-NAM mandis. As a result FPCs have been mapped with the nearby mandis and encouraged to sell their produce on e-NAM portal.

FPOs are expected to work as aggregators of produce of farmer members and bring aggregated lots to the e-NAM mandis for sale after proper cleaning and sorting. Possibilities of allowing FPOs to upload their lots for sale on e-NAM from their collection centers without going to mandis is also being explored.

Till date 243 FPOs/FPCs of 13 States have been registered as sellers on e-NAM portal.

State wise FPOs/FPCs registered on e-NAM:

Statewise FPOs/FPCs Registration Snapshot

S. No.	State	No of (FPOs/FPC) Registered
1	Andhra Pradesh	35
2	Chhattisgarh	2
3	Gujarat	14
4	Jharkhand	2
5	Haryana	12
6	Maharashtra	41
7	Madhya Pradesh	7
8	Rajasthan	7
9	Telangana	13
10	Tamil Nadu	17
11	Uttarakhand	1
12	Uttar Pradesh	58
13	West Bengal	34
Total		243



FPOs Onboarding Meeting Chaired by MD SFAC at Gandhi Nagar Gujarat:

FPOs Onboarding Meeting Chaired by MD SFAC at Hyderabad, Telangana:



EPOs Onboarding Meeting Chaired by MD SFAC at Chennai, Tamil Nadu:

FPOs Onboarding Meeting Chaired by MD SFAC at Kolkata West Bengal:





FPOs Onboarding Meeting Chaired by MD SFAC at Chandigarh Haryana:

Trade carried out on e-NAM by FPOs/FPCs:

Though it is the off season for most of the commodities, some of the FPOs have successfully sold the produce of their members on e-NAM. More FPOs/FPCs are expected to trade on e-NAM Sep onwards when Kharif crops come to markets.



1. LATUR MANDI, MAHARASHTRA:

- i) Vikas Agro FPC sold 97 Quintals of Soya bean on e-NAM portal on 17.05.2018 @ Rs. 3820 per Qtl, while the modal rate was Rs. 3625 per quintal in physical auction.
- ii) Katpur Agro FPC Sold 53 Quintals of Soya bean on e-NAM portal on 18.05.2018 @ Rs. 3800 per Qtl, while the modal rate was Rs. 3625 per Quintal in physical auction.

2. BASMAT MANDI, MAHARASHTRA:

Surya FPC sold 61 Quintals of Turmeric Bulb on e-NAM portal on 17.05.2018 @ Rs. 7245 to 7525 per Quintal, while the modal rate was Rs.7200 In physical auction.



3. NIWAI MANDI, RAJASTHAN

Parth FPC sold 35.6 Quintals of Mustard on e-NAM portal on 11.06.2018 @ Rs. 3805 per Quintal, while the modal rate was Rs. 3725 per quintal in physical auction.



4. MANDLA MANDI, MADHYA PRADESH:

Narmada Self Reliant FPC sold 16 Quintals of Wheat on e-NAM portal on 12th July 2018 @ Rs. 1751 per Quintal, while the modal rate was Rs. 1650 in physical auction.

5. AURAIYA MANDI UTTAR PRADESH:

Bhudev Kisan FPC sold 20 Quintals of Wheat on e-NAM portal on 29th June 2018 @ Rs. 1555 per Quintal, while the modal rate was Rs. 1540 in physical auction.



EQUITY GRANT AND CREDIT GUARANTEE FUND SCHEME

PHYSICAL AND FINANCIAL PERFORMANCE OF THE SCHEME

During the first quarter of 2018 – 19 under Equity Grant Scheme 47 proposals were sanctioned to an extent of Rs.306.82 lakh. The State-wise performance of the scheme is given below:

STATE-WISE EQUITY GRANT SANCTIONED PROJECT DURING 2018-19 (First Quarter)					
STATE	No. of Proposals	Equity Sanctioned (Rs. In lakh)	STATE	No. of Proposals	Equity Sanctioned (Rs. In lakh)
Andhra Pradesh	1	2.99	Maharashtra	1	6.26
Bihar	1	9.81	Rajasthan	1	3.63
Gujarat	1	10.00	Tamil Nadu	11	80.00
Karnataka	11	102.01	Uttar Pradesh	12	56.15
Madhya Pradesh	3	14.05	West Bengal	5	21.92

ONLINE APPLICATION SUBMISSION

In order to streamline application processing for achieving transparency and speed in processing SFAC has adopted online submission of application. The projects are sanctioned in seriatim as per the date of their receipt, subject fulfillment of all requisite conditions in time bound manner.

REVISED OPERATIONAL GUIDELINES OF EGCGFS

Summary of changes in Equity Grant & Credit Guarantee fund scheme (EG&CGFS) guidelines as received from Ministry of Agriculture vide letter no. 24014/2/2013-m-ii dated 12th December, 2017 in view of SFAC meeting dated 07/11/2017 Duly approved vide letter no. 24014/2/2013-m-ii dated 27th August, 2018.

APPROVALS IN SFC MEETING DATED 07/11/2017 ARE AS FOLLOWS:

- 1) Equity Grant and Credit Guarantee Fund Scheme (EGCGFS) beyond 12th Plan Period be extended till March 2020 i.e. co-terminus with 14th Finance Commission.
- 2) Extending benefits of Credit Guarantee Scheme to FPOs registered under Cooperative Societies Act and financed by NCDC.
- 3) Enhancement of maximum eligible Equity Grant from Rs. 10.00 lakh to 15.00 lakh per FPC.
- 4) FPC shall be allowed to draw the Equity Grant in a maximum of two tranches within a period of 3 years instead of 2 years of the first application subject to the cap of Rs. 15.00 lakh per FPC. Third tranche shall as a special case be allowed to only those FPCs who have already availed Second tranche of Equity Grant within a period of three years subject to the cap of Rs. 15.00 lakh per FPC in order to provide them equal opportunity.

CONFERENCE ON “DEVELOPMENT OF LINKAGES FOR SUSTAINABILITY OF FPOS” ON 1ST JUNE, 2018

With the objective of further strengthening its efforts to integrate value chain for Farmer Producer Organizations (FPO) across the country, the Small Farmers' Agribusiness Consortium (SFAC), a specialized agency under the Ministry of Agriculture, organized a Conference on “Development of linkages for sustainability of FPOs” on 1st June, 2018 jointly with FICCI and supported by State Bank of India (SBI), Bank of Baroda (BoB), Agricultural and Processed Food Products Export Development Authority (APEDA) and Tractors and Farm Equipment Limited (TAFE). The conference witnessed wide participation of 60 + members from the key stakeholders and print & electronic media group.



Delegates on the Dias

(Centre) Prof. Ramesh Chand, Member, NITI Aayog

(Centre to Left) Shri S.K. Pattanayak, IAS, Secretary, Agriculture, Ministry of Agriculture and Farmers Welfare, Mr. T. R Kesavan, Chairman, FICCI National Agriculture Committee & President & Chief Operating Officer, TAFE, Shri B. Pradhan, IAS, Additional Secretary & Financial Adviser, Ministry of Agriculture and Farmers Welfare, Shri D.K.Singh, IAS, Chairman, Agricultural and Processed Food Products Export Development Authority (APEDA), New Delhi

(Centre to Right) Shri Sumanta Chaudhuri, IAS, Managing Director, SFAC, Shri Alok Kumar Choudhary, CGM, State Bank of India, Dr. Dharmendra Singh Gangwar, IAS, Additional Secretary, Ministry of Food Processing Industries, Mr. Pravesh Sharma, Adviser - Agriculture, FICCI

2. MOU SIGNED WITH STATE BANK OF INDIA FOR CREDIT GUARANTEE SCHEME DURING THE EVENT

SFAC is targeting individual banks for region-wise funding. To facilitate this Shri Sumanta Chaudhuri, IAS, MD SFAC and Shri Alok Kumar Choudhary, Chief General Manager, State Bank of India signed a MoU for comprehensive growth and financing of Farmer Produce Companies (FPCs). SBI would be the preferred banker for FPC financing in the states of West Bengal, Karnataka and Madhya Pradesh.



MOU signing with Shri Sumanta Chaudhuri, Managing Director, SFAC and Shri Alok Kumar Choudhary, Chief General Manager, State Bank of India, New Delhi as preferred banker for the State of Karnataka, West Bengal and Madhya Pradesh on 01.06.2018 at FICCI, New Delhi

3. LAUNCH OF “SFAC – FPO BUYER E-INTERFACE PORTAL DURING THE EVENT

The Conference witnessed the formal launch of “SFAC – FPO Buyer E-Interface” Portal – a state-of-the-art E-Interface platform between the FPO and the buyer. The portal was launched by Prof. Ramesh Chand, Member, NITI Aayog, Govt and Shri S.K. Pattanayak, Secretary, Ministry of Agriculture and Farmers Welfare, Govt. A brief presentation on the portal and its features was made by Mr. Rakesh Shukla, Team Leader (MSG/FPO), SFAC.



(The portal formally launched by Prof. Ramesh Chand, , Member, NITI Aayog, Gol and Shri S.K. Pattanayak, Secretary, Ministry of Agriculture and Farmers Welfare, Gol)

The portal has been developed with the objective of connecting farmers to other stakeholders such as buyers, retailers, exporters, processors and wholesalers. It will serve as a common platform for buyers and sellers to interact with farmers, which in turn will help them earn the right prices for their produce. The portal is first of its kind and is focused on plugging the information gaps between FPOs and organized buyers.

SFAC will act as a facilitator to link both the stakeholders at a single platform. It will also facilitate the process of providing real time information on the portal by FPO and Buyer, where any subsequent trading is to be undertaken directly between FPO and Buyer.

Presentation of Green Certificates during the Event to Dignitaries

(Shri Sumanta Chaudhuri, Managing Director, SFAC, Gol presented Green Certificates to Prof. Ramesh Chand, Member, NITI Aayog, Gol and Shri S.K. Pattanayak, Secretary, Ministry of Agriculture and Farmers Welfare, Gol)



Study of Cashew Processing Units in state of Karnataka

Cashew nut is an important dry fruit grown in eight states in India namely Andhra Pradesh, Goa, Kerala, Karnataka, Orissa, Maharashtra, Gujarat, and Tamil Nadu. Cashew nut needs to be processed before selling to ultimate consumers. Therefore, cashew processing units play an important role in procurement of cashew from the farmers. A study of 40 Cashew Processing Units was undertaken by NABCONS in the four districts of Karnataka namely Udupi, Shimoga, Chikmagalur and Dakshina Kannada. The study was got done by SFAC Headquarters.

MAJOR FINDINGS OF THE STUDY

- SFAC had extended a VCA to the tune of Rs.575.05 crore to 1962 projects between 10th FYP, 12th FYP and beyond up-to 31.01.2018.
- Overall, 124 cashew processing units were supported under VCA scheme. Of the total cashew processing units supported, the highest cashew units were from Karnataka (80.6%) followed by Maharashtra (12.9%), Gujarat (2.4%), Haryana (1.6%), Andhra Pradesh (0.8%), Meghalaya (0.8%) and Punjab (0.8%).
- There were 3940 cashew processing units across the country, with an installed capacity of 1643 thousand MT and average installed capacity of 417 MT.
- The total capacity of sample units was 215 MT/day. On an average, the total numbers of working days in the processing units were 300 days/ annum. Hence, total annual processing capacity was estimated to be 64,500 MT. The average installed capacity being utilized by the units was 61.81 per cent.
- The overall average cost of projects across selected districts was Rs.224 lakh.
- Overall, 3,729 farmers were linked with processing units financed under VCA scheme of SFAC. Average numbers of farmers linked with processing units were 39.
- All sample farmers sold raw cashew nuts to the processing units in selected districts. All of them sold it directly to cashew processing units. None of them had entered into contract farming or any other kind of contract with processing units.
- The ex-factory price of 1 kg of cashew kernel was Rs.731 and the average price of 4 kg of raw cashew nuts was calculated to be Rs.592 (for realization of 1 kg of cashew kernels, 4.2 kg of RCNs was required). Hence, the farmer's share in price of per kg processed cashew was estimated as 80.9 per cent.
- The sample farmers had benefitted due to the VCA scheme. Of all the sample farmers, 74.5 per cent of them indicated that they had assured market and received timely payment for the same. The farmers (20%) indicated that they were provided with pick up facility for collection of raw cashew nuts.
- All of the sample farmers responded that they were not a part of any Farmers Producer Organization (FPO) for cashew nuts.
- In total, VCA was provided to 100 units in Karnataka having aggregate installed capacity of 438.60 MT/day. The units on an average operated for 300 working days. Hence, the total installed capacity that was supported under VCA scheme of SFAC in Karnataka was estimated to be 1.315 lakh MT.
- Average duration of project completion or expansion of existing capacity was 12.2 months for overall units.
- Of all the processors covered, 84 per cent of them mentioned that the amount they received under VCA scheme was sufficient while, 16 per cent had indicated that the amount of assistance received was not sufficient.
- The average expected VCA amount was Rs.23.4 lakh, while the beneficiaries had received Rs.22.5 lakh.
- Of all the bankers covered during field visits, 50 per cent of them had indicated that they did not face any issue regarding lending, whereas, 16.6 per cent of them indicated that no new units were interested in approaching the banks for financial assistance, 16.7 per cent of them indicated that they lacked assurance for re-payment from cashew units and 16.6 per cent of them indicated that there was absence of credit from banks branches.
- Of all the bankers covered during field visits, 50 per cent of them said that they did not face any issue regarding recovery, whereas, 33.3 per cent of them indicated that they were facing problems in realization of properties and 16.7 per cent of them indicated that cashew processing units were not inclined to repay the VCA extended.

IMPACTS OF THE VCA SCHEME

- Due to round the year availability of raw cashews nuts both from domestic production or import, the working cycle of processing units is annual and creates year round employment in the region around it.
- Though the seasonal availability of raw cashew is not an issue, raw material prices sometimes go up affecting the viability of the processing units. However, it benefits farmers, as they get better price due to a level playing field of import price of raw cashew.
- The increase in price of RCNS was calculated to be 67 per cent (increase from Rs.9000 to Rs.16, 000 per quintal). The change in the price of raw cashew nuts impacted the price received by the farmers and subsequently their income too.
- Cashew processing units covered during the field study were mainly manual. It was observed that women were dominant in the labour force. The average number of women out of the average number of persons directly employed in processing units were 90 per cent (i.e. 52 of the 58 employees were women)
- In the case of cashew value chain, the integration was of farmers to the processors, wherein, the units purchased raw cashew nuts from the local growers. The farmers did not find any issue related to marketing of cashew as processors, were the end consumers for them and they could not do away without selling it or storing it. Hence, processors were an important link of the cashew value chain. Therefore, VCA though give to processors has ensured better realization to farmers for their produce indirectly.

Employment generation

The cashew processing is a labour intensive activity. It can be seen that on an average 58 permanent and 89 seasonal labour were engaged directly by a unit, The unit also resulted in indirect employment around it for 605 persons.

Success Story of VCA Unit-1

M/s. Malnad Cashews was established in the year 1995 in Kundapura Taluka in Udupi district of Karnataka. During 2017 the unit received grant of Rs.27.5 lakh from SFAC under VCA scheme for expansion of capacity. The present installed capacity of the unit was 12 MT/day and was operating at 80 per cent of its capacity. The operations in the unit were partially automatic and majority of them were manual

The assistance from SFAC acted as a supplementary source of fund enabling the promoters to expand unit. The units could make a difference in providing gainful employment to the local people and also increase its turnover. (increases). The unit is running in profit (gross profit of Rs.492.97 lakh for 2016-17). The processor directly procured raw cashew nuts from 150 farmers covering a cashew catchment area of approximately 500 acres. There were no formal contracts of the unit with the farmers as they had been supplying raw cashew nuts based on their years of good relation with the unit.

Farmers interviewed informed that they had ready market and got timely payment for their cashews after setting up of unit. The farmers also reported that the price realization was higher (67% increase in prices) and almost zero transportation cost as the unit is now located in the close proximity of plantations.

The unit employed as many as 150 labour directly round the year in various activities of shelling, cutting, sorting, grading and packing. Majority of labour (95%) employed were women. The unit also generated indirect employment to 1200 persons (transport agency, truck union/ drivers etc.).



Success Story of VCA Unit-2

M/s. Nandagokula Industries was established in the year 2012 in Kundapura Taluka in Udupi district of Karnataka. The present installed capacity of the unit was 1.4 MT/day and was operating at 78 per cent of its capacity. The operations in the unit were taken up both manually and automatically through machines.

The processing unit received an amount of Rs.7.84 lakh under the VCA scheme of SFAC in 2014. The assistance acted as a supplementary source of fund for establishment of the unit. The unit was set up recently, but has been able to scale an appreciable turnover of Rs.1524.83 lakh in 2016-17. The unit is running in profit with gross profit of Rs.196.83 lakh in 2016- 17.

The unit has helped around 12 farmers (covering a cashew catchment area of approximately 60 acres) by procuring their cashew nuts. Although there were no formal contracts of the unit with the farmers, the unit had good relations with the farmers and procured raw cashew on year to year basis.

Farmers were provided immediate payment for their produce. The price realization by the farmers was higher than what they received earlier. Since the unit picked the raw cashew from the field, the farmers also saved on transportation cost.



Success Story of FPO Unit

Valwill Sudesi Farmers Producer Company Ltd. (VSFPCL) was formed on 11.05.2016 at Andagalurgate, Rasipuram, Namakkal District, Tamil Nadu with the Mission of providing the benefits of Indian traditional food grains and herbals to all by value addition and make it a balanced nutrition. The FPC is focused on promoting the production of Minor Millets and Pulses. VSFPCL is supported by National Agro Foundation Chennai as Resource Institution. An amount of Rs.5.00 lakh has been sanctioned by SFAC Headquarter as project cost while another Rs.5.00 lakh they received as Equity from Tamil Nadu SFAC.

FPC has developed 79 value added products of Minor Millets and Pulses and selling the product in the brand name of "foodnet". So far the total turnover of the FPO is Rs.60.35 lakh. The efforts of the FPO resulted in the betterment of small farmers, especially in the empowerment of rural women farmers in that area. Women members have undergone training in value addition of the products and their economic and social status has improved after the inception of FPO.

The financial assistance from SFAC led to a win-win situation for their overall well-being. The FPO opened outlets for direct marketing and also distribution channels within and outside Namakkal district for their value added Minor Millet and Pulses products.

