

Documentation of Five FPOs Success Stories in Telangana State



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This research study was conducted by National Institute of Agricultural Extension Management (MANAGE), Hyderabad. The results and findings discussed in the report are based on the study undertaken in different districts of Telangana. The report will be helpful for the young entrepreneurs and stakeholders to understand the present scenario of FPC's.

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MESSAGE

The agriculture in India is dominated by small and marginal farmers, and addressing this issue is crucial. One solution is to aggregate these farmers to achieve economies of scale and lower transaction costs. This can be done through various forms of groups such as cooperatives, self-help groups, and farmer associations. However, past attempts to do so have had limited success. Additionally, it is important to link these farmers to input and output markets. Cooperatives were the first form of farmer aggregation, but they faced systemic issues and had limited success, mainly in the milk and sugarcane sectors. After recognizing the importance of aggregation and the shortcomings of cooperatives, various organizations, including government, private, and civil society, have attempted to aggregate farmers through different forms of groups, such as Agricultural Cooperatives, Self-Help Groups, Commodity Interest Groups, Grower Associations, and Farmer's Association. Despite these efforts, the success of these interventions has been limited.

The Farmers Producer Company (FPC) is a new model of aggregation that has recently emerged. Registered under the Companies Act of 1956, it acts as an effective Farmer Producer Organization (FPO) for aggregating farmers at the grassroots level. The goal of FPCs is to improve the production, productivity, and profitability of farmers, particularly small farmers, by organizing them into member-owned producer companies. The FPC model manages the entire supply chain, making it a unique and distinguished approach compared to other aggregation models.

Farmers Producer Companies (FPCs) offer a variety of benefits in comparison to other forms of farmer aggregation. They are democratically owned and run by a Board of Directors made up of farmers, with day-to-day operations managed by a CEO. FPCs focus on activities such as production, harvesting, processing, procurement, grading, pooling, handling, marketing, selling, and exporting of primary produce. They also share profits among members. Since 2002, when the Companies Act was announced and farmers groups were allowed to register as FPCs, around 9500 such groups have been registered in India. This book documents success stories of FPCs and analyzes factors that contribute to their success, to help other FPCs and policymakers make informed decisions



24.01.2023

(Dr. P Chandra Shekara)
Director General, MANAGE

PREFACE

The Indian agriculture sector has seen strong growth over the past three decades, with increased production of all agriculture and allied products. However, during this time, the per capita income of farmers has remained low, and the major constraint facing the sector is the diminishing size of landholdings. The majority of farmers in India are small and marginal, and these farmers face a number of issues, such as lack of economies of scale, limited access to information, and difficulty participating in price discovery mechanisms. To address these issues, it is necessary to aggregate small farmers into groups to allow for economies of scale. Government, private, and civil society organizations have attempted to link small farmers to input and output markets through initiatives such as Agricultural Cooperatives, Self-Help Groups, and Commodity Interest Groups, but these efforts have had limited success and are confined to certain regions.

In the recent past, a new model of aggregation called the Farmer Producer Company (FPC) has emerged as an effective tool for addressing the needs of farmers at the grassroots level. FPCs are registered under the Companies Act, 1956 and aim to increase the production, productivity, and profitability of small farmers. The main goal of FPCs is to mobilize farmers into memberowned companies that manage the entire supply chain, including post-harvest activities. This makes FPCs a unique and distinguished model compared to other forms of aggregation. Additionally, FPCs offer several benefits such as profit-sharing among members and memberprovided equity capital

In the past 20 years, approximately 9,500 Farmer Producer Companies (FPCs) have been established in the country. However, many of these FPCs have been found to be non-viable due to a lack of knowledge about regulations and insufficient capital. To improve the success rate of FPCs, it is necessary to investigate the factors that are limiting their success

This book documents success stories of Farmer Producer Companies (FPCs) across the Telangana district and analyses the factors that contributed to their success. The information presented in this book is intended to be useful for policymakers, academicians, and researchers



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Abstract

In the present state of play, Indian farmers are well potential to select agricultural inputs, farm equipment, marketing of agricultural produce, marketing intelligence, processing of farm produce into consumable products, etc. These mechanisms are achieved by the farmer's collective actions, co-operatives and farmers' organizations. According to the SFAC knowledge report the simple average turnover of the FPOs increased from barely INR 44 lakh per annum to over INR 118 lakh per annum, demonstrating an increase of over 168% in a span of barely 2 years of intervention. The concept of FPO is meek and also worthwhile for the context of Indian farmers.

In this report, the National Institute of Agricultural Extension Management (MANAGE) selected 5 farmer institutions to document the success story. The study deals with

the selection of various streams of institutions like Fish co-operatives, Milk producer companies, farmer producer companies handling with pulses, and marketing federations dealing in the forward linkage of FPOs and FPC federation having organic food supply chain.

The report provides an overview of the various initiatives undertaken by the FPCs and co-operatives to improve their agricultural production, as well as the efforts to ensure their financial sustainability. It also provides the details supported by the Telangana State government in terms of technical, financial and marketing assistance. The study reveals that the FPCs have achieved remarkable success in terms of increased farmer incomes, improved access to inputs and markets, and enhanced resilience of their agricultural production. The study throws light on stakeholders i.e., suppliers, customers and partners, present context, key institutions, institutional structures, business lines, supply chains, financial managements, issues and challenges and the way forward of the farmer institutions.

The report concludes that the initiatives taken by the FPCs in Telangana State have been successful, and suggests that similar models could be replicated in other States. In addition, the report provides useful insights for policymakers in terms of strengthening the existing FPCs and promoting their growth.

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Abbreviations

IBEF	India Brand Equity Foundation.
NPMA	National Project Management Agency
FPC	Farmers Producers Company
CSA	Centre for Sustainable Agriculture
ERP	Enterprise Resource Planning
TTD	Tirupati Tirumala Devasthanam
MANAGE	National Institute of Extension Agricultural Management
SERP	Society for Elimination of Rural Poverty
PMU	Project Management Unit
E-NAM	Electric-National Agriculture Market
CHC	Custom Hiring Centres
FPG	Farmers Producers Group
VLPC	Village Level Procurement Centre
<u>KMPCL</u>	<u>Karimnagar Milk Producers Company Limited.</u>
<u>MPI</u>	<u>Milk Producers Institutions</u>
<u>MCC</u>	<u>Milk Chilling Centres</u>
<u>BCU</u>	<u>Bulk Chilling Unit</u>
TRICOR	Tribes Cooperative Finance Corporation Ltd
IYP	International Year of Pulses
MMT	Million Metric Tons.
FAO	Food and Agriculture Organization
ST	Scheduled Tribes
NABARD	National Bank for Agriculture and Rural Development.

ICRISAT	International Crop Research Institute for Semi-Arid Tropics
NAFED	National Agricultural Co-Operative Marketing Federation
FCI	Food Corporation of India
TS MARKFED	Telangana State Marketing Federation
CEO	Chief Executive Officer
NFDB	National Fisheries Development Board
FISHCOPFED	National Federation of Fishermen's Cooperatives Ltd.
SSF	Small Scale Fisheries

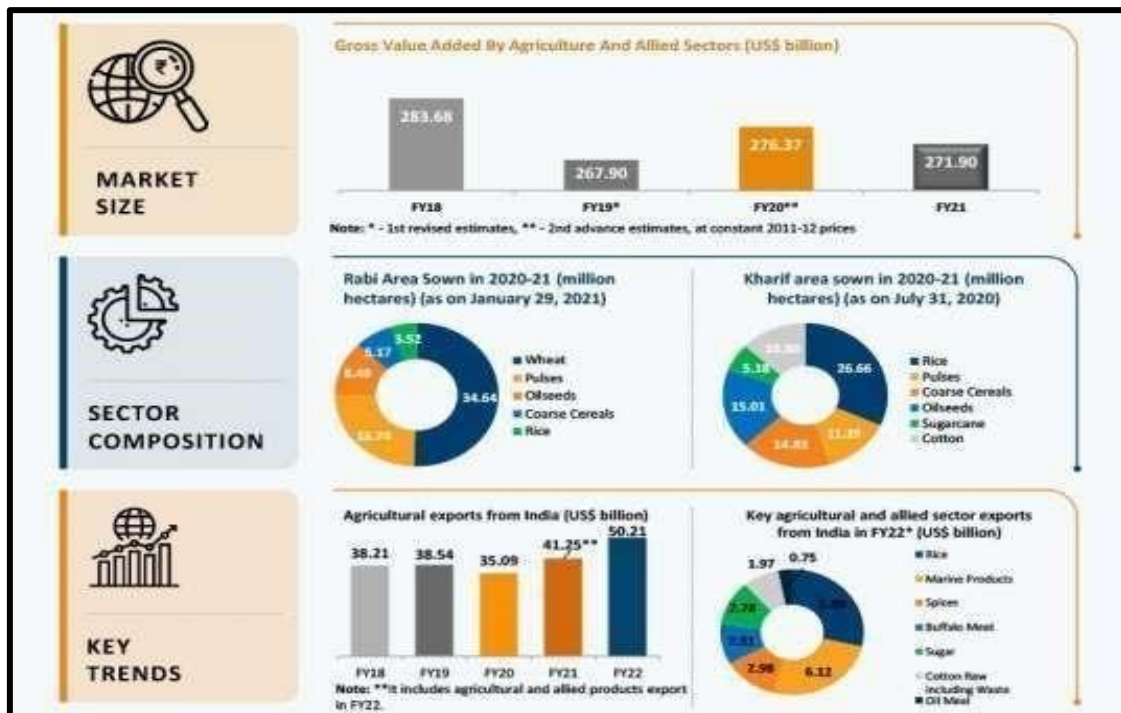
Chapter I Introduction

Documentation of success stories of five FPOs success stories in Telangana state.

Introduction

India is a dominant player in the global agriculture sector, and agriculture constitutes a primary source of income for over 58% of the Indian population. India has the biggest global livestock herd, the most land planted for wheat, rice, and cotton, and the world's greatest producer of milk, pulses, and spices. It ranks second in the production of fruits and vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton, and sugar. India's agriculture industry has the world's second-largest agricultural acreage, employing about half of the country's population. As a result, farmers become an essential component of the industry to provide us with food.

Following the pandemic-induced downturn, consumer expenditure in India will resume increase in 2021, increasing by up to 6.6%. The Indian food sector is primed for massive expansion, with its contribution to global food commerce growing year after year due to its enormous potential for value addition, notably in the food processing business. The Indian food processing sector accounts for 32% of the entire food market is one of India's major industries, and ranks fifth in terms of output, consumption, export, and anticipated growth (IBEF 2022).



Info-graphics representing the market size, crop cultivation in various seasons etc.

Why we need to promote Farmer Producer Organizations



According to a report, "The prediction of western economists that small farms will eventually cease to exist as big farmers will buy their land," did not come true in Asia. Due to the small scale of operation, small farmers do not get the advantage of scale. However, they can increase the productivity of their farm holdings if farm operations are carried out collectively. In the given circumstances the existence of higher proportion of small and marginal farmer is inevitable. The only way out is to make them viable by means of aggregation, eventually lending the higher scale.

Eminent experts in the sector opined that, India, a country of six lakh villages, needs at least one lakh FPOs to transform agriculture. Other Asian countries have used solutions suitable to them for dealing with the problem of small farms. Japan has the concept of parttime farmers, while, Thailand has used the contract farming model and China has adopted collective farming. In India, the concept of Cooperative was one of the pioneering forms available for the producers to organize themselves to move up in the supply chain by value addition and business ownership. No doubt, Cooperatives have helped Indian Agriculture to a greater extent, but the cooperative system in the country has been infected by several inadequacies (Sontakki, 2012).

Moreover, the model of cooperatives by and large has been successful only in the case of milk and sugarcane. In the meantime, several other aggregation models like FIGs, CIGs, SHGs, *etc.* were tried. But the success achieved was limited and confined to certain regions. In the recent past, the instrument of farmer producer organization, registered under the Companies Act 2013, is emerging as one of the most effective tools, of aggregation. These producer companies are designed in such a manner that they are professionally managed and can take care of the total supply chain in general and marketing problems in particular. A producer company is a corporate body registered as a producer company under the Companies Act,

1956, now 2013 (As amended in 2002). An amendment in Company's Act 2002 was done based on the recommendation of Prof. Y.K. Alagh Committee (1998) to add a corporate muscle to cooperatives so that it can bring effective management and good governance.

Farmer Producer Organization (FPOs) is a legal form of the company. These FPOs promoted by the farmers will be run by farmers and for the benefit of the farmers. Paid staff can be employed to assist in the management of the company. The share capital of Producer Company shall consist of equity shares contributed by members only and members' equity cannot be publicly traded but can be transferred. The profits generated from the business of the company would be shared among the farmer members-only in terms of dividends.

At present, across India, around 19500 FPOs, have been registered and are in operation. And many of them are paying attention to crop planning, technology infusion, input supply, and primary marketing and there is huge potential for these FPOs to leverage their presence further up the value chain of the agriculture commodities. Hence there is a need to reassess the necessity of FPOs because no other models can deal with the problem of small farmers. As of now, the success of FPOs depends to a large extent on the leadership they get. It is equally important to create an environment to attract people with leadership skills.



Status of FPO

The very first producer company registered in India was Farmers Honey Bee India Producer Company Ltd. In the first financial year after notification of the amendment, namely financial year (FY) 2004 (April 1, 2003 to March 31, 2004), a total of five producer companies were registered. In the first 10 years after notification of the act (FY 2004 through FY 2013), a total of only 445 companies were registered. The pace of registration accelerated during FY 2014, when 497 producer companies were registered, a number that exceeded all previous 10 years combined. This annotation jump in registration of FPOs is mainly due to allocation of Rs. 200 crore produce to NABARD for promotion of 2000 FPOs. Besides, SFAC from different schemes aggregation promoted FPOs during the same period. The number of

companies registered crossed 1,000 for the first time in FY 2016. In the most recent three financial years (FY 2017, FY 2018, FY 2019), 4,190 producer companies were registered, amounting to an average of almost four companies per day with one of the four being registered in Maharashtra. This massive jump in registrations in the recent years as observed in the MCA data coincides with various states and central government schemes. Most such schemes for the promotion and support of FPOs in general and FPCs in particular, came into effect in FY 2014, and FY 2015. There was an observable drop in producer company registrations in FY 2018, which appears to be correlated with the completion of the term of NABARD's PRODUCE program. Presently, more than 19000 FPOs (including FPCs) are in existence in the country, which were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD and other organizations over the last 10-12 years.

- ❖ The institution of FPOs being relatively new, efforts are being made by the government and policymakers for making it a viable option of aggregation compared to other models of aggregation. It is premature to talk about the viability and sustainability of FPOs.
- ❖ No doubt, the experience so far has shown limited success, the model envisaged is comprehensive with professional management, provision for sharing of profit, reduction in transaction cost and can perform all the activities of the supply chain in an organized manner.
- ❖ Against this backdrop, an attempt has been made in this book to ascertain the impact of these FPOs on the various success factors such as technology, innovations, inclusive development, governance and leadership, credit support, extension management, infrastructure status and market led initiatives of Farmer Producer Organizations.



What are the structure and functions of Farmer Producer Organizations?



Farmer Producer Organization (FPO) FPO is a generic name, which means and includes farmer-producers' organization incorporated/ registered either under Part IXA of Companies Act or under Co-operative Societies Act of the concerned States and formed for the purpose of leveraging collectives through economies of scale in production and marketing of agricultural and allied sector. However, FPOs registered under Cooperative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is called) for the purpose of this Scheme, is to be insulated from all kinds of interference including in election process and day today management through suitable provisioning in their Memorandum of Association and Bye-laws with a view to encourage healthy growth and development of FPO.

Broad Services and Activities to be undertaken by FPOs The FPOs may provide and undertake following relevant major services and activities for their development as may be necessary:-

- ❖ Supply quality production inputs like seed, fertilizer, pesticides and such other inputs at reasonably lower wholesale rates.
- ❖ Make available need based production and post-production machinery and equipment like cultivator, tiller, sprinkler set, combine harvester and such other machinery and equipment on custom hiring basis for members to reduce the per 2 unit production cost.
- ❖ Make available value addition like cleaning, assaying, sorting, grading, packing and also farm level processing facilities at user charge basis on reasonably cheaper rate. Storage and transportation facilities may also be made available.
- ❖ Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation etc.

- ❖ Undertake aggregation of smaller lots of farmer-members' produce; add value to make them more marketable.
- ❖ Facilitate market information about the produce for judicious decision in production and marketing.
- ❖ Facilitate logistics services such as storage, transportation, loading/un-loading etc. on shared cost basis.
- ❖ Market the aggregated produce with better negotiation strength to the buyers and in the marketing channels offering better and remunerative prices.

As stated earlier, FPOs in India are mainly promoted by the Government of India through two apex agencies viz., SFAC and NABARD. Besides, there are number of FPOs being promoted by non-government agencies and state Govt. agencies. However, there is no harmony among the models being implemented by these agencies for promotion of FPOs. For Example, NABARD is promoting several kinds of aggregation models such as cooperative groups, farmers clubs, Self- Help Groups and FPOs registered under companies Act. While, SFAC is promoting group of farmers consisting of 15-20 members at village level, which are federated at block/district level and the federation is registered as a producer company under the provisions of Companies Act, 2013. Extension agencies like ATMAs are promoting Common Interest Groups (CIGs) and Farmers Interest Groups formally registered under Department of Agriculture & Cooperation. In the light of the above facts, there is a need to analyze the details of modalities followed in promoting different models of FPOs by these agencies. In this regard, owing to their significant role in the promotion of FPOs, an attempt has been made in this section to compare and analyse different aspects of implementation of FPOs mainly by two main apex agencies i.e., SFAC and NABARD.

Table-1: A Comparative Statement of both the Models

Particular		
Approach	Bottom-up, based on the priorities of the government	Top down approach, based on its own plans
Scheme/Fund	Farmer Producer Organization Schemes	Producers Organization Development Fund
Funds availability	Don't have its own funds	Own funds

Mobilisation	15-20 group of FIG at village level and federated at central level	700-1000 member farmers /group
Member	Farmers ,Producer Institutions	Farmers, Producer Institutions
Focus	Agriculture and allied activities	Agriculture, allied sectors & off farm sector
Support for	Technical support, training, research, knowledge management, linkages for investment, technology, market and extension	Credit support, capacity building & market Intervention, technical, managerial and financial support
Institutional linkages	Linkage with institute like NCDC, FCI, NAFED, etc for being recognised as a partner for carrying out their activities like procurement	Linkage support with institutions like SEBI, Commodity exchanges, NRLM, e- NAM.
Institutional framework	Managed through head office with the help of RIs and consultants	Network of regional offices
Ground level coordination	By networking with resource institutes in the state	Through regional offices and district officers
Experience	No direct experience of organising farmers	Having experience of organising farmers at grass root through institutions like CIG, SFG, etc
Model	Two-tier approach, farmers group like commodity interest group become members of producer company	Individual farmer-producer may become the members of farmer organisation
Total funds per FPO	Rs 18 lakhs	Rs 5 lakhs
Support period	3 years	3 years
Extended support	Nil	2 years (Conditional)
Mode of support	<ul style="list-style-type: none"> • Support to Resource Institutes (RIs) • Matching grants • Credit guarantee 	<ul style="list-style-type: none"> • Loans (Soft Loans) • Grants (Equity Grants and Credit Guarantee Funds)
Salary of CEO	Rs 30000 / month	Rs 15000 / month (1st & 2nd Year) Decreases subsequently Rs.12000 / Rs 10000 / Rs 8000 per month in 3rd, 4th & 5th Year, respectively
Monitoring Framework	<input type="checkbox"/> SFAC is monitoring the project on behalf of DAC and the states and reporting on its progress	<input type="checkbox"/> Monitoring mechanism is absent
Formation of FPOs	<input type="checkbox"/> FIGs are federated in to registered FPC based on product-specific cluster/commercial crop cycles	<input type="checkbox"/> 700-1000 farmers in a cluster of 34 villages mobilized and formed in to FPO

Equity Grant Fund eligibility	<ul style="list-style-type: none"> • The number of its Individual Shareholders is not lower than 50 and paid up capital does not exceed Rs.30 lakhs • The amount sanctioned under this category can be availed twice subjected to a cap of 15 lakh per FPC. 	Lending to POs for contribution towards share capital on matching basis (1:1 ratio) to enable the PO to access higher credit from banks. This is a loan without collateral which will have to be repaid by the PO after specified time. The maximum amount of such assistance
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		is Rs. 25 lakh per PO with a cap of Rs. 25,000 per member.
Option for recall of the Equity grant amount from the FPC	<ul style="list-style-type: none"> • Failure to issue additional shares to members against the Equity Grant received by the FPC within 45 days of its receipt • Closure/Dissolution of FPC within three years of the receipt of the Equity Grant. • Instances of misuse / misappropriation of the Equity Grant (viz. use of funds for activity other than mentioned in Memorandum of Association/Articles of Association/ Business plan of the FPC) of the Equity Grant 	<input type="checkbox"/> No such provision
Credit Guarantee fund eligibility	<ul style="list-style-type: none"> • The number of its individual shareholders shall not be lower than 500 • Minimum 33 per cent of its shareholders should be small, marginal and landless tenant farmers • Maximum shareholding by any one member other than an Institutional member is not more than 5 per cent of total equity of the FPC. • Credit limit is up to maximum guarantee cover specified under the Scheme (to the extent of 85 per cent of the eligible sanctioned credit facility, or to Rs. 85 Lakh, whichever is lower.) • without collateral security/ third party guarantee 	<input type="checkbox"/> Credit support against collateral security for business operations. Also, credit support without collateral security for business operations to FPCs which are eligible under credit guarantee scheme of SFAC. Credit support is available for business activities and creation of assets like building, machinery, equipment, specially designed vehicles for transportation etc. and/or working capital requirements including administrative and other recurring costs connected with the project as 13 composite loan.
Provision for Project Development facility for administrative and operational expenses	<input type="checkbox"/> For development of DPRs, Equity Grant and credit guarantee applications	<input type="checkbox"/> No provision for project development fund

Provision for venture capital assistance in terms of soft loans	<ul style="list-style-type: none"> Investment for setting up of agribusiness ventures and preparation of DPRs Eligibility amount : 26 per cent of the promoter's equity or 50 lakhs In hilly areas & NE states: 40 per cent of the promoter's equity or 50 lakhs Proposed project value should be in the limit of 15 lakhs – 3 	<input type="checkbox"/> Investment support for Agribusiness venture is also based here
	crores	
Procurement agency	Pulses and oilseeds	Nil

Source: Compiled by MANAGE, GOI 2019

Policy framework and programmes supporting Farmer Producer Organizations i.

Government of India

In the guidelines of new 10,000 FPO promotion scheme, the following have been suggested:

- i. Formation and promotion of FPO is based on Produce Cluster Area, which is broadly defined as: "Produce Cluster area" for purpose of FPO formation and management herein means a geographical area wherein agricultural and allied produce such as horticulture produce of similar or of almost similar nature is grown / cultivated; therefore, an FPO can be formed for leveraging economies of scale in production and marketing. This will also cover Organic Produce and Natural Farming.
- ii. Produce cluster area is to be identified with the input of District Level Monitoring Committee (D-MC), State Level Consultative Committee (SLCC), other Ministries/Departments of Government of India and the States as well as with recommendations of Implementing Agencies with input from Cluster- Based Business Organization (CBBO) and suggestions of relevant Government of India Organizations.
- iii. FPO with a minimum farmer-members' size of 300 shall be eligible under the scheme in plains, while in North-Eastern and Hilly areas* (including such other areas of UTs), size of 100 shall be eligible. Farmer-members cohesively located with almost same interest are to be mobilized to form a group of 15-20 Members, calling the group as Farmer Interest Group (FIG) or Self Help Group (SHG), Farmers Club (FC), Joint Liability Group (JLG), Rythu Mitra Group. Such 20 or more groups from a produce cluster area or a village/ cluster of neighboring villages based on certain commonalities are to be put together to form an FPO with a minimum farmermembers size of 300 to

be eligible under this scheme in plains while in Hilly and North Eastern regions, 7-8 are to be put together to form an FPO with a minimum farmer-members size of 100. It may provide special focus to include small, marginal and women farmers/women SHGs, SC/ST farmers and other economically weaker categories etc. as members to make FPOs more effective and inclusive. * - Hilly area means area at a height of 1000 metre or above MSL

iv. The FPOs can federate at district level and State level based on their need of processing, branding and marketing of produce/trading of commodities, which are essential for scaling up for survivability and growth in an era of competition. 4 Based on their need, success and product, they can federate at the National level also to promote packaging/branding and domestic/international trading of quality produce. Such Federation may avail advisory of National Project Management Agency (NPMA) as well as will be eligible for Credit Guarantee facility under the Scheme to strengthen their activities relating to setting up of infrastructure and supply chain for value addition and marketing.

v. While adopting cluster-based approach for produce or produce mix, formation of

FPOs will also focus on “One District One Product” approach for development of product specialization, in case the focused agriculture produce has been declared for that district, whereby FPOs will be encouraged for promoting processing, branding, marketing and export of the product for better value realization. There may be more than one cluster for one product in one district and a cluster also may extend beyond a district. However, to be an FPO economically sustainable and diversify risk & enhance returns, the FPO will also have additional product and service mix; so that there are enough activities and engagements with the members throughout the year. Furthermore, FPOs can federate at district level, State level & National level for the product identified as per their requirement of processing, branding and marketing. vi. Efforts will be made to prioritize formation of FPOs in aspirational districts through intense awareness programmes and making FPOs economically sustainable through adequate support, handholding, training & skill development. However, intensive efforts will be made to form & promote at least 15% of the total targeted 10,000 FPOs (i.e. 1,500 FPOs) in next 5 years in aspirational districts with at least one FPO in each block of aspirational districts of the country for their development. In order to promote the forest and minor forest produce by the tribal communities, intensive efforts will be made by the implementing agencies to prioritize formation and promotion of

FPOs in the notified tribal areas in the country. The benefits of quality input, technology, credit and value addition and processing as well as better market access should reach the tribal community and North-East Region through the Scheme in co-operation with Tribal Affairs Ministry, DONER and North Eastern Council (NEC).

vii. Existing FPOs will also be allowed to avail relevant benefits, if not earlier availed in any scheme of Government of India, such as Credit Guarantee Fund and advisory services from National Project Management Agency (NPMA) under the 5 Scheme. The FPOs which are already registered but have not been provided funds under any other schemes and have not yet started operation will also be covered under the Scheme.

Budgetary provisions

The scheme on formation and promotion of 10,000 FPOs is to be implemented till 2023-24 with budgetary support of Rs. 4496.00 crore. Since financial support excepting management cost is to be extended for five years, therefore, FPOs formed will be required to be financially supported till 2027-28, with the additional committed liability for period from 2024-25 till 2027-28 of Rs. 2369.00 crore say Rs. 2370.00 crore. Thus, the total budgetary requirement up to 2027-28 would be Rs. 6866.00 crore. The budget requirement is to be met from overall allocations of DAC&FW.

FPO Management Cost

Under the scheme, financial support to Farmer Producer Organization (FPO) @ up to maximum of Rs. 18 lakh / FPO or actual, whichever is lesser is to be provided during three years from the year of formation. The financial support is not meant for reimbursing the entire administrative and management cost of FPO but it is to provide the financial support to the FPOs to the extent provided to make them sustainable and economically viable. Hence, the fourth year onwards of formation, the FPO has to manage their financial support from their own business activities. The indicative financial support broadly covers (i) the support for salary of its CEO/Manager (maximum up to Rs.25000/month) and Accountant (maximum up to Rs. 10000/month); (ii) one time registration cost(one time up to maximum Rs. 40000 or actual whichever is lower); (iii) office rent (maximum up to Rs. 48,000/year); (iv) utility charges (electricity and telephone charges of office of FPO maximum up to Rs. 12000/year); (v) one-time cost for minor equipment (including furniture and fixture maximum up to Rs. 20,000); (vi) travel and meeting cost (maximum up to Rs.18,000/year); and (vii) misc. (cleaning, stationery etc. maximum up to Rs. 12,000/year). Any expenditure

of operations, management, working capital requirement and infrastructure development etc., over and above this, will be met by the FPOs from their financial resources.

Under the scheme, financial support towards salary of CEO/Manager up to @ Rs. 25,000/- per month and of Accountant up to @ Rs.10,000/- per month with annual increment up to 5% is to be provided from the earmarked financial support for first 3 years only. Thereafter, FPOs will manage from their own resources to pay the salary of CEO/Manager and Accountant. In order to create interest of good professional activities of CEO/Accountant, the FPO may also offer higher payment with their own sources of funds on above of Govt. support. One CEO will provide full time services to one FPO at a time only. It will be duty and responsibility of respective Board of Directors (BoDs) and CBBO that quality of services is rendered by CEO for developing the business for sustainability of the FPO.

One time registration cost: Under the scheme, the registration cost of incorporating FPOs under Companies Act. or registering under Co-operative Societies Act. will be reimbursable up to a limit of Rs. 40,000/- or actual, whichever is less; and remaining, if any, will be borne by respective FPO.

Provision for Equity Grant

Producer members' own equity supplemented by a matching Equity Grant from Government, which is required to strengthen financial base of FPOs and help them to get credit from financial institutions for their projects and working capital requirements for business development. Equity Grant shall be in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO. This Equity Grant is not in the form of government participation in equity, but only as a matching grant to the FPOs as farmer members' equity. Therefore, Rs.1,500 crore with DAC&FW is proposed in the scheme to cover all the 10,000 FPOs, if maximum permissible equity is contributed to all 10,000 FPOs

Chapter II Review of Literature

Review of Literature

For decades, small-holder farmers have formed the foundation of agricultural production, particularly in developing countries like India. Of the country's agricultural holdings, 85% are two hectares or smaller, with 66% of them being less than one hectare. These small and marginal farmers make up the largest group of cultivators in Indian agriculture (Singh 2012).

In order to bring about socio-economic empowerment of women facing the challenges of cultural and legal discrimination, it is essential to create an enabling ecosystem in the state. This will involve establishing own organisations and generating income and providing livelihood for the rural poor and youth. Additionally, certain commodities must be identified for providing necessary support systems for the entire production value chain. Experiences in India and other parts of the world show that farmer's institutions that are membership-based, financially robust, adopt a business model and are well-integrated with technology, research, markets, banks and other infrastructure facilities can provide immense economic benefits to its members. Such collective action goes beyond the aggregation of outputs and involves scaling operations in the business and market realms. Therefore, it is essential to develop innovative institutions to support farmers in this transformation.

Producer companies, also known as Farmer Producer Organizations (FPCs), are a type of cooperative organization formed by small and marginal farmers to collectively increase their bargaining power and access to inputs, extension services, credit, insurance, and markets. These companies are registered under the Companies Act, 2013 and offer many benefits to the farmers, such as increased access to resources, improved market linkages, and improved access to credit and risk mitigation. NABARD, with its mission of promoting equitable and sustainable agricultural and rural prosperity, has been exploring various approaches to support and enable small farmers to negotiate the market by providing policy, credit and institutional interventions. NABARD, in collaboration with SFAC, has been working towards providing support to the formation of FPCs and increasing their access to credit and insurance. NABARD's FPC scheme provides financial assistance in the form of grants and loans to farmer producer companies, for activities such as capacity building, setting up of infrastructure, and technology up gradation. Additionally, NABARD has been providing technical assistance to the FPCs for developing business plans and financial models, and also providing support for marketing activities (Bachke 2009).

The government will support initiatives that facilitate the formation of Farmer Producer Organizations (FPCs) and cooperatives. These will be provided with necessary legal, technical and financial support to enable them to improve their access to markets, inputs and credit. FPCs and cooperatives will also be encouraged to engage in other activities such as agro-processing, value addition, market linkages and access to quality inputs. Additionally, they will be provided with access to credit, training, capacity building and other resources to enable them to become financially and operationally self-sustaining.[Agarwal 2010].

Chapter III SUCCESS STORIES OF FPOs

Case Study 1: Sahaja Aharam Producer Company (FPCs-Marketing)



1. Background of the study

Farmers' Producer Organisations (FPCs), particularly those which are owned by farmers, are faced with the risk of production and market sides. To tackle these risks, FPCs can change their production and marketing behaviours, promote sustainable farming practices, and sell quality inputs to farmers. Through pooling resources and marketing the aggregated farmer produce to buyers, sometimes after some processing, FPCs are able to achieve some scale and higher prices. However, FPCs in India are small organisations unlike the cooperatives of the West, and thus need to engage with the ecosystem stakeholders for meeting various demands of capacity, capital, market access etc. To gain negotiating power to transact with the stakeholders, FPCs can form apex federations or consortia through second-order collectivisation. These consortia, which are horizontally aggregated collectives that build capabilities through vertical integration both on the production side and marketing side, build the resilience of shareholding cooperatives, thus nurturing the capabilities of the farming communities. (Abhishek, 2022)

2. Introduction

Sahaja Aharam Producer Company Limited is a federation of 23 organic farmerproducer organizations located in Andhra Pradesh, Telangana, and Maharashtra. Through their end-to-end supply chain, sourced from 100% certified organic farms and processed in exclusive certified organic processing facilities, the company aggregates farm harvests, sorts and grades them, and moves them to their organic food hubs. There they process,

pack, and supply them to their distribution hubs, which in turn deliver them to retail stores and end consumer groups.

The company was incorporated on 26 November 2014 and is registered with the Registrar of Companies, Hyderabad. Its authorized share capital is Rs. 25,00,000, and its paid-up capital is Rs. 17,55,000. It is involved in agricultural and animal husbandry services, except for veterinary activities.

2.1. Company Details

CIN	U01403TG2014PTC096547
Company Name	SAHAJA AHARAM PRODUCER COMPANY LIMITED
Company Status	Active
RoC	RoC-Hyderabad
Registration Number	96547
Company Category	Company limited by Shares
Company Sub Category	Non-govt company
Class of Company	Private
Date of Incorporation	26 November 2014
Age of Company	8 years
Activities	Agricultural and animal husbandry service activities, except veterinary activities. This class includes specialized activities, on a fee or contract basis, mostly performed on the farm.

2.2. Capitals

Authorised Capital	₹2,500,000
Paid up capital	₹1,755,000

3. History of FPC

Sahaja Aharam FPC all began in 2009, when a group of consumers in Hyderabad, then part of unified Andhra Pradesh, established a cooperative society to source chemical-free produce directly from farmers. This cooperative society was guided by the Centre for Sustainable Agriculture (CSA), a Hyderabad-based research non-profit, and over a period of time, it was able to rope in a few farmers and began to sell the Agri-produce through a farmer-run retail store in Secunderabad and mobile retail vans that travelled to urban areas. As more and more organic farmers joined the cooperative society, what started as a consumer initiative became a farmers' group.

In 2013, when the government floated the concept of farmer producer organisation (FPC) to aggregate the collection of products and create market links for better prices under the Companies Act of 2013, CSA and the cooperative society saw this as an opportunity. Establishing an FPC also helps gain financial support from the government. Thus, in 2014, all the farmers' groups under the cooperative society registered themselves as organic FPCs, and the society at the helm as Sahaja Aharam Producer Company Limited, a unique "federation" of organic FPCs

4. Stakeholders of the FPC

The FPC is being aided by CSA with technical support, including forming connections with the private sector, drafting Memorandums of Association (MOAs) and Articles of Association (AOAs), and satisfying legal requirements. In the year of Telangana's emergence from Andhra Pradesh, Sahaja Aharam remained a unified federation, inclusive of FPCs from both states. Now, 23 organic FPCs with over 9,000 farmers from 180 villages are part of the federation, located in the southern plateau and hills of Andhra Pradesh as well as the north, central, and southern parts of Telangana. These farmers cultivate paddy, cereals, oilseeds, pulses, fruits, vegetables, and spices. To become a member of the federation, FPCs are required to purchase equity. A board of five directors, along with the heads of the FPCs and CSA support, administers the operations of the federation.

According to Ashutosh and Binod (2022) to foster interactions between producers, social and business transactions, and resource convergence, the formation of FPCs at every level is recommended. These FPCs should be given the opportunity to take part in decision-making, gradually gaining a sense of ownership and solidarity. Additionally, Block-level FPC Federations for value addition and District-level FPC Federations for marketing/exports can be developed to connect the FPCs to consumers within the district, as well as in the state, national, and global markets.



FPC Chairman Sri Ramanjaneyalu and CEO Prasanna in CSA

5. Shareholders of FPC.

The Farmers' cooperatives are spread in Andhra Pradesh (Districts of Ananthapur, Kadapa, Kurnool, Vijayanagaram, Visakhapatnam and Srikakulam); in Telangana (Districts of Jangoan, Yadadri, Siddipet, Adilabad) and Maharashtra (Districts of Wardha and Yavatmal). The produce is aggregated, stored, processed and packed at four hubs Dorli, Wardha Dist, Maharashtra, Kallem, Jangoan Dist, Telangana, Naguladinne, Kurnool dist and Bhoddam, Vijayanagaram dist, Andhra Pradesh. The following entities are associated with the FPC:

S. No.	Companies and co-operatives associated with the FPC
1	Sahaja Food Consumers Vegetable & Marketing Mutually Aided Co-Op Society.
2	Sri GayathryMahilaRythula Mutually Aided Co-Op Society Limited
3	Adarsha Marketing Mutually Aided Co-Op Society
4	Sevalal Sendriya Prakruthi Vyavasaya Utpatidarula Sahaya Sahakara Sangam
5	Enabavi Sendriya Rythula Paraspara Sahayaka Sahakara Parimitha Sangam Ltd
6	Haritha Sendriya Rythula Paraspara Sahaya Sahakara Processing Sangam Ltd
7	Punnami Sendriya Farmers Mutually Aided Co-Op Society Ltd
8	Bommala Ramaram Organic Farmers Mutually Aided Co-Op Ltd
9	Palabavi Organic Framers Mutually Aided Co-Op Society Ltd
10	Thungabhadra Sendriya Vithana Rythula Paraspara Sahayaka Sahakara Parimitha Sangham
11	Agri-Production Mutually Aided Co-Op Society Ltd
12	Sri Bhagya Laxmi Mahila Mutually Aided Co-Op Society Ltd
13	Suraksha Producer Company

6. Supply chain management of organic produce by FPC

- ❖ Primarily the FPC forecast the total requirement of vegetables and other products in advance of the specific season and month.

- ❖ The respective FPCs produce the required commodities within the requisite period. The procurement officer executes the quality checking in the respective location.
- ❖ The commodities are transported to the FPC's warehouse where quality testing, cleaning, primary processing, grading, branding, packing and storing are performed.
- ❖ In the next step according to the demand and requirement, the commodities are dispersed to outlets and shops.
- ❖ The products can be availed by consumers in outlets, online websites and mobile vehicles.
- ❖ Consumers quote that they are satisfied with the reasonable price and quality produces.
- ❖ The FPC also offers to consumers to order groceries through the WhatsApp mobile app. It created Whatsapp groups in the region of every outlet. The consumer who belongs to the catchment area of the outlets and is willing to join the group can be let in by the respective store managers. If any suggestions and requirements regarding products, enquiries and demands can proceed in the common group.

7. Marketing is the key to success.

- ❖ To ensure and promote organic farming, Sahaja Aharam provides training to farmers on organic production techniques, certification and marketing. It also works to strengthen the supply chain, including logistics, storage, packaging, and other services, for organic produce. Furthermore, it strives to bridge the gap between farmers and consumers by facilitating direct marketing of organic produce and creating awareness about the importance of organic produce and the benefits of organic farming.
- ❖ The federation not only encourages and assists farmers to get organic certification but also offers training in the cultivation of specific crops, weeds, pest and disease management, preparation of organic and biological inputs, as well as poultry and livestock farming.
- ❖ The federation also works to ensure that its members gain access to the latest technology to help them in their agricultural pursuits. It encourages the use of organic and natural inputs, as well as new methods of production. In addition, it provides consultations and advice to its FPCs on how to increase their yields and profits. Furthermore, it works to find markets and buyers for their produce. Finally, the federation works to educate its members on the benefits of regenerative agriculture and how it can help them in the long term.
- ❖ The Federation offers a wide selection of raw and processed products, including food items, cosmetics, and other non-food items. 45% of the product range is made up of organic fruits and vegetables.

- ❖ First, the farmers must receive at least 50% of the price over the cost of cultivation, and potentially up to 12-15% more than the local market price or 50% of the average price in the previous year, whichever is the greatest.
- ❖ Second, to stay competitive, the prices set by the federation are only 15-20% higher than those of conventional produce but lower than some other organic players, especially for pulses, groundnut oil, and spices. 15% of this price goes to the federation's operations.
- ❖ For sales, the federation has expanded the retail stores. It now has two stores in Secunderabad and one each in Hyderabad and Visakhapatnam. Stores in Hyderabad and Secunderabad sell online as well. Their vans still operate in Hyderabad.
- ❖ Sahaja Aharam has seen a significant rise in its turnover in recent years, from Rs 90.3 lakh in 2018-19 to Rs 2.61 crore in 2021-22. The company sells a variety of unlabelled produce in bulk to 110 aggregators, with 55% of their sales coming from these bulk aggregators, 43% from retail stores and 2% from online sales.

8. Sahaja Aharam: An organic Supply chain in Hyderabad

- ❖ The federation encourages farmers to cultivate a range of traditional and new crops, taking into account factors such as water requirements, pest resistance, yield, and market preferences. It also promotes knowledge exchange and peer learning.
- ❖ To improve agricultural production, the Sahaja Aharam Foundation has introduced several innovative initiatives. It has developed a mobile application called e-Krishi Pestoscope, which provides real-time data on pest infestation in crops to farmers. It has also set up surveillance centres in villages and provides weather predictions from the India Meteorological Department and various state governments. Furthermore, in 2018, the Foundation implemented an Enterprise Resource Planning (ERP) tool developed by CSA to manage production, finances, warehousing, sales, and data analysis.
- ❖ To create more livelihood opportunities and diversify incomes, the federation has established six “food hubs” across the districts of Andhra Pradesh and Telangana. These hubs are used for storage and processing. Additionally, the federation is expanding its product range to include ready-to-eat meals and other non-food items.
- ❖ The federation offers instruction in hand-holding assistance, storage, handling, and marketing; however, similar to other Farmer Producer Organizations (FPCs) in the nation, it is confronted with difficulties such as a lack of skilled personnel and inadequate financial aid. Overcoming these obstacles will enable it to flourish.

In the views of Prasad *et al.*, (2020) the FPCs should aggregate the farm produce/output and search for bulk buyers instead of selling to a local intermediary so that the farmer members will receive a better price. Branding is also a key factor to get better prices for the produce. Where applicable, the produce of the FPC's member farmers should be branded, packaged, and sold to bulk buyers, instead of selling as a commodity. To equip the FPCs' CEOs and board members with the necessary skills, they should be trained in the areas of branding, packaging, and digital marketing. Each FPC should have a website that displays the details of its members, the crops they produce, the varieties grown, the approximate quantity of inputs required, the time of input required, the expected quantity of production and the time of production. This information will attract both input companies and bulk output buyers to the FPC, thereby resulting in cost savings on input purchases and better prices for the produce of the member farmers.

9. Financial Management

The average annual turnover of SAPCL is Rs 3 crore and all the cooperatives and their federation put together about Rs 50 crore. The respective year's financial details are as below:

Financial years	Total assets in Rs.	Total revenue in Rs.	Total expenses in Rs.	Profit and loss in Rs.	Long-term loan in Rs.
2018-2019	1,25,79,519	1,14,10,463	1,10,28,003	85,311	40,99,745
2019-2020	1,31,42,088	1,06,24,159	1,42,83,405	35,73,936	55,50,266
2020-2021	1,16,03,592	1,67,04,625	2,04,46,215	73,15,526	68,54,493

10. Total assets available in the FPC

Sl. No.	Assets
1	Solar Dryer Tray
2	Bag closure
3	Electronic Platform scale
4	Table Fan
5	Moisture Meter
6	Packaging Machine
7	Air Fryer
8	Continuous Band Sealing
9	Crates & Freeze
10	Demo Tent without print
11	Electronic Table top scale
12	Flour Machine
13	Hand Sealing Machine
14	Induction Wad Sealing

15	Iron Rakes
16	Label Printer
17	Noodles Machine
18	Refractory Meter
19	Vegetable Shed
20	Weighing Machine
21	Vegetable Stand
22	Machine
23	Mobile
24	Tally Software
25	Computer & Accessories and Printers

12. Product list of the FPC

The FPC possesses more than 200 products in various product segmentation. Each product is certified as organic and the FPC is certified under ISO 9001: 2015 for the quality management standards for the Production, Manufacturing, Processing and Retail trade of food products and agricultural inputs. The major products in the FPC are as below:

Category	Products
Cereals	Paddy, wheat, maize,
Millets	Korra, ragi, jowar, bajra
Pulses	Red gram, green gram, soybean, black gram, Bengal gram
Spices	Chillies, turmeric, coriander, ginger
Oilseeds	Groundnut, sesame, safflower, sunflower, linseed
Fruits	Lemon, oranges, mosambi, papaya, banana, mango, pomegranate
Vegetables	Onion, tomato, brinjal, cluster bean, bhendi, ridge gourd, leafy vegetables
Herbals	Lemon grass, parsley, sage, thyme, flax seeds, nanari juice, stevia, amrutha sanjeevini, tripala churnam...
Sweeteners	Khandsari-sugar, jaggery, jaggery powder, palm jaggery, palm jaggery candy, wild honey.
Beauty and personal care	Soaps, Shampoo Powder, Bath Powder
Processed foods	Millets condiments, laddus, Chikkis, healthy mix, pickles, sambar powders, and other ready-to-serve foods.
Seeds	Paddy, cotton, red gram, soya, Bengal gram, vegetables, flowers...

GRAIN	
White Wheat - 1kg	75.00
White Rice - 1kg	75.00
Semi - Polished Rice - 1kg	80.00
BPT Brown Rice - 1kg	80.00
Telangana Sona (RNR) White Rice - 1kg	80.00
Telangana Sona (RNR) Semi Polished Rice - 1kg	85.00
Navara Rice - 1kg	110.00
Rasamathi White Rice - 1kg	100.00
Kalabati Black Rice - 1kg	220.00
MILLET	
Bajra Whole - 1kg	60.00
Barnyard Millet - 1kg	125.00
Foxtail Millet Rice - 1kg	120.00
Kodo Millet - 1kg	130.00
Proso Millet - 1kg	120.00
Ragi Whole - 1kg	70.00
White Jowar - 1kg	80.00
Yellow Jowar - 1kg	80.00
Browntop Millet - 1kg	200.00
Litch Millet Rice - 1kg	130.00
DAAL	
Channa Dal - 1kg	100.00
Channa Whole - 1kg	120.00
Cowpea - 1kg	150.00
Horse Gram - 1kg	150.00
Kabuli Channa - 1kg	150.00
Moong Dal - 1kg	150.00
Moong Dal Chikka - 1kg	170.00
Moong Whole - 1kg	150.00
Soyabean - 500gms	65.00
Urad Chikka - 1kg	150.00
Urad Dal - 1kg	150.00
Urad Whole - 1kg	140.00
Masoor Dal - 1kg	150.00
Pajma Rasamuri - 1kg	180.00
Soyabean - 1kg	120.00
Taar Dal - 1kg	100.00
SPICE	
Alvain - 100gms	60.00
Black Pepper - 50gms	60.00
Cardamom - 25gms	140.00
Cherries - 200gms	50.00
Cherries Powder - 100gms	40.00
Khus Khus - 50gms	60.00
Mustard - 100gms	25.00
Red Chillies - 200gms	75.00
Rock Salt - 1kg	100.00
Tamarind - 500gms	100.00
Turmeric Powder - 250gms	100.00
Chilli Powder - 500gms	240.00
Cinnamon - 50gms	75.00
Cloves - 100gms	300.00
Dhanya - 100gms	25.00
Jeera - 200gms	140.00
Jeera Powder - 100gms	80.00
Mustard - 200gms	60.00
Rock Crystal Salt - 1kg	110.00
OIL/SEED	
Groundnut - 1kg	200.00
Sesame Seeds - 200gms	100.00
Flax Seeds - 100gms	25.00
Flax Seeds - 250gms	60.00
OIL	
Groundnut Oil - 1L	350.00
Safflower Oil - 1L	425.00
Sesame Oil - 1L	440.00
Sunflower Oil - 1L	350.00
Cosmos Oil - 500ml	350.00
HERBS	
Amla - 100gms	150.00
Ashwaganda Churnam - 100gms	120.00
Bhavani Amla - 100gms	12.00
Dry Ginger Powder - 250gms	45.00
Gar Oil - 40ml	70.00
Eucalyptus Oil - 10ml	70.00
Herbal Tooth Powder - 100gms	90.00
Hibiscus Flower Powder - 100gms	110.00
Machurashini Churnam - 100gms	120.00
Nigundi Telam - 100ml	120.00
Sarawati Churnam - 100gms	120.00
Skin Oil - 50ml	70.00
Triphala Churnam - 100gms	120.00
Triphala Churnam - 100gms	70.00
Bhavani Ghee - 10gms	12.00
Bhavani Karakkaya - 10gms	12.00
CONDIMENT	
Harney - 1kg	400.00
Jaggery Blocks - 1kg	140.00
Jaggery Powder - 1kg	140.00
Palm Jaggery - 200gms	120.00
Sugar - 1kg	110.00
PERSONAL CARE PRODUCTS	
Soaps (Aloevera, Jasmine, Lavender, Lemon, Neem Tulsi, Orange, Rose, Sandal, Turmeric)	45.00
Bhringaraj Hair Oil - 100ml	140.00
Bhringaraj Leaf Powder - 100gms	75.00
Citronella Oil - 10ml	75.00
Crack Cream - 50gms	75.00
Herbal Bath Powder - 250gms	80.00
Herbal Shampoo Powder - 200gms	80.00
Lemongrass Oil - 10ml	150.00
Mozzilo Apsara	170.00
Soaps - 500gms	45.00
HOUSEHOLD	
Crack Spice Powder - 100gms	80.00
Garlic Spice Powder - 100gms	80.00
Kandi Spice Powder - 100gms	45.00
Bittergourd Spice Powder - 100gms	80.00
Curry Leaves Spice Powder - 100gms	80.00
Ulwacharu Powder - 100gms	50.00
Sambar Powder - 100gms	80.00
Rasam Powder - 100gms	80.00
Ragi Rait - 200gms	55.00
Flaxseed Malt - 100gms	60.00
Ragi Flaxseed Laddu - 100gms	50.00
Groundnut Laddu - 100gms	50.00
Nuvvula Chikki - 100gms	70.00
Mixed Fruit Bar - 100gms	80.00
Mango Pickle - 100gms	40.00
Mango Pickle - 200gms	75.00
Lemon Pickle - 100gms	40.00
Lemon Pickle - 200gms	75.00
Gongura Pickle - 100gms	40.00
Gongura Pickle - 200gms	75.00
Ginger Pickle - 100gms	40.00
Ginger Pickle - 200gms	75.00
Bhavani Jeera - 100gms	10.00
Bhavani Ginger - 100gms	10.00
Bhavani Karakkaya - 10gms	12.00
Bhavani Amla - 10gms	10.00
FLOUR	
White Jowar Flour - 500gms	50.00
Yellow Jowar Flour - 500gms	50.00
Wheat Flour - 1kg	80.00
Ragi Flour - 1kg	95.00
Ragi Flour - 500gms	50.00
Bengalgram Flour - 500gms	90.00
Baire Flour - 500gms	40.00
RAVVA	
Yellow Jowar Ravva - 500gms	50.00
White Jowar Ravva - 500gms	50.00
Wheat Ravva - 1kg	85.00
Wheat Ravva - 500gms	45.00
VEGETABLES	
Tomato, Brinjal, Ona (Bendi), Lemons, Green Chillies, Bittergourd, Ridgegourd, Bottlegourd, Cucumber, Tindaora (Donda), Cluster Beans, Drumsticks, Leafy Vegetables...	
CROPS	
Paddy, Cotton, Redgram, Soya, Bengal gram, Vegetables, Flowers...	

Fig.1: Products brocher of FPC



Fig. 1: Preparation of ready-to-serve food in the FPC outlet

13. Quality Management of organic products by FPC

- ❖ Sahaja Aharam follows rigid management systems to ensure the quality and traceability of the product from the production, and processing to the sale point.

- ❖ The FPC encloses 500 farmers who are under certified in organic production for over 8 years. The Scope Certificate no. ORG/SC/1310/001394. This will be renewed every year. The certificate covers 500 farmers cultivating over 580.780 Hectares.
- ❖ Participatory Guarantee System: Centre for Sustainable Agriculture is one of the Regional Councils for PGS India approved by the National Centre for Organic Farming (NCOF), we got the approval for all the states in India. We have certified farmers with us 7500+ farmers in 4 states (Andhra Pradesh, Telangana, Maharashtra and Tamil Nadu).
- ❖ ISO 9001:2015 Sahaja Aharam Producer Company is certified under ISO 9001: 2015 for the quality management standards for the Production, Manufacturing, Processing and Retail trade of food products and agricultural inputs

14. Mobile vehicle service

- ❖ This is the first service offered by an FPC to provide service to consumers to supply organic groceries to their doorstep.
- ❖ The mobile vehicle is one of the special attractions of this FPC, which is established in the year 2010. It covers 3 locations during the vegetable day. Wednesday and Saturday are considered vegetable days. These are the days when fresh organic vegetables are obtained directly from the other FPCs.
- ❖ On Wednesdays, the vehicle covers Sainikpuri and Kompally. In which the customers are preferred to wait for the arrival of the vehicle, for a load of organic and fresh vegetables. Approx. two tons of vegetables are sold alone on that day.
- ❖ On Saturdays, the vehicle arrives at the National Institute of Agricultural Extension Management. (MANAGE) Rajendranagar. The institute permitted the vehicle to sell vegetables on the campus with the objective to encourage the practices executed by newly emerging FPCs.

15. Achievements of FPC

- ❖ In 2021 the FPC connected 1000 farmers to Tirupati Tirumala Devasthanam(TTD) where the farmers supply fresh vegetables, rice, chickpea, besan flour, red gram, and other organic groceries for the preparation of prasadam in the temple. In the future the FPC is supplying 12 -15 produces approx. of 30 tons to TTD with the help of 20,000 farmers.
- ❖ Supplying fresh and organic vegetables in 3 outlets in Hyderabad, where the FPC achieved Rs 40,000 in a single vegetable day from a single outlet.

- ❖ Mobile vehicle is one of the admired services by the FPC which covers multiple locations like Sainikpur, Kompally, and the National Institute of Agricultural Extension Management (MANAGE) in the city.
- ❖ The FPC is executing organic supply chain management of vegetables and other agriculture produce in its whole process where there is no contamination of other commodities into it.
- ❖ The chairman of the FPC Sri Ramjaneyalu is selected as a guest in the television premier show “ Satyameva Jayate” anchored by actor Amir khan.



16. Awards of FPC

- ❖ The Sahaja Aharam Producer Company won the “Transformative Cities Award” in 2021/22
- ❖ Sahaja Aharam Producer Company won a special jury award for connecting farmers directly to consumers in Jaivik India awards -2022.
- ❖ The FPC’s chairman Sri Ramanjaneyalu selected as a guest in the television show Satyameva Jayate with Amir Khan.

17. What stakeholders say about FPC

BABUSAAB, A FARMER SAYS “IN PAST DECADES WE SUFFERED A LOT IN THE MARKETING OF ORGANIC PRODUCES. NOW A DAY WE ARE NOT FEARED OF MARKETING. SAHAJA AHARAM FPC IS ASSISTING US IN THE MARKETING OF ORGANIC AGRICULTURAL PRODUCE EVERY WEEK THE COMPANY BUYS 1- 2 TONS OF ORGANIC VEGETABLES AT A REASONABLE COST. WE ARE SURVIVING BY VEGETABLE CULTIVATION WHERE I AM HAPPY THAT A PART OF PESTICIDE FREES FOOD PRODUCTION”.

N SUNIL CEO OF SURAKSHA FPC “THE FPC DEMANDS APPROX. 1-2 TONS OF VEGETABLES EVERY WEEK. WE DO THE GRADING OF VEGETABLES HERE ITSELF; WE MAINTAIN SANITATION AND NO

CHEMICALS DURING CROP PRODUCTION. HE CONTINUES “WE ALSO SUPPLY FOR ZEPTO (A RECENT START-UP) BUT COMPARED TO THAT WE GET A GOOD PRICE AND EARLY CREDIT BY THIS FPC” .

PRASANNA CEO OF THE COMPANY CLEARS “WE TAKE CARE OF EVERY STAGE OF THE PROCESS OF THE SUPPLY CHAIN OF ORGANIC PRODUCE LIKE HARVESTING, PROCUREMENT, TRANSPORTATION, STORAGE, AND PROCESSING, TO AVOID MALFUNCTIONS AND ADULTERATION WITH OTHER PRODUCE.

MOREOVER, THE FARMERS ARE OBTAINING GOOD PRICES FOR THEIR PRODUCES”

“FOR THE PAST 3 YEARS, I AM PURCHASING GROCERIES FROM THIS OUTLET, WHENEVER I AM FREE I PURCHASE IN THE OUTLETS. OR ELSE I ORDER ONLINE AND I CAN GET DELIVERY DIRECTLY TO MY HOME. PRODUCTS ARE IN GOOD QUALITY AND ALSO MY CHILDREN'S FAVOURITES ARE MILLET MURUKUL AND GUAVA FRUITS” **S SRAVANI, A CUSTOMER SHARES VIEWS ON THE FPC.**

R PEDANNA ORGANIC FARMER ADMITS THAT “LAST YEAR THE FPC CONNECTED US TO TIRUPATI DEVALAM TO SUPPLY PULSES AND BESAN FLOUR. IMMEDIATELY WE GOT MONEY FOR THE PRODUCTS.

THE HELPING HAND OF THE FPC PLAYS IMPORTANT ROLE IN OUR DAILY LIVES”.

18. Issues and Challenges

- ❖ Government acts and law influence the FCs and FPCs because of taxation. GST and corporate taxes are incurred on the companies which are dealing with the upliftment of Farmer's produce and forward linkage to the farmers. The modification and concessions of separate taxing to the companies act as a helping hand.
- ❖ Fluctuations in vegetable prices during the season affect the demand for the organic commodities of the FPC.
- ❖ Handling organic vegetables and Agri-commodities from farm to fork requires more resources and responsibilities.

19. Way forward

- ❖ The FPC is planning to export organic commodities to other countries. It is achieved in the next few years
- ❖ To extend the organic supply chain and functioning territory throughout the state and nation.

Sahaja Aharam FPC at a glance	
Incorporation year	2014
CEO	1
Chairman	1
Board of directors	5
Women directors	1
No. of shareholders	20
Authorized capital	25,00,000
Paid up capital	17,55,000
Turnover (in crores)	2.61
Physical stores	4
Mobile vehicle	1
Subordinate/shareholder FPCs	23
warehouse	1
Districts covered	11
No of the villages covered	180
Beneficiary farmers	9,000
Certified farmers	10,000
Total products	150
Retail consumers	4000
Average annual turnover	3,00,00,000

Photo gallery.



Fig1: organic farm fields.



Fig.2: Harvested organic farm produce



Fig.3: Arrival of vegetables at the FPC



Fig 3: Grading and labeling of vegetables at the FPC level



Fig. 4: Packaging of vegetables in the FPC



Fig. 5: the cleaning process of organic products Fig. 6: Selling of organic vegetables outlets,



Fig. 7: The process of packaging in the warehouse of FPC



Fig. 8: The FPC's outlet in Tarnaka with a wide variety of products



Fig 9: the FPC's mobile vehicle in the MANAGE campus.

Case study 2: Be’Nishan Farmers Producers Company. (Horticulture)



1. Introduction

Be'nishan Farmer Producer Company (FPC) is a state-level federation of farmer collectives in Telangana that procures processes and markets fruits and vegetables produced by its member collectives. Established in September 2019, the organization has 56 Farmer Producer Companies (FPCs) with around 1,09 lakh small and marginal farmers, working in 21 districts. It operates as a Marketing Umbrella Organisation for SERP, Telangana.

Be'nishan facilitates market-linked production and incentivizes quality production, providing alternative marketing avenues at the farm gate that offer fair, market-linked prices for all fruits and vegetables produced by the member farmers. It has helped in creating and capturing value across the supply chain, delivering incremental income to the producers by procuring directly from farmers and removing agents and traders in between. The organization has helped farmers adopt the best package of practices and improve their yield in both quantity and quality. It also provides a platform to buyers, retailers and processors, allowing them to procure the state's horticulture produce directly from farmers. With a turnover of INR. 40 crores in 2021-22, Be'nishan has proven to be a best practice that is easily replicable in other geographies.

2. Context

In the year 2016, the Society for Elimination of Rural Poverty (SERP), Telangana formed Farmer Producer Organisations (FPOs) under World Bank supported Telangana Rural Inclusive Growth Project (TRIGP) for the upliftment of farmers by bringing them

together. In two years of project tenure, SERP realized that these FPOs had their unique challenges, and issues and needed professional management to run them smoothly. But it was difficult for each small FPO, with a membership of around 2000 farmers, to be able to afford professional experts. Also, individual FPOs were not able to fulfil the demands of the big markets while small markets (block and district level markets) were not able to consume full produce from these FPOs. Armed with these and many more learnings from different experiments, SERP decided to bring all FPOs under one federation.

Be’Nishan Farmers Producers Company (FPC) registered under the Companies Act, of 1956, was founded in September 2019. Its purpose is to provide small and marginal farmers in Telangana with a fair and efficient avenue to sell their agricultural and horticultural produce, thus creating an institutionalized platform for the Agri and horticulture supply chain.

3. FPC’s shareholders

The Be’nishan Federation currently consists of 56 (46 FPCs/ 10 Cooperatives FPOs) from 28 districts, 404 manuals, and 3072 villages, covering 6967 FPGs and 1.09 lakh members (small and marginal farmers who are also SHG members). Telangana's different districts have climatic conditions suitable for a variety of agricultural and horticultural crops, such as millets in Mahabubnagar, K. Asifabad and Adilabad; pulses in Vikarabad, Narayanpet and Jangaon; spices in Khammam, Warangal (R), Bhadrakoti, Bhadrakoti, Jangaon, Nizamabad and Jagityal; oil seeds in Wanaparthy, Narayanpet and Jagityal; fruits in Nagarkurnool, Vikarabad and Sangareddy; and vegetables in Siddipet, Vikarabad and Rangareddy districts. These crops are procured by the Federation and sold in local and larger markets, depending on demand and supply.

4. Stakeholders and Partners

SERP is handholding Be’nishan by providing technical support such as facilitating linkages with the private sector, preparing Memorandum of Association (MOA) and Articles of Association (AOA) etc. and helping in meeting legal compliances to district level FPCs, other than technical and legal support, SERP is also providing financial support.

Initially, 8 FPCs got INR 50 lakhs each for 3 years, out of which INR 25 lakhs were sanctioned and disbursed to these FPCs for infrastructure development against the business plan and the remaining INR 25 lakhs were given as working capital for

Be'nishan for its day-to-day activities. These INR 25 lakhs were given to Be'nishan against the share purchase in the Federation by FPC. Each shareholder holds 6 shares, costing INR 500 per share. While Be'nishan focuses on post-harvest / marketing practices, Supplier FPCs focus on best practices around production like following a staggered production plan and maintaining quality aspects etc.

Be'nishan has a huge storage space in the middle of Hyderabad city from the Marketing Department. Department also supports market intelligence and figuring out market prices through its networks. Telangana state has a PMU for market intelligence and this unit works alongside Be'nishan for market information, Price forecasting, Market tie-ups E-NAM. As the FPC deals with only farmer produce, the E-NAM Platform is used to understand the forecast of the Market.

District Collectors engage Horticulture Department to provide training and dissemination of Best Package of Practices to local farmers helping them grow better quality produce. The agriculture department has issued input licenses to district FPCs and Custom Hiring Centres (CHCs) were set up with their support.

5. Customers of Be'Nishan.

Various market players from diverse categories are purchasing from Be'nishan. They have their quality specifications and ask for a specific quality of the material. Be'nishan sorts aggregated products according to the requirement provided and the remaining product is marked as B-grade and is picked up by local agents who sell them in local shops/societies etc. These market players can be broadly divided into three categories:

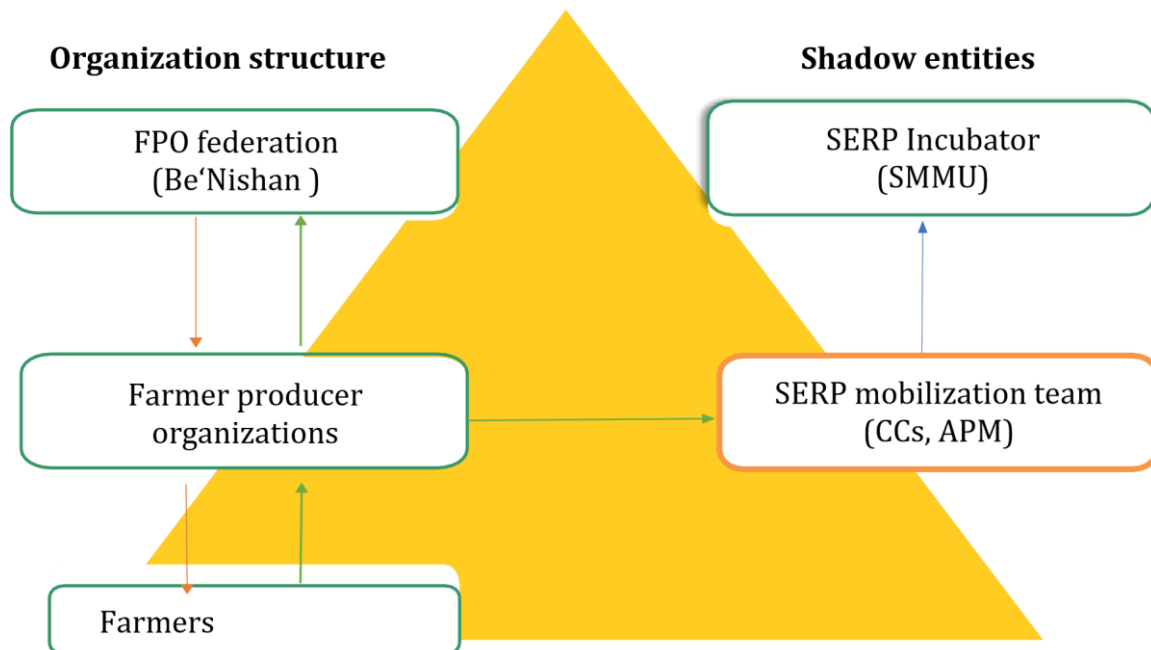
- **Modern Retail traders (MRTs)** - Reliance, Walmart, Big Basket, Metro cash & carry, Way cool, More, Prism, Scoops, Udaan, Ratnadeep etc
- **Agro-processing industries** - Plant Lipids, Yellow & Greens etc.
- **E-commerce platforms**- Zomato, Swiggy, Flipkart, Ninjakart etc.

Dealing with Be'nishan is advantageous for these market vendors because of quality produce and huge quantity availability. Also, Be'nishan supplies fresh produce to its customers as they procure commodities only when they receive demand from the market. Unlike regular traders who store and then wait for prices to go high for selling, Be'nishan does not have a mandate of storing and selling later. Sensing the benefits, vendors have now started entering a Memorandum of understanding (MoU) with Be'nishan, committing to quantity and payment terms. Recently, Plant Lipids entered one such MoU. Here, apart

from providing farm gate prices to farmers, they paid service charges to Be'nishan too (In FY 21-22, for a business of 40 crores, facilitation charges of Rs. 9.6 lakhs were paid to Be'nishan) making it beneficial to both sides.



Institutional Structure of Be'nishan FPC



Key interventions of Be'nishan

5.1. Production Systems

Be'nishan was established to act as an umbrella marketing organisation for districtlevel FPCs/FPOs but slowly systems have evolved to support farmers during production too.

Be'nishan educates supplier FPCs on different pre-harvest aspects like quality and timely supply of seeds and fertilizers, training farmers in best package Of practices etc. It has also established incubation teams for monitoring production systems at the village level. Districtlevel FPCs establish input centres for quality assurance and timely supply of inputs to farmers. They also collaborate with the horticulture department for imparting training. Each member farmer has been provided with a booklet. This booklet contains details of farmers, land, the area under cultivation, sowing data and harvesting dates as per the production plan. The booklet alerts farmers on the dates they must bring the produce to VLPC. Production plan variance is also recorded in this Booklet. The booklet also gives details of the quantity sold to Village Level Procurement Centres (VLPC) and the next harvesting date

Supplier FPCs in collaboration with Be'nishan are planning to shift towards less water-intensive but high-value crops. In alignment with State Government policies, they are increasingly focusing on commercial food crops and value-added products. With help from Be'nishan, they can deduce which crop variety is more in demand and FPCs advise their farmers to grow that variety guaranteeing the sale of their produce, e.g., Plant Lipids want Teja variety of red chillies in huge quantities while the Kiran variety of musk melon was a hot cake last year.

5.2. Post-Harvest and Marketing Systems

Be'nishan helped Supplier FPCs to establish Village Level Procurement Centers (VLPCs). VLPCs are equipped with scientific handling infrastructure e.g., *hornets*, digital scales and grading tables etc. VLPC receives Procurement requirements and buying prices for different commodities in the morning from Be'nishan's Procurement Manager. Farmers bring their produce to VLPC during the day and the VLPC manager after checking quality and quantity decides on the price (based on the quality of it). The farmer receives payment within 48 hours. Since no middlemen are involved in buying and selling these commodities, the farmer is shielded from losses occurring due to weight loss, high commission, and deductions by traders as '*choot*' (*Weight will be deducted from farmer produce* From here produce is sent

to a distribution centre where it is properly packed and labelled with VLPC name, quantity, date of procurement, name, and grade of the commodity. An ERP system developed by CSA is being used to manage procurement information for all commodities and maintain transparency throughout. An FPO management app is also being used for transparent and efficient FPO management.

- ❖ Since FPGs cannot hold aggregated raw material for the whole season for want of capital and other associated issues of capacities, FPO/FPC (to which the FPG is attached) holds all the commodity and whenever they get an indent from Be'nishan, they process and then deliver to the buyer.
- ❖ Be'nishan plans to bring all its products under one brand umbrella in future. TSFPS is helping Be'nishan in the branding of its products by bringing in one agency. They also plan to sell these on Swiggy, Zomato etc. under Be'nishan branding.

5.3. Processing aspects

Primary Grading is being done at VLPC (e.g., custard apple grading and sorting) and secondary processing (e.g., extraction of custard apple pulp) is done at the FPC level. These processing units were set up by Be'nishan. Be'nishan has installed one De-seeder machine, one Blaster and two Freezers for the job. Mandal Samakhya buildings were converted into godowns and processing units in a few locations. In some places, District administration has also provided space for setting up processing and storage infrastructure. Different commodities which are processed by Be'nishan are Custard apple (pulp is extracted), Chilli (powder), Pulses (processing), Millet (processing), and Oil seeds (oil extracted e.g., Kusuma Oil).

For vegetables, the sale of raw produce is economically more viable. Dehydrated vegetables as an enterprise have not been explored till now since the federation cannot lift the quantum required to create a respectable size of dehydrated vegetables. So, vegetables are generally procured and then sold after primary sorting and grading.



Be'nishan has FSSAI certified ripening process in place for commodities which require ripening after procurement. Multilayer polypropylene packaging is used for packing the product for longer shelf life. Sometimes buyers ask for customized packaging too, e.g., Ninja Cart demanded special 5kg net covers for Onion. Similarly, Mango was also sought by another buyer in 5kg boxes which Vikarabad FPC and Nagarkurnool FPCs fulfilled with help from Be'nishan.

5.4. Capacity Building

Be'nishan has facilitated training for FPG members on aggregation, cleaning, sorting, grading, packaging, branding, and labelling of produce. These pieces of training are arranged by the market players who wish to buy the products with customized packaging and labelling.

District-level FPCs also collaborate with the horticulture department for capacity building of member farmers in pre-harvest practices. Some of the training and visits are undertaken are:

- ❖ 1000 farmers were given training on the best package of practices for vegetables by horticulture officers through 80 village-level pieces of training.
- ❖ As part of capacity-building exercises, 30 FPG leaders were taken to the Centre of Excellence (COE) for training on vegetable nursery growing techniques.

- ❖ 12 Board of Directors of Be'nishan and 8 FPC Assistant Project Managers were taken for an exposure visit to Sahyadri Farmer Producer Company for 2 days to make them understand the functioning of a large-scale FPC.

6. Profile of Suppliers of FPCs

S.No.	Name of the Supplier FPC	Taluka, District	Major Commodities	No. of associated FPC	Total Storage space (MT)
1	Akshaya FPCL -WGL	Chennaraopet, Warangal-R	Watermelon, Mango, Vegetables	1	10
2	Anantagiri Farmer Producer Company Limited-VKBD	Mominpet, Vikarabad	Vegetables, Mango	1	5
3	Bathukamma FPONGKLY,	Peddakothapall, Nagarkurnool	Mango	1	5
4	Bethalaswamy WFPC, Medak	Regode, Medak	Onion	1	5
5	Chivemla FPCL-SRPT	Chivemla, Suryapet	Vegetables, Mango,	1	5
6	Dhanalaxmi Rebbena FPCL-ASFD	Rebbena, Asifabad	Coccinea, Bitter gourd, Parwal	1	5
7	Gandeed FPC, Mahabubnagar	Gandeed, Mahbubnagar	Millets	1	5
8	Godavari FPO - MNCHRL	Mancherial	Mango	1	5
9	Gubbala Mangamma Thalli WFPC-Vemsur	Vemsoor, Khammam	watermelon, Mango	1	5
10	Gudihatnoor FPCL-ADB	Gudihatnoor	Watermelon, Soyabean, Broad beans	1	5
11	Kisan Mahila FPCL-JNGV	Janagoan	Sweet Potato, Mango, Chilli	1	5

12	Konijerla Adarsha FPC, Khammam	Konijerla, Khammam	Chilli, pulses	1	5
13	Kowdipally FPCL-MDK	Kowdipally, Medak	F&V	1	5
S.No.	Name of the Supplier FPC	Taluka, District	Major Commodities	No. of associated FPC	Total Storage space (MT)
14	Madhira WFPC	Madhira, Khammam	Chilli, pulses	1	5
15	Narayanpet FPO-NRPT	Narayanpet	F&V, Custard apple	1	5
16	Nelatalli FPC - SGR	Kohir, Sangareddy	Pulses, F&V	1	5
17	Palamuru FPCL	Mahaboobnagar	F&V, Mango	1	5
18	Santhosha Women FPCLSDPT	Jagdevpur, Siddipet	F&V	1	5
19	Siri Vennela-FPC- KHM	Khammam	F&V, Mango, Chilli	1	5
20	Sree Bheemeshwara FPO - Kamareddy	Tadwai, Kamareddy	Maize, Soyabean	1	5
21	Sree Ramalingeshwara Siri Dhanyala FPCL-VKBD	Kulkacherla, Vikarabad	Millets, Mango	1	5
22	Sri Dharani FPO-JGTL	Jagtial	Mango	1	5
23	Vaana FPO-Wanaparthy	Wanaparthy	Mango, F&V	1	5
24	Veldanda Women FPC - Veldanda	Veldanda, Nagarkurnool	F&V, Mango	1	5

7. Business Lines of FPO

Crops handled by FPO	Season of the crop (Kharif / Rabi / Summer)	Number of FPO members involved			The area under crop cultivation (in acres) by the members involved			Total Production of the crop (in quintals)		
		Y1	Y2	Y3	Y1	Y2	Y3	Y1	Y2	Y3

Fruits & vegetable	Kharif, Rabi & Summer	1785	2971	3163	5355	9655.7	10279.75	214200	1158684	1027900
Pulses & Millets	Kharif & Rabi	0	0	5	0	0	11	--	--	22835
Spices	Kharif & Rabi	115	458	1116	345	1467	2275	7536	9402	11250
<i>Y1-2019-20; Y2-2020-21; Y3-2021-22</i>										
Crops handled by FPO	Season of the crop (Kharif / Rabi / Summer)	Total sale of crops through FPO (in quintals)			Total sale value (in INR lakhs)					
Fruits & vegetable	Kharif, Rabi & Summer	Y1	Y2	Y3	Y1	Y2	Y3			
		115200	882190	583700	134	299.7	266.3			
Pulses & Millets	Kharif & Rabi	0	0	2337	0	0	14.1			
Spices	Kharif & Rabi	0	0	214800	0	0	3910			
<i>Y1-2019-20; Y2-2020-21; Y3-2021-22</i>										

In the first year of its incorporation, Be'nishan dealt only in fruits and vegetables and 1785 FPO members with 5355 acres of the area under cultivation sold their produce through Be'nishan resulting in a total sale value of INR 134 lakhs. With a successful stint in the first year, more members started joining the operations and gradually 2971 FPO members (with an area of 9655.7 acres under cultivation) and 3163 members (area under cultivation – 10279.7 acres) sold their produce to Be'nishan in the year 2020-21 and year 2021-22 respectively making about 223% increase in total sale values of fruits and vegetables at Be'nishan in the second year itself. With the year 2021-22, Be'nishan also started aggregating and selling Pulses and Spices along with a few processed products like Custard Apple Pulp etc., thereby benefitting a larger number of farmers.

Though supplier FPOs deal in a variety of crops, Be'nishan right now is not handling all of them. Below is the table showing commodities Be'nishan deals in and their quantum in quintals:

Summary of Revenue & Expenditure status of FPO

In 2019-20 around 1785 members are involved in best practices such as the usage of pheromone traps, Shade nets, Usage of Minimal pesticides etc, The turnover of these members produce is around 135.5Lakhs, Similarly, the expenditure incurred for capacity building, Field Demonstration is around Rs 1.5lakhs, For 20-21 the members increased to 2789 members, Turnover contributed by them is 322.2 Lakhs, Expenditure incurred for them is 1.9Lakhs,

Similarly, for 21-22 no of members increased to 3568 and turnover contributed by them is 4002 Lakhs, Expenditure incurred is 2.4Lakhs.

8. Financial Management of the best practice

SERP under NRLM granted INR. 50 lakhs to 8 FPOs/FPCs initially and INR. 25 lakhs out of these went to Be'nishan from each FPO/FPC as equity contribution. To date, 6 FPOs have shared the money with Be'nishan bringing its total capital to INR. 1.5 crore. This money is used for day-to-day operations including salaries, legal compliances as well as setting up infrastructure for storage, primary and secondary processing and purchase of fruits and vegetables. A total turnover of INR. 1.34 crores in FY 2019-20 have increased to INR. 40.02 crores in FY 2021-22 indicating long strides.

S.No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22
1	Turnover (in INR lakhs)	135.5	322.2	4002
2	Active Number of Supplier FPCs	11	13	23
3	No. of Commodities handled	35	39	42
4	Procured Quantity (MT)	1217	1934	2678.8
5	Cost of Procurement (in INR lakhs)	130	301	3885
6	Cost towards payment of salaries (in INR lakhs)	17.7	19.8	8.7
7	Cost of creating infrastructure (in INR lakhs)	10.2	12.9	0.2
8	Ripening Charges (in INR lakhs)	0	9.6	8.5
9	Operations cost (in INR lakhs)	9.7	13.1	13.5
10	Cost towards Legal Compliances (in INR lakhs)	3.9	0.4	0.5
11	Other Costs (in INR lakhs)	4.1	3.7	0.3
12	Profits before Tax, Dept.	0	0	85.3

Increase in income at farmer level attributed to the best practice

Be'nishan started its operations with 1785 farmers actively involved in selling and by the year 2021-22, the number of member farmers increased by more than 200%.

Be'nishan's incorporation in 2019-20 resulted in an average increase of 12% in farmers' income which increased to 21% in the year 2021-22.

The key reasons for this increase in income are:

- ❖ Bulk selling of produce by Be'nishan ensured better prices for the member Farmers.
- ❖ Farm gate /VLPC procurement led to convenience for the farmer saving her logistics and commission cost & risk of not being able to sell at the market yard.
- ❖ Price is announced a day prior so the farmer can decide upon the time of harvest. This ensures fresh produce delivery to customers and fresh produce commands good prices.

- ❖ Be'nishan provided sales assurance throughout the year giving farmer confidence in assured sales and thus increased income.
- ❖ FPCs are earning facilitation charges which vary from commodity to commodity, buyer to buyer. This money is also passed on to member farmers by these FPCs after keeping some percentage for their consumption. Whatever profit is earned by FPCs/FPOs, flows back to member farmers, thus providing them with additional income.

9. Output and Outcome

The establishment of Be'nishan has mobilized small and marginal women farmers into FPGs/ FPOs/FPCs and eventually into Federation FPC. This has enhanced not only their income levels but also boosted their confidence and social standing. Farmers have benefitted by ensuring market link-ups for produce throughout the year and it has given a push to the adoption of new crop varieties as well as new technologies in cultivation, harvesting and postharvesting. It can be easily said that farmers have got initiated market-driven production.

Be'nishan has institutionalised tie-ups with MRTs, Startups, Wholesale markets, APMCs, B2B and B2C markets. This ensures a consistent supply of good quality fruits and vegetables to vendors, thus benefitting them also in the process. With aggregation, lots of costs are saved on logistics and commission etc. and due to bulk selling; they can negotiate on prices, thus ensuring better pricing. Also, since Be'nishan takes care of pricing, farmers are shielded from daily market price fluctuations.

10. Issues and challenges

Though the Federation of FPOs has proved to be a best practice in a short span of 3 years, there are still a few issues and challenges faced by the Federation on regular basis:

- ❖ Some of the Board Members are not interested in Be'nishan's administration/running; all they are worried about is their FPO. This causes a misbalance in administration and board meetings since they ignore the greater good in search of individual benefit.
- ❖ In situations where farmers expect better prices for their produce while the vendor is firm and not increasing his quoted price, it becomes difficult for Be'nishan officials to negotiate and settle on a mutually acceptable price.
- ❖ Maintaining quality is a farmer's job but since Be'nishan is facing that deals with vendors, it cannot shun the responsibility. While farmers want the whole of their produce to be sold regardless of its quality, Be'nishan sorts and sells the quality products to vendors and then

arranges to sell the remaining lower-quality products to other players. Needless to say that this is challenging.

- ❖ Be'nishan pays farmers within 48 hours of receiving their produce but many times payments due to them are delayed. This causes inadequate cash in hand situation for Be'nishan and makes operations difficult. Care is needed while making payment terms with vendors so that they can receive timely payments.
- ❖ Though farmers' income has increased, Be'nishan and district FPOs/FPCs are still not making a profit as revenue generation streams are still inadequate while expenses are plenty. So, it is a hand-to-mouth situation for them till now. Once the farmer brings produce to VLPC, their responsibility is over, Be'nishan's staff takes care of transportation and all other logistics for the produce aggregated. This is a major expenditure which Federations bears and is a major reason for no profits
- ❖ It is difficult to employ and retain qualified manpower since they have long working hours and generally, nobody wishes to be working in small towns/cities.
- ❖ Since most of the products are easily perishable, there is always a risk associated with product deliveries.

11. Way Forward

- ❖ Be'nishan wants to maintain operations throughout the year with more turnover by adding more commodities to its basket based on market demand. Establishing decentralized processing centres is another plan currently in progress at the Federation.
- ❖ Another focus area is strengthening production areas to maintain the quality of their produce. These products will be brought under one brand name and sold under that name on all platforms. Supplier FPCs (district FPCs) will focus on quality aspects by helping farmers adopt the best package of practices.

Be'nishan FPC at a glance

S.No.	Area of Information	Response
1.	Year of formation	2019
2.	Number women Shareholders	15205
3.	Number of Producer Groups (PG)	926
4.	Number of farmers involved in best practice either by way of selling Agri produce or by purchasing Agri inputs from the FPO	10526

5.	Number of (BoD)	12
6.	Number of Expert Directors	3
7.	Number of shares a shareholder holds	06
8.	Price of each share in INR	500
9.	Authorized Share	1,50,00,000
10.	Paid up share capital	1,50,00,000
11.	Turnover (in crores)	40.6
12.	Number of collection (aggregation) centres	38
13.	Total Collection capacity of the collection (aggregation) centres in mt	380



Fig. 1: Visit to Society for Elimination of Rural Poverty



Fig. 2: Onion at the Field level.



Fig. 3: Grading and Packaging of onion.



Fig. 4: Farmers involved in the packaging of the onion.



Fig. 5: Transportation and storage of onion by the FPC

Address

Be'Nishan Farmers Producers Company. (Horticulture)
Plot No E65 E66, Municipal No 301, Shantinilaya Apartments,
Madhuranagar Bowenpally-500038

**Case study: 3 Karimnagar milk Producers Company limited, Karimnagar.
(Dairy farm)**



1. Introduction

Livestock farming is a livelihood source for millions of small, marginal and landless farmers in India. These farmers face numerous challenges in livestock feeding, poor animal health care, weak extension services, poor credit mechanisms and improper milk marketing. Many of these challenges can be solved by organizing farmers into collective action. Cooperatives as means to collectivize dairy farming have made a huge success.

Cooperatives are successors of producer companies. Both organizations are owned and controlled by members, who have the right to vote on decisions that affect the organization. Producer organisations are a hybrid model of cooperatives, which are managed by a Board of Directors and owned by the farmers themselves. They provide access to resources, technology, collective marketing of produce, credit, and other services to farmers, which are usually not available to them as individuals. These organizations enable farmers to increase their bargaining power, reduce costs, and access high-value markets. They also help to bridge the gap between farmers and the formal economy by providing them access to institutional finance and business linkages.

Milk producer companies as a hybrid of dairy farm co-operatives and business companies are an emerging concept. Experiences of many milk producer companies suggest that members benefit from improved delivery of input mechanisms and also have better access to milk marketing. Milk producers can receive quality inputs at lower prices, the provision of artificial insemination and veterinary services improves, extension advisory services are more

regular and milk marketing improves considerably. The empirical reviews on the functioning and operations of milk producer companies are lacking in the Indian context. The present article would be useful for grass root dairy farm development organizations to orient their activities in this direction. (Milk Producer Companies in India: A Review)

Indian milk cooperatives are organizations of milk producers that work together to ensure that producers receive remunerative prices for their milk and to provide a market for the sale of their milk. These cooperatives are typically organized and managed by the farmers themselves and are funded by the state governments and other sources ex: AMUL, Nandini, etc. Milk producer companies are companies established by milk producers to process, market, and distribute their milk. They are generally established as private, limited liability companies and are owned and operated by the milk producers themselves. These companies are responsible for collecting milk from the producers, processing it, and selling it to customers. They also provide access to technological resources and other services to their members. Both milk cooperatives and milk producer companies play an important role in promoting the dairy farm industry in India, providing higher remunerative prices to producers, and improving access to quality milk for consumers.

States-owned cooperative players in India	
1	Andhra Pradesh - Vijaya
2	Assam - Purabi
3	Bihar - Sudha
4	Chattisgarh - Devbhog
5	Delhi - Mother Dairy farm
6	Goa-Goa Dairy farm
7	Gujarat - Amul
8	Haryana - Vita
9	Himachal Pradesh - Him
10	Jammu & Kashmir - Snowcap
11	Jharkhand - Medha
12	Karnataka - Nandini
13	Kerala - Milma
14	Madhya Pradesh - Sanchi
15	Maharashtra - Mahanand, Gokul, Warana, Krishna, Koyna, Devgiri Mahanand, Kisan, Nandan, Vasant, Godavari, Dudh Pandhari, Rajhans, Katraj, Shivamrut.
16	Mizoram- Mulco
17	Nagaland - Kevi
18	Odisha - Omfed
19	Pondicherry - Ponlait
20	Punjab - Verka
21	Rajasthan - Saras
22	Sikkim-Sikkimilk
23	Tamil Nadu - Aavin

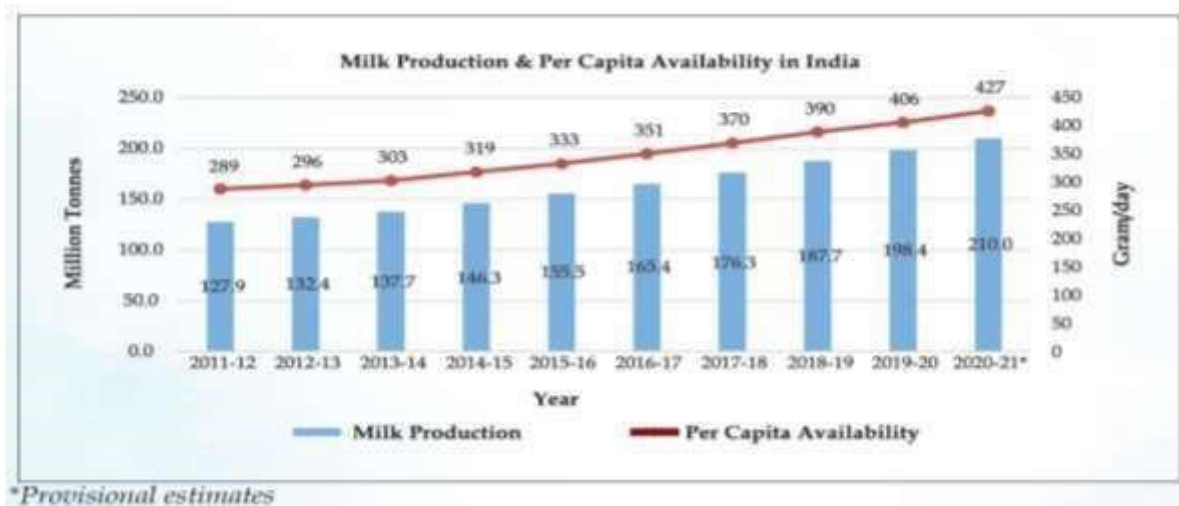
24	Tripura - Gomati
25	Uttar Pradesh - Parag
26	Uttarakhand - Aanchal
27	West Bengal - Benmilk

Source: www.nddb.com/coop.

2. Present dilemma in India

The Indian dairy farm industry has seen tremendous growth over the past few years, with production increasing from 155 million tonnes in 2011-12 to 209.96 million tonnes in 2020-21 (Provisional). This growth has been mainly driven by a combination of factors, including the government's successful implementation of the National Dairy farm Plan, increased investment in the sector, modernisation of the dairy farm industry, and the emergence of new technologies. The industry has also seen a shift in the consumption of milk and milk products, with a greater demand for value-added items such as processed milk, cheese, and yoghurt.

The Indian dairy farm market is expected to continue to grow at a steady rate as the government continues to provide policy support and incentives to the sector. This will ensure that the country remains the largest milk producer in the world, providing a steady supply of milk and milk products for a growing population. (Annual report 2021-22, Dept. of Animal Husbandry and Dairy farming)



Source: Annual report 2021-22, Dept. of Animal Husbandry and Dairy farming

Fig. 1: Milk production per capita availability in India from the year 2011-2021

Share of milk production and supply

In India, about 46% of the milk produced is either consumed at the producer level or sold to non-producers in the rural area, and the balance 54% of the milk is available for sale to organised and unorganised players. The organised sector comprises of Government, Producers' Owned Institutions (Milk Cooperatives & Producer Companies) and Private players which

provide a fair and transparent system of milk collection around the year at the village level. The unorganized/ informal sector involves local milkmen, dudhias, contractors etc. and they are mostly found to be opportunistic, as there is no uniformity of milk price paid to producers and it varies depending upon the situation. The possibility of adulteration of milk is higher among these unorganized groups. In the areas where competition is high and the presence of the formal sector is strong, they generally give higher prices and at the same time, they don't offer remunerative prices to the 1 producer where the organized sector is not present.

3. About Karimnagar Milk Producers Company Limited (KMPCL)

- ❖ Karimnagar Dairy farm, which is making strides in milk procurement and sales and emerged as the top dairy farm in the entire Telangana state, was established on October 16, 1971, after the first phase of the Telangana statehood movement. Then Chief Minister PV Narasimha Rao and Minister for Agriculture J Chokka Rao played a crucial role in setting up a dairy farm with 12,000 litres capacity in Karimnagar town during the period.
- ❖ Karimnagar Milk Producers Company Limited is (KMPCL) situated in the city of Karimnagar in an area of 20 acres with vast infrastructures facilities like an office, processing units, training hall, fodder fields, animal feed manufacturing unit, cattle units, company outlet, logistics parking area and workers quarters within the company premises
- ❖ The chairman of the company is Sri Chalimeda Rajeshwar Rao, who is a BSc Agriculture graduate and also possesses a vast knowledge of dairy farming. The administration of the company is enlisted with 15 directors and 3 of them are women directors. Among 353 shareholders, 33 are women shareholders and more than 800 nonshareholder members are associated with the company. The total catchment area of the company comprises 1,230 villages.
- ❖ The company conducts monthly board meetings and an Annual General Meeting (AGM). Dr P Shankar Reddy is the CEO/MD of the company and had a Veterinary degree with wide experience in Diaries and Animal husbandry. Sri Hanumanth Reddy is an adviser in the company who is Veterinarian and specialised in Dairy farm Science. He joined hands with the company in 1987. He also played a crucial role in the development of the Karimnagar dairy farm with his expertise in the field.
- ❖ It has 1150 milk producer institutions (MPI) including 53 women's institutes affiliated with Karimnagar dairy farm and procures milk through 140 routes from 10 districts., more than 90,000 farmers are part of the Karimnagar dairy farm supplying milk. The Karimnagar dairy farm provides marketing support to the dairy farmers in the district through a network of

milk collection centres covering over 1300 villages covering Karimnagar, RajannaSircilla, Jagtial, Peddapalli, Siddipet, Jangaon, Kamareddy. Mancherial, Hanamkonda and Warangal.

- ❖ This company possess multiple sources for revenue generation apart from milk collection and processing. It comprises rental buildings and petrol bunks which are attached to the company frontiers. At present, more than 500 employees are working in the company.



Fig.2: Chairman of KMPCL Sri Rajeshwar Rao

4. The procurement process of the company.




At present, the company collects 1.7 lakh litre of milk per day from the milk producer institutions/milk collection centres throughout Telangana state. The process includes:

a. Milk Producer Institutions

- ❖ These institutions are located in the grass root level of the company, the villages where the milk collection capacity is 200 litres. Each of these institutions includes the President, Board of Directors and Shareholders.
- ❖ Milk collection is done in the mornings and evenings, the farmers fetch the money based on the fat and SNF percentage in the milk. If the milk contains 5 percentage of fat the price offered by the company is Rs 37. They conduct the meetings every 15 days and end up with the issue of milk payments and profits. Each president is changing every year based on the performance and shareholders' preferences.

కరింనగర్ మిల్క్ ప్రొడ్యూసర్ కంపెనీ లిమిటెడ్
కరింనగర్.
(రిజిస్టర్ నెం. U15209 AP 2012 PTC 081120)



జారీ చేసిన తేదీ :
23-3-2022

కుటుంబ సభ్యుల వివరములు

క్రమం	వేరు	సంబంధం	జీతము	చదువు
1	జంగ నీలమ్మ	యజమాని	50	-
2	మల్లయ్య	భర్త	53	-
3	వనిత	కూతురు	25	బీ.కా.పీ
4	అంజయ్య	కొడుకు	30	10
5	బ్రహ్మాణి	కొడుకు	28	10
6	మనస్వ	మనుమరాలు	2	-

ఆరోగ్యకార్డు నెం. : 276
 జిల్లా : కరింనగర్
 మండలం : మావకొండూర్
 గ్రామము : లక్ష్మిపూర్
 ఐ.సి.యు/యం.సి.సి. : సున్నలాపూర్
 సంఘ సభ్యుని పాస్ బుక్ నెం : 722
 కోడ్ నెం. : 19/18/22

అధ్యక్షుని సంతకం మేనేజింగ్ డైరెక్టర్

□ The total amount obtained /litre

```

MPI-LAXMIPUR
-----RE-PRINT-----
Name : RAPAKA VASANTHA
Code : 56 Buff (B7)
Date : 10-12-22
Shift: 07:32 (M)
Litres: 3.5 L.
Fat : 5.1 % A
Rs./L: 37.74
Amounts: 132.09
**UNIQUE SOLUTION**
    
```



- ❖ The company issued the card to every milk producer, which includes the unique number, details of farmers' family members, respective milk institution name, BCU/MCC and its details for the reference of dispensing of various schemes and to maintain the database.
- ❖ During each time milk collection the milk institution hand out the bill for each farmer which includes the details of
 - Village name and Farmers name

- Code of the farmer
- Date and time
- The shift of the milk collection
- Total milk collected in the litre • The fat content of the milk

Fig. 3: Bills issued to milk vendors by MPI. Fig. 4: Faculties of MPIs.

- ❖ The milk institutions generate the report every day. The report includes information like the total farmer's/vendor's names and the quantity of milk, fat percentage, amount of milk, village name, date and time, etc.

MPI-LAXMIPUR
 Payment Report Cow
 Date :- 10-12-2022 Morning to 10-12-2022 Evening Page No : 1

Seri No.	Vend No.	Vendor Name	Fat (%)	Quantity (Ltr.)	Days	Seasi	Amount (Rs.)
1	501	THONTI VERAMMA	3.0	1.67	1	1	59.59
2	502	ADLA LAXMI	3.6	16.73	1	1	629.21
3	513	K RAJITHA	4.4	4.99	1	1	199.85
4	518	SUNKA ADHILAXMI	4.2	0.73	1	1	28.78
5	524	P JAYANTHI	4.2	14.08	1	1	555.03
6	528	V MALAMMA	2.0	2.48	1	1	89.75
7	536	K MADURAMMA	2.7	2.45	1	1	85.31
8	541	KALVA ANITHA	3.0	2.51	1	1	89.56
9	557	A MALLAMMA	3.9	10.06	1	1	387.21
10	562	T KUMRAMMA	3.4	5.38	1	1	198.68
11	563	ADLA NIRMALA	4.7	2.64	1	1	108.19
12	574	P SAROJANA	4.3	5.34	1	1	212.21
13	575	R SHOBA	5.0	2.00	1	1	83.84
14	577	DH ESWARI	3.0	1.98	1	1	70.65
15	580	KOMMAGALLA ANANTHA	5.3	1.99	1	1	85.29
16	587	KOMMAGALLA BUDAMMA	3.0	2.40	1	1	85.63
17	588	K RAJAMMA	3.4	6.88	1	1	254.08
18	589	ADLA SWAPNA	4.0	0.75	1	1	29.10
19	594	CH LAXMI	3.3	1.28	1	1	46.87
20	595	A KALPANA	4.6	9.63	1	1	391.65
21	596	R SWARUPA	4.5	3.95	1	1	159.42
22	605	dodla padma	4.4	1.40	1	1	56.07
23	609	KALVA MADHURAMMA	3.4	11.25	1	1	415.46
24	610	CHUKKA BHAGHYALAXMI	4.1	3.58	1	1	140.01
25	615	MYAKALA LAVANYA	3.7	2.10	1	1	79.51
26	619	PEDDI MANAMMA	3.3	2.21	1	1	80.93
27	621	PEDDI LINGAMMA	2.7	3.00	1	1	104.22
28	625	KOTTE SHAMALA	3.3	4.43	1	1	162.23
29	632	PEDDI KAVYA	6.4	1.29	1	1	59.71
30	633	KALVA AISHWARYA	2.5	0.93	1	1	31.73
31	634	K SURAMMA	4.0	0.84	1	1	32.59
32	635	RAPAKA SAROJANA	3.2	1.98	1	1	71.87
33	644	parlapelli rajamma	3.7	2.26	1	1	85.56
34	651	V ANJAMMA	2.9	3.26	1	1	115.31
35	658	k.sarojana	4.0	1.49	1	1	57.81
36	660	K INDRA	3.6	3.24	1	1	121.66
37	661	A KOMRAMMA	3.8	4.10	1	1	156.54
38	664	T SWARUPA	2.7	1.62	1	1	56.28
39	674	ponnam baghya	3.9	1.25	1	1	48.11
40	679	KALWA GATTAMMA	3.6	2.55	1	1	95.75
41	685	ADLA RADHAMMA	4.0	1.14	1	1	44.23
42	688	verlla.lakmi	3.0	1.77	1	1	63.15
43	694	kalva rajitha	3.0	4.42	1	1	157.71
44	695	RAPAKA ANJALA	2.8	1.38	1	1	48.38
45	712	RAPAKA SNEHA	4.0	1.59	1	1	61.69
46	718	EDLA SHOBA	3.3	6.97	1	1	255.24
47	721	GADDAM RAJITHA	4.4	2.53	1	1	101.33
48	723	edla swapna ravi	5.2	1.04	1	1	44.24
49	728	PITTALA RAJESHWARI	3.2	2.64	1	1	95.83
50	730	RAPAKA VASANTHAR...	4.1	0.97	1	1	37.94
Page Total :			3.7	177.2	50		6720.79
Grand Total :			3.7	177.2	50		6720.79

Fig. 5: Final report generated shift-wise by MPIs.

Milk vendor's opinion towards dairy farm

As a part of the study, Researcher asked the milk vendors' opinions towards Karimnagar Dairy farm, the responses are as below:

KOTTE SHAMALA, A WOMAN MILK VENDOR WHO IS SUPPLYING MILK TO THIS DAIRY FARM FOR THE PAST FIVE YEARS. SHE SAID THAT “I AM SUPPLYING MILK TO THIS CENTRE FOR ALMOST FIVE YEARS. I RECEIVED MANY BENEFITS; PARTICULARLY I WANT TO MENTION ONE BENEFIT. MY DAUGHTER SCORED THE SECOND RANK IN THE INTERMEDIATE CLASS AND FOR THAT, SHE WAS AWARDED Rs 8000 OF PRIZE MONEY FROM THE DAIRY FARM, I AM THANKFUL TO THEM”.

DODLA PADMA, A WOMEN VENDOR STATES “THE DAIRY FARM PROVIDED INJECTION (SORTED SEMEN) WITH SUBSIDISED COSTS OF AROUND Rs400, WHICH LEADS TO A HEALTHY FEMALE CALF, AND ALSO THE DAIRY FARM SANCTIONED Rs 10,000/-FOR IT. EVEN THEY PROVIDE VACCINATIONS AND MEDICINES FREE OF COST”

“I AM NOT ENOUGH CAPABLE TO BUY 2 HF COWS FROM KARNATAKA, IN ORDER TO DO THAT THE DAIRY FARM PROVIDED THE LOAN AMOUNT OF Rs 75,000/- AS SUPPORTIVE MONEY. DAIRY FARM HELPED ME TO TRANSPORT THE CATTLE FROM KARNATAKA TO TELANGANA BY PROVIDING CONCESSION ON LOGISTICS CHARGES AND AS WELL AS INSURANCE” REPORTED PITTALA RAVI, A MILK VENDOR.

PEDDI MANAMMA, AN EX-PRESIDENT OF THE MILK UNION OF LAKSHMIPURA REACTS, “WE HAVE FACED MANY DIFFICULTIES TO CONSTRUCT THE MILK COLLECTION CENTRE AND THEN IN 2019 WE GOT A GRANT OF Rs 90,000/- FROM DAIRY FARM. DUE TO THAT WE EXECUTED OPERATIONS IN THE NEW COLLECTION CENTRE.” SHE ALSO SAID THAT “ANIMAL FEED, MINERAL MIXTURES, FODDER SEEDS AND CALCIUM SUPPLEMENTS ARE AVAILABLE WITH US, SO VENDORS CAN BENEFIT THE FACILITY”

b. Bulk Chilling Units.



Fig.6: Photos of BCU with the CEO and procurement officer of KMPCL.

These are also called BCUs. The company possess 34 BCUs across the state. Each of them had a 10,000-litre capacity for storage of milk. In this BCU the milk is chilled up to 6-4 degrees Celsius. The catchment area of each BCU is 10-12 villages. Further, the milk is transported through the tankers to the processing unit.

The Milk Producer Institution (MPI) deposits the milk to the allotted and nearest BCUs in the same shift. The BCU encloses the database of the total collection of the volume of milk, type of milk and Fat content on a specific day from each milk producer institution. The charge in BCU compares with the data as per the dispatch and present obtained milk cans. The final report is prepared concerning the obtained data on each Milk producer's institutions with total milk and fat.

M/S KARIMNAGAR MILK PRODUCER COMPANY LTD. BCU LAXMIPUR

Edit List Report

From 10/Dec/2022 To 10/Dec/2022

10 AM

Date:10-Dec-22

Shift:AM

#	Code	CenterName	B/C	As per Dispatch		SMP No	As per Acknowledgement									
				Qty(Ltr)	Cans		Qty(Ltr)	Qty(Kg)	Cans	Fat	SNF	KgFat	KgSnf	Curd	PTC	
DEVAMPALLY																
1	1	MPI DEVAMPALLY	G	BM	17.00	1	5	17.00	17.51	1	7.3	9.00	1.28	1.58	0.00	0.00
2	3	MPI MADDIKUNTA	G	BM	11.20	1	7	11.10	11.43	1	6.6	9.00	0.75	1.03	0.00	0.00
3	6	MPI RANGAPETA	G	BM	36.00	1	15	35.60	36.67	1	5.9	9.00	2.16	3.30	0.00	0.00
Total:					64.20	3		63.70	65.61	3						
4	2	MPI POCHAMPALLY	G	CM	70.50	2	250	70.20	72.31	2	4.8	8.50	3.47	6.15	0.00	0.00
5	1	MPI DEVAMPALLY	G	CM	42.00	2	254	42.00	43.26	2	4.5	8.50	1.95	3.68	0.00	0.00
6	4	MPI KELLEDU	G	CM	7.60	1	265	7.80	8.03	1	6.5	8.50	0.52	0.68	0.00	0.00
7	3	MPI MADDIKUNTA	G	CM	23.70	1	268	23.60	24.31	1	4.7	8.04	1.14	1.95	0.00	0.00
8	5	MPI KANDULAPALLI	G	CM	59.00	2	277	58.40	60.15	2	4.6	8.50	2.77	5.11	0.00	0.00
Total:					202.80	8		202.00	208.06	8						
DEVAMPALLY Total:					267.00	11		265.70	273.67	11	5.13	8.58	14.04	23.48	0.00	0.00
UTOOR																
9	11	MPI VELDHI	G	BM	24.50	1	1	25.50	26.27	1	6.9	9.00	1.81	2.36	0.00	0.00
10	9	MPI VEGURUPALLY	G	BM	43.60	2	2	43.20	44.50	2	7.8	8.76	3.47	3.90	0.00	0.00
11	12	MPI LINGAPUR	G	BM	4.50	1	6	4.70	4.84	1	5.5	8.85	0.27	0.43	0.00	0.00
12	10	MPI LAXMIPUR	G	BM	57.00	2	10	57.20	58.92	2	7.1	9.00	4.18	5.30	0.00	0.00
Total:					129.60	6		130.60	134.53	6						
13	11	MPI VELDHI	G	CM	26.70	1	251	26.90	27.71	1	4.9	8.50	1.36	2.36	0.00	0.00
14	8	MPI UTOOR	G	CM	87.20	3	259	87.70	90.33	3	4.6	8.50	4.16	7.68	0.00	0.00
15	12	MPI LINGAPUR	G	CM	13.10	1	260	14.40	14.83	1	4.7	8.50	0.70	1.26	0.00	0.00
16	10	MPI LAXMIPUR	G	CM	190.50	5	263	196.70	202.60	5	4.2	8.50	8.51	17.22	0.00	0.00
17	7	MPI PACHUNOOR	G	CM	37.50	1	275	36.10	37.18	1	4.9	8.50	1.82	3.16	0.00	0.00
18	9	MPI VEGURUPALLY	G	CM	124.40	4	276	123.40	127.10	4	3.9	8.33	4.96	10.59	0.00	0.00
Total:					479.40	15		485.20	499.75	15						
UTOOR Total:					609.00	21		615.80	634.28	21	4.93	8.55	31.24	54.26	0.00	0.00
MUNJAMPALLY																
19	13	MPI MUNJAMPALLY	G	BM	1.80	1	9	1.80	1.85	1	8.5	8.88	0.16	0.16	0.00	0.00
20	16	MPI ANNARAM	G	BM	44.50	2	19	44.30	45.63	2	6.6	9.00	3.01	4.11	0.00	0.00
Total:					46.30	3		46.10	47.48	3						
21	16	MPI ANNARAM	G	CM	55.00	2	253	54.30	55.93	2	4.7	8.50	2.63	4.75	0.00	0.00
22	14	MPI SADASHIVAPALLY	G	CM	76.40	2	257	76.00	78.28	2	4.8	8.50	3.76	6.65	0.00	0.00
23	17	MPI EDULAGATTEPALLY	G	CM	5.40	1	262	5.60	5.77	1	4.7	8.08	0.27	0.47	0.00	0.00
24	15	MPI MANAKONDUR	G	CM	2.20	1	266	2.80	2.88	1	5.2	8.50	0.15	0.25	0.00	0.00
25	13	MPI MUNJAMPALLY	G	CM	29.20	1	270	28.80	29.66	1	4.4	8.50	1.31	2.52	0.00	0.00
Total:					168.20	7		167.50	172.52	7						
MUNJAMPALLY Total:					214.50	10		213.60	220.00	10	5.13	8.60	11.29	18.91	0.00	0.00
Shift Total :					1090.50	42		1095.10	1127.95	42	5.0	8.57	56.57	96.65	0.00	0.00

	BM				CM				Total			
	Ltrs	Kgs	Avg Fat	Avg SNF	Ltrs	Kgs	Avg Fat	Avg SNF	Ltrs	Kgs	Avg Fat	Avg SNF
DEVAMPALLY	63.7	65.6	6.40	9.00	202.0	208.1	4.73	8.45	265.7	273.7	5.13	8.58
MUNJAMPALLY	46.1	47.5	6.67	9.00	167.5	172.5	4.70	8.49	213.6	220.0	5.13	8.60
UTOOR	130.6	134.5	7.23	8.92	485.2	499.8	4.30	8.46	615.8	634.3	4.92	8.55
Total	240.4	247.6	6.90	8.95	854.7	880.3	4.48	8.46	1095.1	1128.0	5.01	8.57

Fig.7: Report prepared by BCUs to the Dairy farm.

c. Milk Chilling Centres.



Fig.8: Milk Chilling Centre

Also called MCCs, at present 4 MCCs are functioning. The capacities of each are 30,000-50,000 litre capacity. The area where the BCC's are unable to cover milk chilling and locations where increased milk production these MCCs are established. The milk is chilled to 4 degree Celsius within a short time compared to BCC's.

d. Chillers

The chillers are the milk collectors and storage systems that are constructed in the main processing units/dairy farm. The milk collected from BCUs and MCC's transported and deposited in the chillers. The company have a 4 lakh litres capacity of milk chillers. The milk in chillers is further employed to the processing different products based on the milk fat availability in the KMPCL dairy farm.

According to Kotni (2022) to ensure the production of safe, high-quality dairy farm products, the chillers and other refrigeration equipment must be regularly maintained, operated, and monitored. The dairy farm sector must also ensure that energy consumption is kept to a minimum and that the chillers and other refrigeration equipment are properly installed and operated. By installing energy-efficient equipment, dairy farm producers can reduce their operating costs and improve their environmental impact. Overall, refrigeration and temperature control are essential for the production of safe, high-quality dairy farm products and for meeting the demands of customers and the environment.



Fig.9: Chillers and milk tankers in the Dairy farm unit, Fig 10: Preparation of sweets in the dairy farm.



Fig.11: Packaging and packed milk sachets inside the dairy farm.



Fig.10: KMPCL Outlet



Fig. 11: Fodder fields in the Dairy farm, Fig.12: Cattles in the Dairy farm.



Fig.13: Fodder chopping in the dairy farm.

5. New dairy farm

Initially, the Karimnagar dairy farm was started with an installed capacity of 12,000 litres of milk, and now it will be going to a capacity of 2,00,000 litres. Freshly, it is coming with a mega dairy farm project, which is fully automated with state-of-the-art technology, at Nallagonda village of Thimmapur Mandal in Karimnagar district with a capacity of 3,00,000 litres.



Fig.11: Administration Block in the new dairy farm.



Fig.12: Processing chambers in the new dairy farm.



Fig.13: Packaging unit



Fig.14: Cold storage room

6. Schemes offered by Company a. Offered by the company to cattle owners/farmers

- ❖ Kalyanamastu: Mangalasutra gift from dairy farm for a farmer's daughter's wedding
- ❖ Padiritu Bharosa: Financial assistance of Rs 50,000/- to the farmer's family in case of any death of the farmer or his wife
- ❖ Scholarships: Distribution of scholarships to children of those enrolled in the Padi Rythu Bharosa Scheme for 9th and 10th class children.
- ❖ Educational incentives: if the farmer's children secure 1st, 2nd and 3rd rank in their 12th class can possess a reward of Rs. 10,000/- Rs. 8,000/- Rs.5,000/- respectively.
- ❖ The grant for the construction of the milk collection centre is Rs. 50,000- 1 lakh rupees
- ❖ Quality fertilizers at affordable prices
- ❖ Rs. 5000/- of financial assistance to the farmer's family for the final rituals if he dies unexpectedly.

b. Schemes offered by the company to cattle.

- ❖ The dairy farm provides a loan facility of Rs. 50,000 to 80,000 for the purchase of dairy farm cattle
- ❖ 90% discount on dairy farm cattle insurance if cattle are purchased from other states
- ❖ 90% concession on transportation charges for dairy farm cattle if cattle are purchased from other states
- ❖ Financial assistance of Rs. 5,000/- to Rs. 7,000/- in case of death of dairy farm cattle
- ❖ 50% Subsidy on Dairy farm Cattle Insurance
- ❖ Free veterinary services at the farmer's doorstep.
- ❖ Artificial insemination at the farmer's doorstep at Just Rs. 100/-
- ❖ Supply of specially sorted semen is at a 50% subsidy
- ❖ Feed Incentives up to 10,000/- for Female Calves
- ❖ Mini medical camp once every 3 months and Mega medical camp once a year with 50% subsidy on medicines.
- ❖ Ambulance for emergency treatment
- ❖ Vaccinations at 50% subsidy
- ❖ The mineral salt mixture at 25% subsidy for high milk yield and timely monitoring of animal health.
- ❖ Calcium supply from dairy farm increases milk yield. ❖ Fodder Seeds Supply at 50% subsidy
- ❖ Chaff Cutter on 50% subsidy to prevent fodder wastage

స్వచ్ఛతకు, నాణ్యతకు మారు పేరు....

issai

కరీంనగర్ డెయిరీ పాలు, పాలపదార్థములు

కరీంనగర్ డెయిరీ

వోమోలైక్డ్ ఫుల్ క్రిమ్ పౌల్టరైజ్డ్ లోఫ్ పాలు గోల్డ్ పాలు లభ్యమైన స్పెషల్ టీ పాలు

పెరుగు స్వీట్స్ పౌల్టరైజ్డ్, టా డబ్బింగ్ ప్రెపేరేట్స్ బాబాంబాయి

స్వచ్ఛమైన నెయ్యి పన్నీర్ బామంది కోవా జామూన్ ఛో

దూడపేద మలాయ్ లడ్డు పల్లవట్టి సుభకార్యములకు ఆర్డర్ పై సప్లయి చేయబడును. మార్కెటింగ్ మేనేజర్ 9177737070

పచ్చని పాలు

కరీంనగర్ డెయిరీ పాడిరైతులకు ఆర్థిక భరోసా ఇస్తుంది మరియు వినియోగదారులకు ఆరోగ్య రక్షణ కల్పిస్తుంది

□

- Standardized milk
- Toned milk
- Gold milk
- Tea special milk

Sweets

- Basundi
- Kova jamun

- Doodh peda
- Malai Laddu
- Dated khova Milk cake

Others products

- Curd
- Lassi
- Buttermilk
- Badam milk
- Ghee
- Paneer
- Bread

**Fig. 16: Broucher with Detils
of all available products in**

KMPCL

.

8. The supply chain of the company

Karimnagar Milk Producers Company limited marketing supply chain is exemplary. The company possess 81 nos of its outlets across the state whereas 38 are owned and 23 are rented /leased. 15% of total sales are contributed from these outlets. The company avails 28 nos of carry & forward agents as its marketing channel leads. These carry & forward are linked to more than 600 Agents all over the state. Agents are the real customers of the company, through these agents; the company achieve 85% of its sales. Thus further agents supply the products to the Wholesalers and retailers and in end; the final consumers are the grass root beneficiaries’.

In the view of Sarkar et al.,(2022) The value chain begins with the production of milk and then is followed by aggregation, processing, manufacturing, transportation, marketing, and ultimately distribution. These actors in the chain are responsible for their respective stages and outputs, as the chain moves through their hands. This case study examines how dairy farmers are the foundation of the value chain network, and how the value chain is managed from production to distribution.

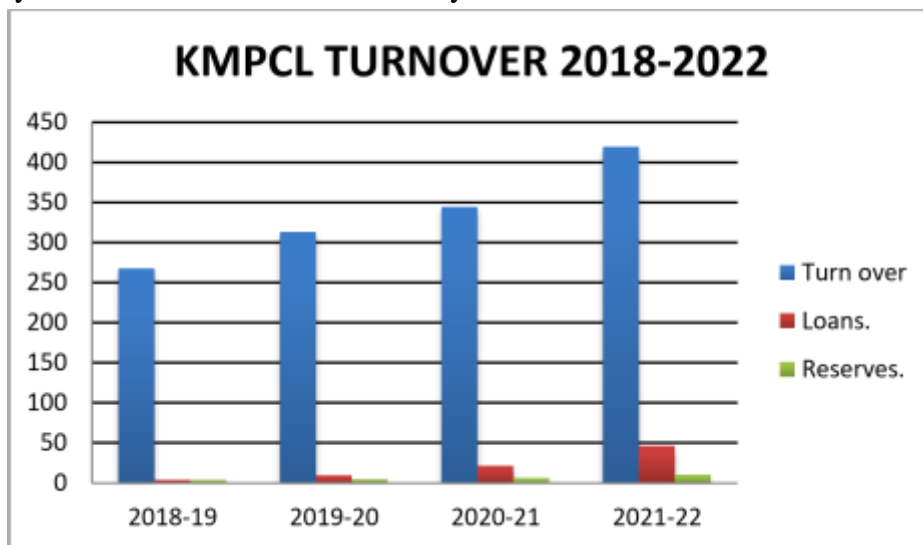


9. Financial management of the company for 2018-2022.

Financial year	Turn over	Reserves	Loans	Interest rate/year	Current status of the loan
	In crores				
2018-19	266.89	3.30	3.73	8.5%	Closed
2019-20	312.47	4.42	8.99	8.5%	Closed

2020-21	343.60	5.50	21.17	10%	Continue
2021-22	418.92	9.73	45.93	10%	Continue

The dairy farm's total turnover in the 2018-19 financial year is Rs. 266.89 crores, reserves are Rs 3.30 crores and the availed loans of Rs. 3.73 crores borrowed for an interest rate of 8.5% and which were settled in the same year. In 2019-20 the total turnover is Rs312.47 crores, where the reserves in the year are Rs4.42 crores. During this year the possessed loan amount was Rs 8.99 crores, for an 8.5% of interest rate. This is repaid later. In 2020-21 total turnover of the company is Rs 343.60 crores, whereas the reserves are of 5.50crores. The same year availed loan is 21.17 crores for 10% of interest, in case of the interest is still on-board. Later in 2021-2022, the total turnover of the company is 418.92 crores and the reserves are of 9.73 crores. Retained loan around in present year is 45.93 crores for 10% of interest featuring that the dairy farm clear interests in further days.



in crores

10. Awards received by the dairy farm.

- India dairy farm Award for the Best Medium-Sized Company in the year 2020
- The Hans India award for Best Retailer in the dairy farm sector in the year 2019
- Indian Agriculture award for Best Quality Milk and Milk Products in the county in the year 2018
- Lions Club of Karimnagar award for Best Entrepreneurship in the year 2017
- Acharya NG Ranga Kisan Samstha, Ongole, the award for Best Social Service in 2014
- ICAR (Indian Council for Agriculture Research) Best Farmer award in 2016 □ Dr C Krishna Rao award in the Best Services category in 2010

11. Challenges

- Competition by government and private players affects sales and marketing.

- The timely release of supportive prices for milk to farmers from the government enhances the service quality.

12. Way forward

- Expansion of all company's activities to the entire Telangana.
- Aims to develop farmers' livelihoods and increase the financial status and alternative sources of income of farmers/milk vendors.
- The company's new processing unit with a capacity of 3 lakh litre is inaugurating shortly.

KMPCL at a glance	
Chairman	1
Directors	15
Total Shareholders	353
Dairy farm Units	2
Authorised capital	35,00,00,000
Paid-up capital	29,83,46,208
Turn over (in crores)	418.92
Total Milk Producers Institutions (MPIs)	1150
Bulk Cooling Units (BCUs)	34
Milk Chilling Centres (MCCs)	4
Milk Storage Capacity (in Litres)	4,00,000
Total Routes	140
Villages Covering	1300
Total Districts	10

Farmers	90,000
Agents	600
Outlets	61
Daily Milk Collection (in Litres)	1.70,000
Workers	500

Address:

Karimnagar milk Producers Company limited, Karimnagar, TELANGANA. (Dairy farm)
 Contact details: www.karimnagardairyfarm.com
 Ph. No.: 91-9676790303
 Gmail: Karimnagardairyfarm123@gmail.com

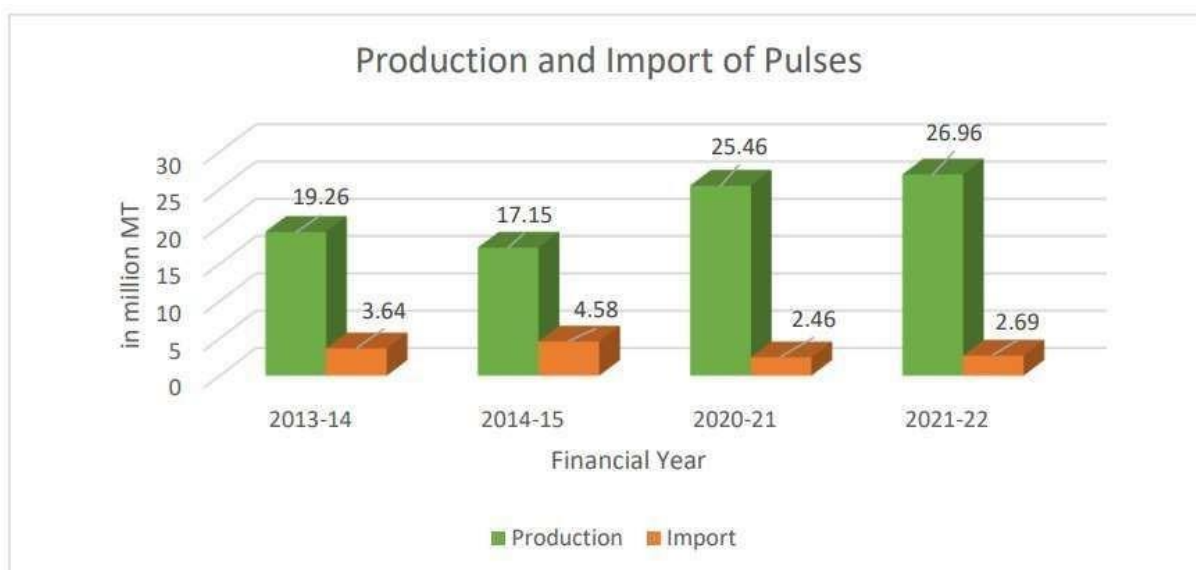
Case study 4: Nagalgidda Farmers Producers Company Limited, Nagalgidda, Narayankhead (Pulses)



1. Introduction

Pulses are an important source of protein and other essential nutrients and are consumed widely in the world. India is the leading producer, consumer, and importer of Pulses in the world. In recent years, the Government has initiated several measures for boosting pulses production in the country to reduce the dependence on imports. As a result, pulses production

is steadily growing. The production which was in the range of around 1619 Million Metric Tonnes (MMT) from 2010 to 2016 has increased remarkably to 25-27 MMT during the last two years. The pulses production which was 18.24 MMT during 2010-11 raised to the record level of 26.96 MMT during 2021-22, an increase of about 48 per cent.



Source: Directorate general of commercial intelligence and statistics.

Fig. 1: Data on pulses production and import in India from 2013-2022.

Telangana is one of the leading states in India in terms of pulses production and consumption. According to Indiastat, the total pulses production in the state is 0.589 million tonnes in 2021-22. The major crops grown in Telangana are the red gram, 75engal gram, black gram and green gram. The state has also launched several initiatives to promote the production and consumption of pulses.

At the global level, the main drivers of pulses production and consumption are the rising population and increasing demand for protein-rich foods. As per the Food and Agriculture Organization (FAO), pulses production and consumption are expected to grow in the future due to the growing population and increasing demand for pulses-based foods. The increasing awareness about the health benefits of pulses is also contributing to the increased production and consumption of pulses. In India, the government has taken several initiatives to promote the production and consumption of pulses. These include the National Food Security Mission, National Mission on Oilseeds and Oil Palm, and the National Mission on Sustainable Agriculture.

The Indian government has also introduced several schemes such as the Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Krishi Sinchai Yojana, and Pradhan Mantri Kisan Samman Nidhi Yojana to promote the production and consumption of pulses. In Telangana, the government has taken several initiatives to promote the production and consumption of pulses.

The government has launched several schemes such as the Telangana Rythu Bandhu, Telangana Rythu Bhima, and Telangana Rythu Kranthi Pathakam to promote the production and consumption of pulses. The government has also introduced several incentives and subsidies to encourage farmers to grow pulses.

Based on Chintala and Gyanendra's (2022) findings, In Odisha, vegetable production and marketing was the most popular activity among FPOs (50%), followed by the production and marketing of pulses and oilseeds, seeds and fertiliser (40%). In Rajasthan, FPOs were involved in a variety of activities like the production and marketing of poultry, dairy farm and dairy farm products, fruits, seeds, food grains and vegetables among others. In Kerala, FPOs participated in related activities like poultry and dairy farming. FPOs in Idukki's hilly areas were engaged in coffee and spice production, while the FPO in Thrissur was active in paddy-related activities on average, FPOs in Odisha were engaged in 3-4 activities, with some FPOs participating in 6-7 different activities.

The International Year of Pulses (IYP) was declared by the United Nations General Assembly in December 2013. The International Year of Pulses 2016 was celebrated worldwide, with the aim of raising awareness of the role of pulses in sustainable food production and nutrition.

The International Year of Pulses aimed to focus global attention on the important role of pulses in providing food security and nutrition, improving soil fertility and agricultural sustainability and reducing agricultural inputs. It also sought to increase the visibility of pulses in local markets and promote the production, consumption, and trade of pulses.

The International Year of Pulses helped to promote the use of pulses as a sustainable and nutritious food source, while also highlighting the potential for pulses to provide a range of environmental benefits. The year also provided an opportunity to create greater awareness of the importance of pulses in providing food security and nutrition, and to encourage their production, consumption, and trade.

2. Introduction

The government of India has initiated several measures to promote Farmer Producer Organizations (FPOs) for pulses. It aims to create a vibrant and efficient pulses value chain in the country by establishing FPOs that are financially viable and professionally managed. The initiative will enable farmers to increase their income through improved productivity and market access. It will also create employment opportunities for local youth and help reduce rural-urban migration.



Fig.2: FPO tribal women members

The Nagalgidda Farmers Producers Company is a limited company which was established in 2016, in Narayankhead Mandal, Sanagareddy, Telangana. The FPO is established in the area where the majority of farmers or shareholders belong to the Scheduled Tribes (ST) this FPO includes all women shareholders. The FPO is established under the scheme Telangana Scheduled Tribes Cooperative Finance Corporation Ltd (TRICOR) Government of Telangana. The FPO is funded by NABARD and ICRISAT as a supporting agency and was established Under the Companies Act 2013. The company was established in the area of the full potential of pulses like red gram, green gram and soya beans and cotton cultivation

3. Objectives of FPO

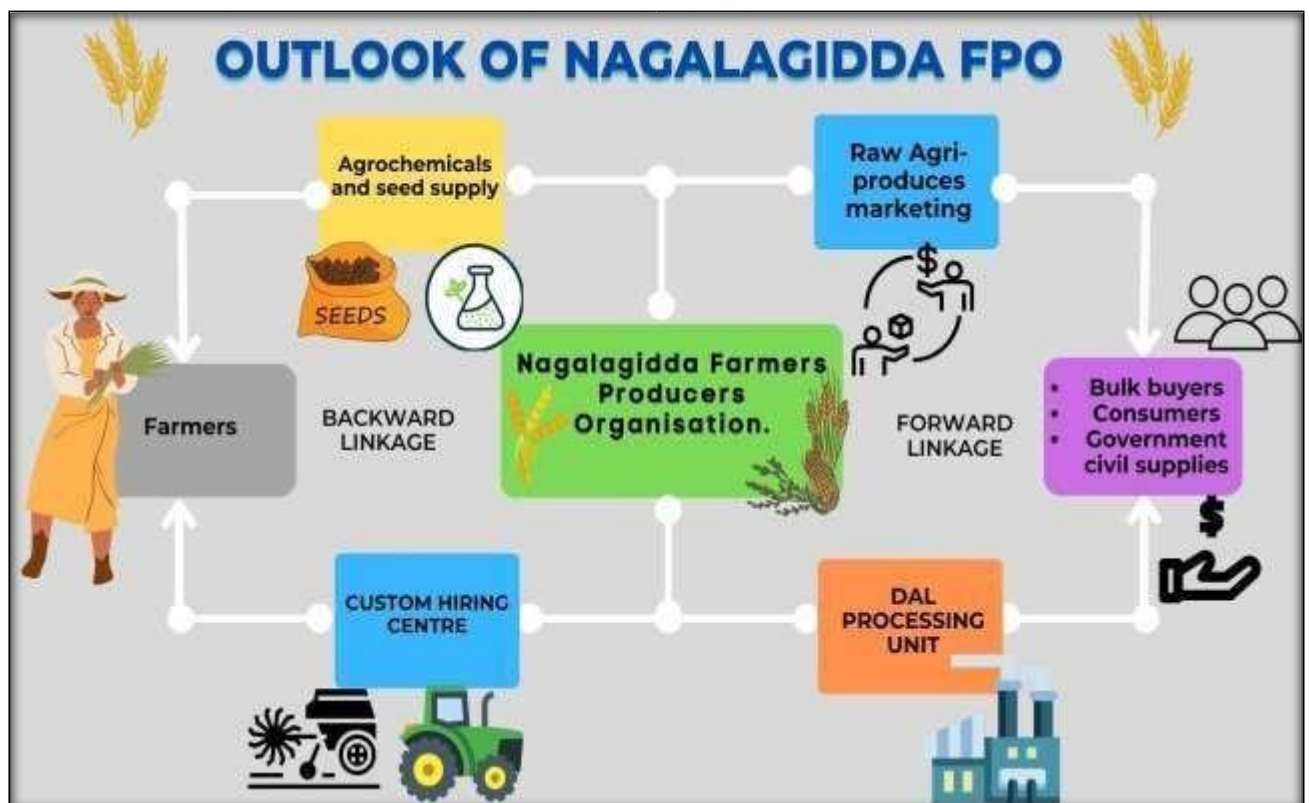
- ❖ To enhance the potential of farmers in Nagalgidda
- ❖ To improve the Forward and Backward link support to the Farmers.

The FPO functions with 500 women shareholders, 5 boards of directors, and a CEO. The chairman of the company is Rathod Bega Bai. Approximately 300 non-members are also associated with the FPO. The catchment area of the FPO is 12 villages. Each month the company conducts Boards of the meeting and every year at once the Annual general meeting (AGM) is scheduled and necessary topics are discussed in the meetings.



Fig. 3: AGM and BOD's meetings conducted by FPO.

The company's authorized capital is 10 Lakh and Paid up capital is 5 Lakh. The company started its business in 2016. The company owns Assets like tractors, Seed drillers, a Storage go down capacity of 600 m tons, a Dal processing mill, Agricultural equipment like a Plough, Rotavator, Cultivator and a goods trolley as a custom hiring centre.



4. The services offered by the FPO are:

- ❖ Backend support for the shareholders by providing the inputs like seeds, Fertilizers,

- ❖ Backward linkage for the shareholders by supplying seeds, fertilizers, pesticides, herbicides, farm machinery .and also farm advisory facilities to run, improve and ease agricultural practices.
- ❖ Custom hiring centres for the shareholders facilitate farm mechanization for agricultural usage.
- ❖ Procurement of pulses like red gram, green gram, black gram and soybean from the farmers
- ❖ In 2019 the FPO started watermelon production as a pilot study and ended with the result of higher yields. Further, the FPO is planning to extend the watermelon cultivation area for the present year. More than 6 acres of land are prepared for the cultivation of watermelon with the adoption of scientific farming.
- ❖ In the present year, the FPO is procuring cotton from the farmers. This initiative is started because the catchment area of FPO comprises about 1200 hectares of cotton cultivation.
- ❖ In the study of Radhika *et al.*, (2018), the number of FPOs registered with the support of SFAC under Telangana and Andhra Pradesh states was comparatively low. NABARD supported all FPOs registered for fruits and vegetables. Additionally, multiple numbers of FPOs registered for cereals and pulses. Dairy farms were the predominant livestock-based FPOs. Within the non-farm sector, the most common FPOs were registered for procurement and marketing, due to NAFED’s engagement of FPOs for the procurement of pulses. Many farm-based FPOs were also involved in providing inputs to their members and non-members alike.



Fig. 4: the watermelon field and fruits cultivated by the FPO.

5. Toor Dal processing unit

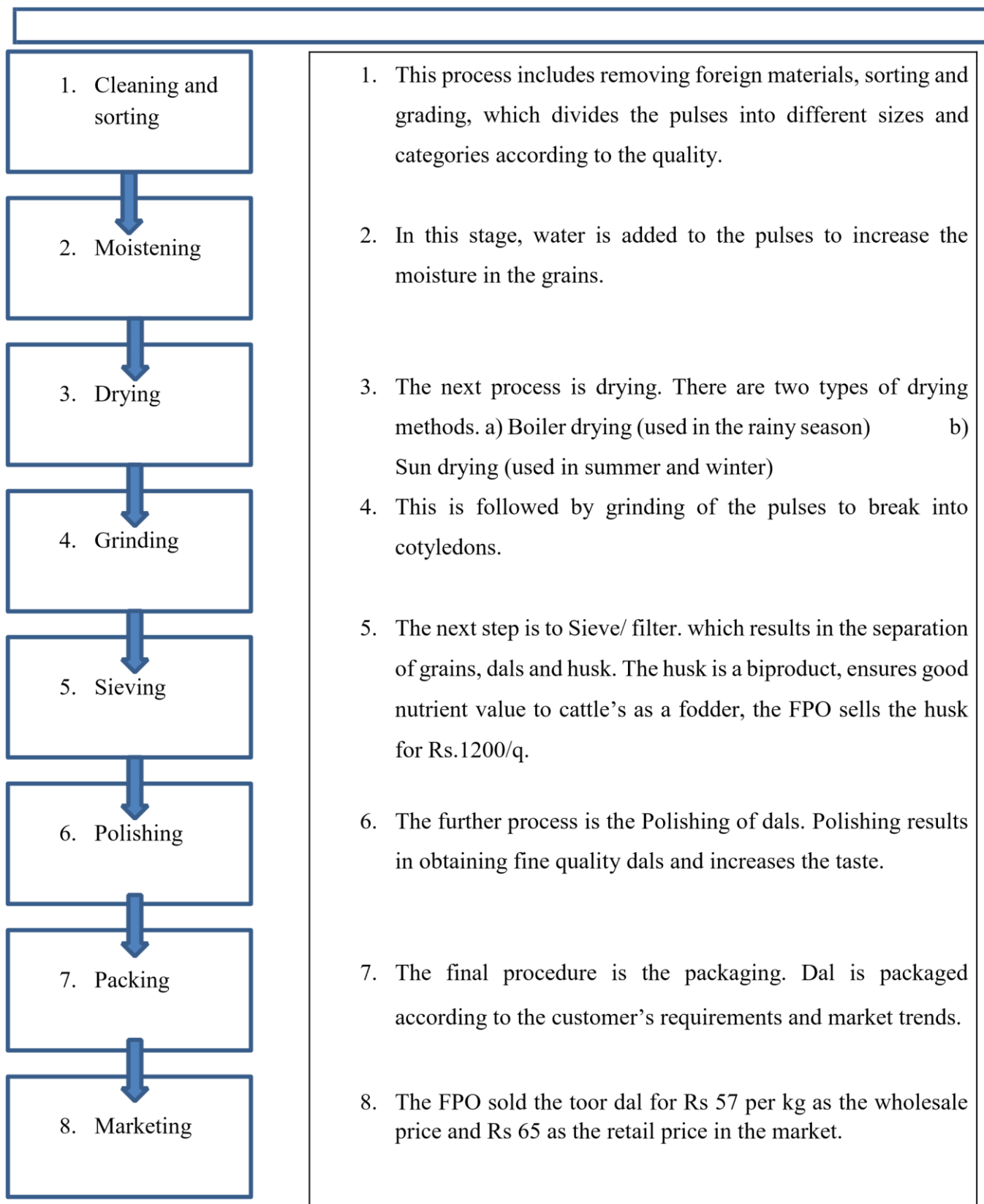
Recently in 2020, the FPO installed ‘Projecta’ Company’s processing unit worth Rs 12 lakh. The grains like Red gram, Green gram, Black gram, Chickpea, etc. are processed into the dal. This processing unit is constructed in the warehouse/storage unit of FPO. The capacity

of the processing unit is 50 quintals/day. This is an essential facility used to process and package pulses for consumption. It involves several processes such as cleaning, sorting, grading, moistening drying, grinding, filtering, polishing and packaging. The cleaning process involves removing debris, dirt, and foreign material from the raw pulses.



Fig. 5: the dal mill in the FPO, Fig. 6: sun drying of days after the process

6. Flow chart of Pluses processing process.



Percentage of dal and husk attained during the process

Pulses	Economical yield (Percent)	Husk in percentage
--------	----------------------------	--------------------

Chickpea	80	20
Red gram	75	25
Green gram and Black gram	73	28

7. The Process of procurement of Farm produce by NAFED/TS MARKFED from FPOs

- ❖ NAFED/FCI on behalf of the central government act as a nodal agency at the national level and notify the dates, detailed terms & conditions for PSS (Price Support Schemes)
- ❖ TS MARKFED., act as a State Level Support (SLS)/Sub agency and it instructs all its notified branches to initiate procurement operation at the State level.
- ❖ At the district level, a District task force committee is constituted to coordinate the procurement operation.
- ❖ As per NAFED/FCI/TS MARKFED Guidelines, FPO's registration is taken up at 1st stage and in 2nd stage purchase of the commodity is carried out as per prescribed FAQ norms and at notified centres.
- ❖ After purchase, the stock is deposited in the warehouse and for the same quantity warehouse receipt is obtained and the same will be submitted to NAFED/FCI.
- ❖ NAFED will release the amount according to the warehouse receipt and the same will be credited to FPOs. (Source: <http://fci.gov.in/procurement>)





Fig. 7: the procurement, packing and storage of pulses by FPO

- ❖ In 2019 this FPO supplied Red gram of 5000 m tons to Tamil Nadu Civil Supplies(TNCS)
- ❖ In 2021 procurement of Green gram and Black gram 25 m Tons each from shareholder farmers.
- ❖ At present, the FPO is planning to procure Cotton from the farmers. It is expected to be 300 m Tons.

CENTRAL WAREHOUSING CORPORATION
केन्द्रीय भण्डारण निगम
 Warehouse Receipt - Negotiable/Non-Negotiable
 वेभरहाउस रसीद - परक्राम्य/अपरक्राम्य

Serial No. of Receipt: **CW2000106880**
 Name of Warehouse: **Central Warehouse, Mahabubnagar**
 Warehouse License No.: **11/7 dt 21/17**
 Received from (Name & address of the depositor): **SMALL FARMERS AGRIBUSINESS COOPERATION DEPT. OF AGRICULTURE AND LOK SABHAS, MAHABUBNAGAR, TELANGANA**
 Goods of the following description: **RED GRAM**

Name of Commodity	Class or standard quality or grade	No. of packages units / bags or date	Net quantity in MT Qth. by weight or in square meters by measure	Name and the terms No. of the weights classifier sampler
RED GRAM	10	4400 bags	22,000.000 MT	Shri Ishwar Kumar, J. PA.

Condition of goods: (i) Good (ii) Fair (iii) Average } **Average**
 Private marks of depositor on the packages: **Deposit no- 167**
 Rate of storage and other charges: **Rs 4.95 per bag per month of insurance charges as per Tariff**
 For the amount of Rs: **11,11,000/-**
 Goods are accepted for storage from: **04-03-17**
 Marker rate of the time of deposit: **Rs 5050/-**
 Valuation: **Rs 11,11,000/- (Eleven Lacs Eleven Thousand only)**
 Date: **04/03/2017**

Signature of the authorized person: **[Signature]**
MAHABUBNAGAR-508 001

Date	Quantity Released		Quantity In Balance		Signature
	Bags/Packages	Weight	Bags/Packages	Weight	

Fig 8: warehouse receipt provided by CWC- Mahabubnagar to FPO.



Fig 9: the procurement process of FPO

❖ The Directors and CEO of FPO attended the Buyers-Sellers meet in Hyderabad accompanied by NABARD; during the meet, the FPO exhibited the various types and qualities of pulses achieved by the catchment villages. This meeting assisted the FPO to gain connections with buyers throughout India, with multiple requirements



Fig 10: FPO faculties in Buyers and sellers meet, Hyderabad.

8. Financial Management of FPO from 2017-2022

Financial year	Turn over	Profit
2017-2018	17,39,145	1,44,208
2018-2019	7,200	-6,47,030
2019-2020	13,03,879	8,10,467
2020-2021	----	-1,58,015

8.1 Assets of Nagalgidda Farmers Producers Company.

S.No.	Particulars	Value in Lakhs	Owned /leased
-------	-------------	----------------	---------------

1	Tractor and trolley	17	Owned
2	Warehouse godown	30	The land is leased.
3	Dal processing mill	12	Owned
4	Seed driller	1	Owned
5	Plough	0.5	Owned
6	Rotavators	1	Owned
7	Cultivator	0.5	Owned

8.2 The crops and cropping details of Nagalgidda Farmers Producers Company.

Sl. No	Year	Crops	Season	Appx. No. of producers	Appx. The area under cultivation.in acres	Appx. Production in m tons.
1	2021	Red gram/Toor dal	June – December	400	4000	500
2	2020	Green gram and Black gram (Mixed farming)	June-September	200	1000	200
3	2021	Soybean	June-October	300	2000	300
4	2020-21	Chickpea/Bengal gram	NovemberMarch	400	3000	400
	2022	Cotton	June-November	300	2000	300

9. Achievements of FPO in the procurement of farm produce from farmers.

- ❖ In 2016 procurement of 500 m Tons of green gram from Farmers with the help of the Small Famers Agri-business Consortium (SFAC), worth 2 crores.
- ❖ In 2017-18 the FPO procured 6000m Tons of Red gram worth Rs 5 Crores under the assistance of TS MARKFED and stored it in Central Warehouse Corporation (CWC), Mahabubnagar.

10. Issues and Challenges

- ❖ The FPO needs regular procurement of pulses from government institutions and organisations.
- ❖ Required scientific consultancy and training to avail maximum production of pulses and cotton.
- ❖ The FPO required funds to buy its transportation of pulses.
- ❖ The advanced technologies of packaging and storage facilities have to introduce to FPO.
- ❖ The knowledge of Branding and marketing is insufficient for the FPO.

11. Way forward

- ❖ FPO is planning to export the pulses to other countries.
- ❖ To be the largest producer and supplier of Dal to the government.
- ❖ Planning to build a successful Dal brand with the name FPO.

Nagalagidda FPC at a glance	
Incorporation year	2016
CEO	1
Chairman	1
Board of directors	5
Women directors	5
No. of women shareholders	500
Authorized capital	10,00,000
Paid up capital	5,00,000
Turnover	13,03,789
Dal processing unit	1
Warehouse capacity(in m tons)	500
Warehouse	1
Number of crops	8
No of the villages covered	12
Beneficiary farmers	9,000

Address:

**Nagalgidda Farmers Producers Company Limited,
Nagalgidda, Narayankhead (Pulses) Sangareddy District.
Telangana**

Case study:5 Matsya Parishramika Sahakara Sangham (MPSS) Wardhanpet Warangal- 506313 (Fish)



1. Introduction

India is a significant player in the global fish production industry, ranking as the third largest producer and contributing 7.96% to the global total. In the fiscal year 20-21, the estimated fish production was 14.73 million metric tonnes, with 11.25 million coming from the inland sector and 3.48 million from the marine sector. The fisheries sector plays a crucial role in the national economy and is a major contributor to foreign exchange earnings, with India being one of the leading seafood exporting countries in the world. In FY2020-21, the export of marine products was 1.15 million metric tonnes and valued at Rs. 43,717.26 crores, despite the market disruptions caused by the Covid-19 pandemic. The United States remains the main importer of Indian seafood, with a value of USD 24,047.15 million and a 41.15% share in terms of dollar value. In 2018, the total fisheries potential of India was estimated at 22.31 million metric tonnes, including 5.31 million for marine fisheries and 17 million for inland fisheries. India is also a major producer of fish through aquaculture and ranks second in the world after China. Inland fish production makes up about 76% of the country's total fish production, and the annual growth rate of production has been high. The fish production in the country has steadily increased since independence, with 66% of marine fisheries potential and 51% of inland fisheries potential being utilized in FY 2020-21.

The fish production has increased from 5.66 MMT in FY 2000-01 to 8.67 MMT in FY 2011-12 and further to 14.73 MMT in FY 2020-21. The graph below indicates the growth trend in fish production. (Annual Report MoFAH&D.)



Source: Annual Report-2020-21, Dept. of Fisheries.

Fig.1 Fish production in India (2011-2021)

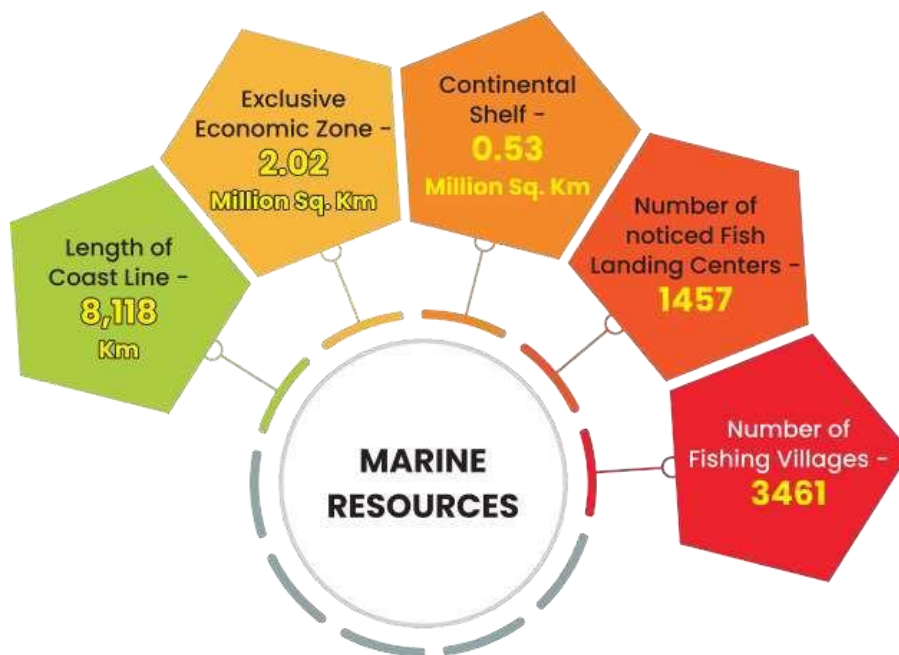
2. Background

The history of the fisheries industry in India can be traced back to the Harappan civilization and references to fish, its trade, and the fisher community can be found in the Songs of the Sangam Age (1st to 4th Century A.D.). In 1897, the Indian Fisheries Act officially recognized the importance and role of the fisheries sector in India and established the foundation for its development and conservation. This Act also gave the provinces the authority to create rules and laws for the conservation of fish and fisheries resources.

3. Fisheries Resources

India boasts an abundance of diverse fisheries resources, including deep seas, lakes, ponds, rivers, and a wide variety of fish and shellfish species that make up over 10% of the world's biodiversity. These marine fisheries resources are found along the country's extensive coastline, Exclusive Economic Zone (EEZ), and large continental shelf, while inland fisheries resources include rivers and canals, floodplain lakes, ponds and tanks, reservoirs, brackish water, and saline/alkaline affected areas.

The country's marine resources include an Exclusive Economic Zone (EEZ) of 2.02 million sq. km, a continental shelf area of 0.53 million sq. km, and a coastline of 8,118 km. These resources are estimated to have a marine fisheries potential of 5.31 million metric tons, with 43.3% belonging to the demersal group, 49.5% belonging to the pelagic group, 4.3% belonging to the oceanic group, 1.1% belonging to island resources, and 1.8% belonging to others.



Source: Annual Report 2020-21 Dept. of Fisheries

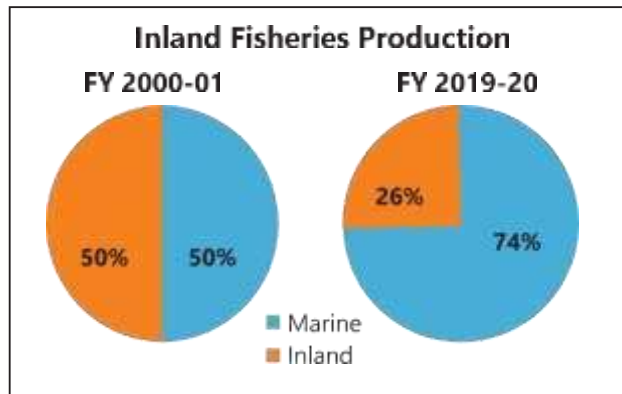
Fig.2: Marine resources in India



Source: Annual Report 2020-21 Dept. of Fisheries. **Fig.3: Inland**

Resources in India.

Inland fisheries in the country have increased in size, but have not yet reached their full growth potential. The country's vast inland resources include 0.27 million km of rivers and canals, 1.2 million ha of floodplain lakes, 2.45 million ha of ponds and tanks, and 3.15 million ha of reservoirs.



Source: Annual Report 2020-21 Dept. of Fisheries **Fig.4: Inland fishery production 2001-2020**

4. Centrally Sponsored Scheme on Blue Revolution

The Ministry of Agriculture and Farmers Welfare, Department of Animal Husbandry, Dairy farming, and Fisheries has created a Centrally Sponsored Blue Revolution umbrella program by reforming all current schemes. The redesigned plan focuses on fisheries development and management, encompassing inland fisheries, aquaculture, and marine fisheries such as deep sea fishing and mariculture, as well as all operations done by the National Fisheries Development Board (NFDB).

The Blue Revolution, also known as the Neel Kranti Mission, aims to achieve economic prosperity for the country and its fishers and farmers, as well as to contribute to food and nutritional security by utilizing water resources to their full potential for fisheries development in a sustainable manner while keeping biosecurity and environmental concerns in mind. The Neel Kranti Mission would take a multifaceted approach to all operations related to the development of India's fisheries sector as a contemporary world-class enterprise. It will concentrate on realizing the maximum production potential of aquaculture and fisheries resources, both inland and offshore. An important aim would be to significantly increase the proportion of Indian fisheries in the export market. It will assure double the income of fishermen and fish growers via inclusive involvement of socioeconomically disadvantaged groups, as well as environmental and biosecurity sustainability. (NFBD report 2021)

The National Federation of Fishers Cooperatives Ltd. (FISHCOPFED) is the flagship institution of the Indian Fisheries Department of Agriculture, Cooperation, and Farmers' Welfare Cooperative Movement. Its mission is to promote and grow the fisheries cooperative movement in India, to educate, guide, and help fishermen in their efforts to construct and expand the fishery cooperative sector, and to act as an advocate for cooperative principles. It was founded in 1980 as the All India Federation of Fishermen Cooperatives, and in 1982 it was

renamed the National Federation of Fishermen's Cooperatives Ltd. (FISHCOPFED) has received Rs.7.50 lakhs in grants-in-aid for the fiscal year 2019-20.

5 Fisheries FPO

Fisheries Producer Organizations (FPOs) are self-organized, cooperative entities formed by small-scale fishers to promote their collective interests. FPOs aim to bring together small-scale fishers to collectively address common issues such as access to fishing gear, markets, credit, and training. FPOs are also involved in activities such as promoting sustainable fishing practices, managing fisheries resources, and advocating for policy reform.

NCDC assists fishery cooperatives to take up activities relating to production, processing, storage, marketing, etc. During 2020-21 (as of 31.12.2020), NCDC sanctioned Rs.156.77 crore (Rs.119.31 crore as a loan and Rs.37.45 crore as a subsidy) and disbursed Rs.27.49 crore. Cumulatively, as of 31.12.2020, NCDC has disbursed Rs.2111.02 crore under this head. (Agcoop 2020-2021)

6. Fisheries and Aquaculture Infrastructure Development Fund (FIDF)

The Government of India established the Fisheries and Aquaculture Infrastructure Development Fund (FIDF) with a total capital of 7,522.48 crores to be executed over five years, as announced in the Union Budget 2018-19. NABARD would provide around 2600 crore to state governments for public infrastructure components including fishing harbours, fish landing centres, upgraded State fish seed farms, modern fish markets, disease diagnosis laboratories, aquatic quarantine facilities, and training infrastructure. FIDF payouts totalled 193.77 crores for the fiscal year 2020-21. (NABARD 2020-2021)



Fig.5: Fisherman carrying 15 kg fish.

7. Matsya Parishramika Sahakara Sangham, Vardhanpet, Warangal. Warangal is well-known for the rule of the Kakatiyas. The city has been the capital of the dynasty since

1195 AD. The Kakatiyas left many monuments and lakes in the present Warangal district. (Mahender, Adepu 2018). The present study was conducted at Konareddy Cheruvu (Cheruvu: lake), which was built by the Kakatiyas and is the biggest lake in the district, spanning approximately 650 acres.

Desi Fish/Small Indigenous Fishes (SIF) typically grow to a maximum size of 25-30 cm when they reach maturity and are commonly found in low-lying areas such as wetlands, lowland areas, bays, and paddy fields. SIF plays a significant role in providing food and income security to rural populations through its wild capture. Despite its good market price, high demand, and nutritional value (rich in protein, vitamins, and other essential micronutrients), very little attention has been given to its potential for culture, processing, and captive breeding. (Bhutia *et al.*, 2021)

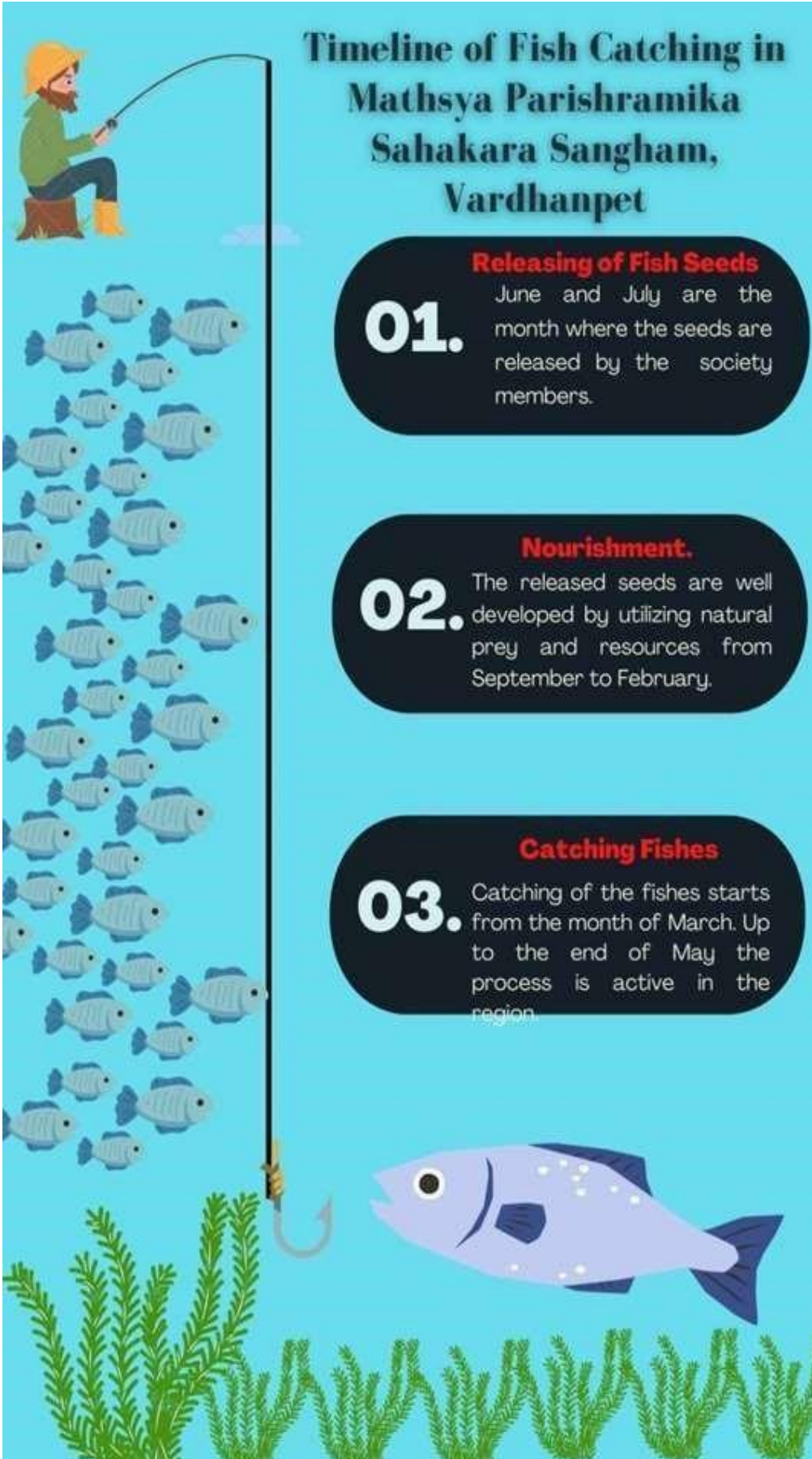
The co-operative situated in Vardhanpet Mandal of Warangal, which was incorporated in 1973, has a chairman named Buma Sudhakar. This society's catchment area consists of two villages. It consists of nine directors and 299 active shareholders. The society conducts Director's Meetings every three months, and an Annual General Body Meeting (AGM) is scheduled once a year to assess shareholders' constraints and find solutions to overcome them.

The fisherman in the society was not practising the civility of feeding the fish because they reported that feeding will be adjoined with nature. However, Kamaruddin Eddiwan *et al.*, (2022) stated that the presence and abundance of microalgae in pond waters were influenced by various factors, such as water quality and nutrient levels. Microalgae are a diverse group of organisms that can thrive in a wide range of aquatic environments, including pond waters. While some types of microalgae can be beneficial for fish. To ensure the success of fish farming in soil ponds, it is important to identify the types, abundance, and biomass of microalgae in the pond and to provide sufficient natural food for cultured fish.

The society performs the following functions:

- ❖ Releasing the seeds,
- ❖ Catching fish in the lake, and ❖ Marketing of the fish.

The fishery department of Telangana supplies the seeds to the society. The fishermen release the seeds in June and July. In October and November, the society supervises to inspect of the size of the fish. From February, the society members are involved in catching the fish up to May. There are multiple varieties of fish found and caught; locally those fishes are called as below:



Timeline of Fish Catching in Mathsya Parishramika Sahakara Sangham, Vardhanpet

Releasing of Fish Seeds

01.

June and July are the month where the seeds are released by the society members.

Nourishment.

02.

The released seeds are well developed by utilizing natural prey and resources from September to February.

Catching Fishes

03.

Catching of the fishes starts from the month of March. Up to the end of May the process is active in the region.

Types of fishes in the study area

- ❖ Bangaru Teege
- ❖ Bochhe
- ❖ Rohu
- ❖ Merige
- ❖ Burukalu
- ❖ Korememu
- ❖ Gascut

Fresh fish are in high demand in the nearby areas. Consumers will come to the lake to buy the fish. The marketing of these fish is not a big deal, especially during the season and on weekends fish are sold for a short duration. The surplus or leftover fish are purchased by an agent who then sells them in the markets or outlets



Fig.6: Fish and Fisherman with fishing net

Small-scale fisheries (SSF) make up about half of the global fish production, and about 90% of people who rely on capture fisheries for their livelihoods are in the SSF sector, mainly in developing countries. These fisheries are often embedded in local communities and are considered important for sustainable development. They provide livelihoods for millions of people and contribute to global food security, helping to combat hunger, malnutrition, and poverty. In addition, SSFs are generally less damaging to the environment and ecosystems compared to other types of fisheries, and they make significant contributions to the national and regional economy through income and employment. Women also often participate in SSF activities. (García-Lorenzo *et al.*, 2021)



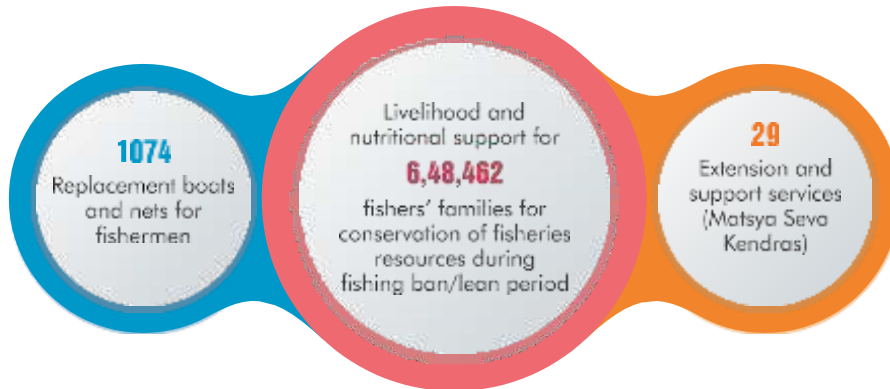
Fig.7: Fisherman's group discussion.

8. Challenges

- ❖ The fishermen are unable to identify good varieties of seeds.
- ❖ Government Schemes to uplift the fisherman/Societies.
- ❖ The society members are not proficient in fish culture, and fish feeding is not done
- ❖ The fishermen are unaware of the Processing, value addition, packaging, value chain and marketing of fish and fish products.
- ❖ The region is unavailable for a cold storage facility, accommodation or housing facility for the fisherman.
- ❖ As it is a cooperative society, it is still required to establish the infrastructure, nets, boats, etc.
- ❖ Lack of technical and scientific guidance the co-operative falls sick.
- ❖ Several other factors contribute to the underperformance of the fisheries sector and environmental degradation, including inadequate financial capacities, poor resource management, and lack of research facilities.
- ❖ These issues can compound the impact of natural and chemical events and make it more difficult for the sector to recover and thrive. Addressing these challenges will be crucial in order to improve the sustainability and resilience of the fisheries industry and protect the environment.



Source: Annual reports 2020-21 Dept. of Fisheries.



Source: Annual reports 2020-21 Dept. of Fisheries.

Fig. 8: Government Schemes and support for Fishermen's infrastructure and welfare

9. Way forward

- ❖ Society is preparing to create their marketing channel
- ❖ Society is planning to export the fish to other countries
- ❖ The cooperative is arranging to produce and market the seeds locally.



Fig.9: Fishes collection in a day

Matsya Parishramika Sahakara Sangham at a glance	
Incorporation year	1973
Chairman	1
Board of directors	9
Collection of fishes per day (in kg)	85
Turnover	2,00,000
No. of shareholders	299
Types of fishes	7
No of the villages covered	2

**Address Matsya Parishramika Sahakara Sangham (MPSS) Wardhanpet Warangal- 506313
(Fish) Comparative perspective of Successful Farmer Producer Companies**

Characteristics of the Companies	FPO's	Sahaja Aharam Farmers Producers Company.	Be'nishan Farmers Producers Organisation	Karimnagar Milk Producers Company Limited	Nagalgidda Farmers Producers Company	Matsya Parishramika Sahakara Sangham
Products		Organic Vegetables, pulses, millets, cereals, oil seeds, herbals, personal care products, sweeteners, spices, processed foods, flours, Rawas and seeds.	Pulses, onion, mango, maize, Dry chilly and vegetables	Milk and Milk products.	Processed raw rls, gram, gre gram, black gra cotton a watermelon	Fish
Year of Establishment		2016	2019	2012	2016	1973
Paid up Capital		17,55,000	1,50,00,000	29,83,46,208	5,00,000	NA
Number of Shareholders		20	06	353	500	299
Promoter		Centre for Sustainable Agriculture	Society of Farmers Elimination of Rural Poverty	Farmers	ICRISAT and SFAC	Farmers
Turnover		2.61 Crores	40.6 crore	418.92 crore	13,03,789	2,00,000
Inputs		Provided	Not Provided	Provided	Provided	Not Provided
Loan provider		Own funds	Private Bank	Own funds	NABARD	Own funds

Farmers Category	Serving to FPCs	Serving to FPCs	Small and Marginal	Small and Marginal tribal farmers	Small and marginal
Collective Action	Farmer producer companies	Farmer producer companies and Farmer interest groups	Milk procurement institutions	Farmers interest groups and selfhelp groups	Co-operative
Value Addition	Processing and Value addition of pulses and ready to serve products	Processing, of red chilli, cooking oil, custard apple and pulses processing	Processing of milk into milk products like curd, butter, ghee, butter milk and sweets,	Processing Unit red gram, green gram and black gram into dal	NA
Demand for the Product	Good	Good	Good	Good	Good
Diversification	Organic agricultural products supply chain by different modes	Spices and horticultural products forward linkage	Milk processing , forward and backward linkage	Forward and backward linkage, contract farming and dal processing unit.	Five types of fishes
Associations	CSA for certification and implementation.	SERP for funding and implementation	BAIF association for Artificial insemination and private bank for the loan.	Nagarjunna, bayer, Nova nd Spic for Fertilizers and Nazuveedu and	NA
				Nirmal for seeds	
Marketing Linkages	Self-marketing with outlets, mobile vehicle and online marketing.	Modern Retail traders (MRTs) - Reliance, Walmart, Big Basket, Metro cash & carry, Way cool, More, Prism, Scoops, Udaan, Ratnadeep etc Agroprocessing industries are Plant Lipids, Yellow & Greens etc. -E-commerce platforms- Zomato, Swiggy, Flipkart, Ninjakart etc	Self-marketing with outlets, carry and forward, and agents	Self-marketing, Traditional marketing like in fairs and festivals.	Self-marketing and marketing through middle man or agent

Chapter IV Conclusion and Recommendations

Conclusion and Recommendations

From this study, I documented the success stories of the five farmer institutions in

Telangana State. We looked at various streams of institutions such as Fish Co-operative, Milk Producer Companies, Farmer Producer Companies dealing with pulses, Marketing Federations dealing with the forward linkage of FPOs and the FPC Federation offering organic food supply chain. Through our research, we were able to gain insight into the various ways in which these FPCs had been successful in terms of generating additional income, creating employment opportunities, and helping farmers to increase their profits.

The success of these FPCs and Co-operatives can be attributed to several factors, including the commitment of their members, the government's support, and the services they provide. Their success also highlights the potential that these institutional models have to help farmers and rural communities gain access to markets and other resources.

We hope that this study has provided useful insights for the potential of FPCs and cooperatives and that it would help to carve more effective policy and investment decisions in the future. We also hope that this study will inspire other communities, young entrepreneurs, investors and other states to emulate the success of the FPCs in Telangana and create their own sustainable and successful FPCs.

Finally, it is important to note that these FPCs are only one part of a larger network of institutions that are working together to help rural communities and farmers in India. The success of these FPCs is a testament to the power of collaboration, and we hope that other states and communities will follow suit.

Recommendations

- ❖ The FPCs and Co-operatives are recommended to initiate digital marketing wing or online promotion system and to update each events and functioning's in social media to stabilize the popularity of the institution and promotion of the products which results in the dissemination to maximum consumers.
- ❖ It is advised to the FPCs which are into commodity marketing to get register and market in the e-NAM
- ❖ In case of co-operative societies it is suggested to re-register as a FPC. Whereas the FPC has multiple benefit for the shareholders like matching grants, hand holding support from CBBOs
- ❖ The Nagalagidda and MPSS FPCs are poor at marketing their produce, so it is advised to adhere various marketing channels like home delivery, marketing agent's attachments, etc., to make efficient sales.

- ❖ The farmer's institutions are required to follow advanced scientific methods, GIS technique and Standard operating procedures during the processing and production of commodities for the better yielding and good resource use efficiency.
- ❖ The FPCs which are selling raw commodities and agricultural products are instructed to undergo value addition, processing, branding and marketing, etc., to avail maximum profits.
- ❖ The selected FPCs are into procurement of raw materials and initiating forward linkage to the farmers. It is proposed to execute the present services to all over state with help of websites and portals which the farmers throughout state can be rewarded by the services.
- ❖ In some selected FPOs the paucity of support from Board of directors to CEO or any other administration aids oppose the wellness of the FPOs are observed remarked to diminution.
- ❖ The promoting institutions and respective organisations are required to offer training and employee technology transfer on product development, branding, packaging techniques and strategy origination to expand product segmentation and to achieve larger catchment area consumers. **Reference**

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