

Concept Note

GUJARAT RAJYA KRUSHAK MANCH

(GUJARAT STATE FPO FORUM)

(An initiative to facilitate Agribusiness & Agri-entrepreneurship amongst FPOs)

Sponsored by: Small Farmers Agribusiness Consortium

Anchored by: Sajjata Sangh

A. Introduction

Growing marginalization of smallholder farmers within increasingly liberalized agriculture markets has attributed to the growing assertion of producer organizations to defend local interests and ensure that farmers participate in policy dialogues particularly within national and regional forums. In defense of smallholders, farmer based groups have campaigned for fairer market condition fairer access to international markets, improved government support in relation to extension service, the provision of rural infrastructure and a greater role for smallholder farmers in the decision making process.

On one side where there is lots of hope and optimism of FPOs doing agribusiness addressing the problems linked with food security, reducing inflation linked with spiraling food prices and enhancing the livelihood of small and marginal farmers and on the other side there are many issues and challenges which negatively affect their progress towards achieving this mission. Impact of government policies, insensitive approach by authorities, trade barriers, etc are some other issues which need to be addressed at the policy level. Several of these issues could be resolved through a collective approach, wherein FPOs involved in agribusiness sharing a common vision should come together to discuss, strategize and take collective actions to resolve these problems.

Considering the merits of taking collective actions in agri-business, knowledge and information sharing, policy reforms and for capacity building resulting in developing stronger FPOs, a state level forum was proposed. After initial consultation with FPOs, NGOs, experts and other stakeholders from Gujarat, this state level forum of FPOs was formed on 27th November 2012. This forum is now known as Gujarat Rajya Krushak Manch (GRKM). Mission and objectives of GRKM is as given below..

Mission

Gujarat Rajya Krushak Manch's (GRKM) mission is to advance the business and policy interests of Gujarat's Farmers Producer Organizations (FPOs).

Objectives of State Level Forum of FPOs

- To identify the needs of FPOs for input supply and various value added services and to find solutions for meeting these requirements.
- To bring on one platform FPOs from all regions of Gujarat and related institutions, such as banks, NGOs, KVK experts etc. for developing a state specific agenda of action.

- To leverage the collective bargaining power of FPO members of the network with input suppliers, financial institutions, market agents etc.
- To create linkages with service providers, financial institutions, input suppliers, government agencies etc. to add value to the activities of FPOs in the network.
- To identify policy and procedural issues impacting the functioning of FPOs and dialogue with local, state and national level authorities for the satisfactory resolution of these issues.

Sajjata Sangh is the promoting organization of Gujarat Rajya Krushak Manch, with the responsibility of forming and anchoring this network. Sajjata Sangh will play a facilitator's role to the State FPO forum with the following responsibilities...

- To facilitate the listing of FPOs and other eligible institutions in the forum.
- To anchor the secretariat of the state level forum by committing one office based person.
- To understand all necessary measures for creating a data base of the state level forum, correspondence with members, conduct of quarterly meetings, issues of minutes etc.
- To regularly update SFAC/donors and member FPOs on the progress of the forum.
- To plan such activities in consultation with members that would be beneficial for the development of FPOs in the state.

B. Scope of work

FPOs face issues and challenges on several fronts such as input quality and timely availability, access to appropriate and affordable technology for farming, value addition, marketing to unlock the price potential of their produce and access to finance. The present issues plaguing the survival and growth of FPOs can be very well addressed by organizing them through business. Business and developmental objectives can be very well achieved by augmenting the resources, strength and skills of all FPOs.

A large group of farmers joined through a network of FPOs would negotiate with manufacturers, suppliers of goods and services, financial institutions, traders, processors and addresses market forces leading to better realization of price for their produce. A network of FPOs joined through a common goal would be in a better position to systematically engage with the business community. Opportunities open up in the areas of input supply, processing, contract farming, export of commodities/processed products, retailing etc. It is becoming increasingly apparent that many of the risks in agriculture can be significantly mitigated when producers (especially small and marginal producers) aggregate production and marketing efforts. The rapidly growing organized retail sector (while small at present, but doubling its market share every three years) seeks direct buying and selling opportunities with primary producers. Contract farming models are emerging across a wide range of commodities, ranging from fresh produce, spices to staples. Dealing with FPOs reduces both costs and transaction time for these market players.

Access to improved and affordable technologies for farming which is major concern in the current context would become a reality. Extension services would become accessible and effective through this

proposed arrangement. Sources of knowledge and opportunities for small and marginal farmers would open up leading to their empowerment and also strengthening their livelihood.

A new class of organized intermediaries has appeared on the agriculture marketing horizon in the form of collateral management service providers, offering finance against warehoused produce. FPO produce could be leveraged with these agents to raise working and investment capital. Similar to this, new avenues would be explored for FPO financing beyond the traditional FIs.

C. Activities

Gujarat Rajya Krushak Manch currently has 25 registered farmers producer organization (FPOs) as members with a combined strength of more than 150,000 farmers. With the primary mandate of creating an enabling environment for FPOs to do business, the manch will specifically focus on the following areas..

- Agribusiness promotion
- Policy advocacy
- Networking
- Link up with input suppliers and marketing sources
- Create an enabling environment for FPOs to get access to credit/finance.
- Knowledge sharing
- Introducing new ideas, practices and technologies.
- Capacity building support

Tasks as per the different themes are as given below.

Input Supply

- a. Facilitate linkages of FPOs with companies and initiatives which would help FPOs to start input business for those which are new or wish to enter this business segment.
- b. Depending upon the product requirement of FPOs which are into input supply business, identify companies offering required products if their products fit the criteria set by GRKM.
- c. Introduction of viable and affordable technologies useful for farmers.
- d. Linkages of FPOs with services providers in the areas of insurance (weather insurance, micro insurance, life insurance, health insurance, etc.), organic certification, financial services (micro finance, business facilitators/business correspondent, etc).
- e. Advocacy with relevant authorities to treat producer companies at par with cooperatives.
- f. Skill building and exposure visit of FPO representatives.

Marketing/Value addition

- a. Value chain analysis of specific commodities
- b. Value chain development of specific produce/commodities grown in the project area of member FPOs.
- c. Linkages to provide regular market information to farmers using mobile based technologies.
- d. Skill building and exposure visit of FPO representatives.

Access to credit & Finance

- a. Initiate dialogue and develop linkages on behalf of member FPOs for financial services such as loan for working capital and asset building.
- b. Institutional and Capacity Building support such as training of management and staff on financial management, accounting practices, business plan preparation, establishment of proper systems and tracking mechanisms which would not only enhance efficiency but also deepen outreach and impact
- c. Policy advocacy to address the gap in financial services, especially credit.

D. Structure

The forum will be an informal body to begin with unless and until the committee decides to register it. This will give the forum space to define its purpose and evolve a plan of action. The FPO members will decide on the milestones to be reached and timeline for it. The committee can independently set its own agenda and proceed on it. The committee will decide at a later to register and become a formal body.

The state FPO forum could be an apex body with sub groups that deal with business development, policy and procedures, institutional supports, sub-sectors of agriculture like horticulture, animal husbandry, fisheries, honey collection, poultry etc. With any one of them or any number of them being registered or remaining informal.

General Body

General body will comprise of all the members of the forum. General body meeting will be held once every year. Important decision regarding election/selection of executive committee members, approval of annual programme plan and budget, approval of annual audit report and annual activity report, appointment of auditor, formation of sub-groups to work on sub areas will rest on the general body. Voting rights will rest only with permanent members of the forum. Provisional members and observer members are excluded from voting.

Executive Committee

An executive committee will be elected/selected/nominated from the state level forum. The executive committee will meet every four months to plan, monitor, guide and support activities planned by the forum. The composition of executive committee is as proposed in the table-1.

Representative of key government departments such as agriculture, Horticulture, Fisheries etc, may also be requested to attend the meeting of the forum as special invitees through they may not be formal member of formal member of forum.

Advisory Committee

An advisory committee comprising of 1-2 members of executive committee, representatives of NGOs (promoters of FPOs), subject experts, financial institutions, corporate bodies and government agencies would be formed. The role of the advisory committee is as given in table-1

Secretariat

Sajjata Sangh will remain the secretariat during the initial years. The secretariat will anchor the forum. Representative of secretariat will perform his role as the secretary of the executive committee formed. Administrative and management functions will be done by the secretariat. Coordination between various subjects, organizing meetings, initiate dialogues with various actors, compliances, etc will be done by secretariat with active involvement of committee members.

The following structure was proposed.

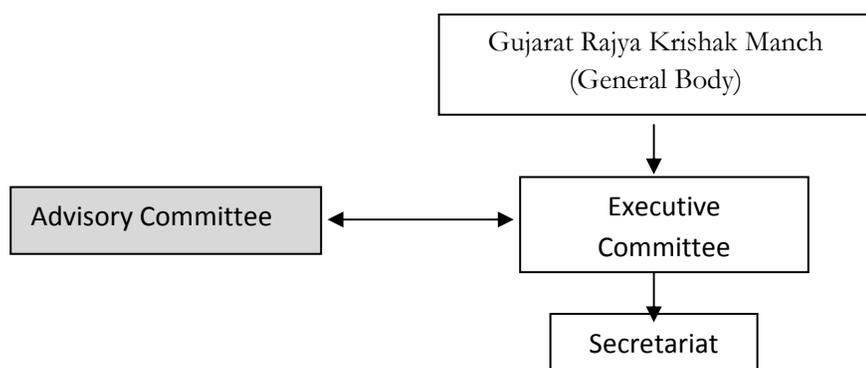


Figure-1: Organizational Structure

Table-1: Proposed Committees, Composition & Roles under the Forum

Committee	Composition	Role
General body (Meeting once in year)	All member FPOs (after screening)	- Approve activity plan and budget - Election/Selection of executive committee. - Take policy level decisions.
Executive Committee (Meeting every quarter)	11 member committee 6- FPOs 3- NGOs 1- Experts 1- Sajjata Sangh	- Facilitate learning and sharing of knowledge and information. - Facilitate linkages with companies, services providers, other agencies. - Mobilize funds/resources.

		<ul style="list-style-type: none"> - Implementation, Monitoring & Review of work - Screening and approval of companies & service providers for empanelment. - Address policy level issues with concerned stakeholders. - Grievance redress.
Advisory Committee (Meeting twice in year)	15 member committee NGO stakeholder Subject Expert Representatives of Banks Representative from Govt. agency Corporate representative	<ul style="list-style-type: none"> - Guide and support the executive committee of GRKM. - Explore opportunities, facilitate partnerships with external stakeholder agencies. - Play a crucial role in policy advocacy to create an enabling environment for business.

A second category of members are called “Observer Members”. These can be institutions/individuals which are directly related to the functioning of FPOs. Representatives of key government departments, such as Agriculture, Horticulture, Dairy and Animal Husbandry, Fisheries etc. may also be requested to attend the meetings of the forum as special invitees, though they may not be formal members of the forum.

The mandate of FPO committee covers all the sub sectors of agriculture which also includes horticulture, dairy, fisheries, poultry, honey, etc.

E. Financing the Forum

- i) Donor agencies supporting initiatives to develop and strengthen producer’s organizations will be approached for grant support.
- ii) At a later stage, the companies using the GRKM platform to do business with member FPOs will also be charged specific fees in the form of service fees, etc.
- ii) FPOs responsibilities towards the forum, which is mandated to create value for member FPOs by promoting business and creating an enabling policy environment should pay service fee for the linkages, services or platform provided by the state level forum. This provision would create a sense of responsibility of member FPOs towards to forum and will give them a feeling of ownership of this network.