National Conference on Transforming Small Holders Farming into Agri Business Ventures – Role of Producer Companies & Gendering Greenpreneurship

13th September, 2013
Madurai

Proceedings and Policy Recommendations

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An Inafi india Initiative

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INTRODUCTION

Indian farming scenario is characterised by very large number of marginal and small holdings with an average holdings of less than 2 hectares per farm. Small and marginal holdings constitute majority of farming households and are exposed to multiple risks and vulnerabilities. The increasing fragmentation of operational holdings for farm production is one such risk. The recent survey on number of area of operational holdings in the country gives a tell-tale picture of the situation with 80% of all operational holdings being marginal and small and the share of marginal holdings (below 1 hectare) has further increased to 92.4 million out of the total holdings of 137.8 million and there has been further decrease in the average size of the holdings itself.

The fragmented and dispersed nature of marginal and small holdings of the farms across the country have posed major challenge to the national strategy to improve farm productivity/production and thereby the farm incomes. This is more pronounced in rainfed areas as large number of holdings in rainfed conditions are in survival/subsistence level. The small and marginal holdings suffer from major disadvantages of lack of scale, lack of access to technologies, finances, markets which render them vulnerable and in a state of poverty and deprivation. They need, not just credit, but much more than that.

Size and scale do matter in transforming small scale farming into business venture and in dealing with markets. As a strategy to address this problem, farm collectives are being organized for scale and sustainability. In this respect, the enabling legal framework for organizing farmers under the producer companies has been a shot in the arm for the strategy. Producer companies have started springing up and those of small and marginal farmers are being promoted with the support of development NGOs, civil societies and philanthropies. Given their literacy level and economic conditions, promoting producer companies and putting a management in place has been the biggest challenge for the small and marginal farmers and this is where the role of enabling institutions has become crucial. For, it is not just start up but we need to keep engaged with these producer companies till such time they are in a position to manage their own affairs as a company.

Issues and challenges:

- There are many challenges in the process of transformation. The key challenge goes with the process of organizing the small and marginal farmers under the institutional framework whether a producer company or a cooperative, etc. This is akin to the situation when we started off two decades ago in a similar manner organizing poor women as self-help groups and networking these self-help groups as a federation. Over a decade or more self-help groups of women has emerged as a movement and has become a focal point for women's collective action. Though there are different challenges when compared to the SHGs, the principles and the process based on the mutuality, cooperation and collective action would remain the same. There is, therefore, a need to organize the unorganized small and marginal farmers to make the small and marginal holdings, particularly, in rainfed and tank based eco systems more viable and sustainable.

- The second key challenge lies in building their capacity and confidence of the farmers to run their own organizations with a business perspective and orientation i.e. from mere cultivation, harvesting to organize an agri business venture by working together pooling the products, adding value to the produce, etc.

- Another related challenge is to separate the individual and collective spaces whereby the common infrastructure facilities required to handle the scale of operations need to be in place with clearly laid down policies in sharing the facility, using it to the maximum benefits of the farmers. The issue of mobilizing resources for investment for infrastructure would test their collective skill of resource mobilisation.

- Yet another important challenge is to mainstream these producer companies with Bank linkage process for smooth credit flow to the farmer producer organizations for effective management of the business operations.

Given these challenges what we have witnessed in the recent period is some of the piloting experiments done by the civil society/NGOs in organizing a few farmer producer organizations. There are mixed experiences coming out of this piloting experience which need to be shared across and appropriate lessons drawn including the areas requiring adequate policy support from the Government and hence the need for a National Conference to bring together the NGOs who have enabled promotion of such farmer producer organizations across the country. Being a Pan India network with members from different States and having experience in such work, INAFI India had sought to set a platform to share the experience and deliberate on future course of action to enlarge this current work to bring more small and marginal farmers under institutional framework and promote the agri business perspectives among these target groups.

Against this backdrop National Conference has been organized at Madurai on September 13, 2013 as part of Madurai Symposium 2013

EXECUTIVE SUMMARY

The daylong Conference had been inaugurated by Ms Meena Hemchandra, Principal & Chief General Manager, College of Agricultural Banking (CAB), RBI, Pune, following the key notes of Mr Ajit Kanitkar, Programme Officer, Ford Foundation, Delhi. Ms Meena Hemchandra recounted the engagement of CAB, RBI with the theme of the Conference and shared some of the policy issues and practical concerns in promoting and advancing farmers' producer companies (FPCs). The inaugural was followed by experience sharing by the members of the INAFI India – DHAN Foundation, GDS, SKDRDP, KMVS and also other development institutions such as AOFG. IDF, Scope Insight and ALC have shared their experience and their suggestions in building the capacity and systems of farmers' producer companies. Perspectives of Banks and their schemes for extending credit to FPCs have been shared by Mr S.S. Bhat, General Manager, Canara Bank, Head Office, Bangalore and Mr Satish Goel, Chief Manager, Punjab National Bank, Priority Sector & Lead Bank Division, Head Office, New Delhi and Mr Selvanayagam, Senior Manager, Indian Bank, Madurai. Mr C.S.R. Murthy, Deputy General Manager, Business Initiative Department, NABARD, Head Office, Mumbai, shared the initiatives of NABARD in promoting and financing farmers' producer companies. Mr K.N. Janardhana, Chief Project Coordinator, RSETIs shared the experience of Rural Self Employment Training Institutes in building the capacity of the farmers' producer companies. Mr Vasimalai, Chairperson, INAFI India, in his valedictory address reinforced the need for organizing exposure visits (Road Show) for those farmers getting initiated, to 5-6 well run producer companies for getting knowledge and clarity in moving forward. Mr M.Kalyanasundaram, Chief Executive, INAFI India wrapped up the proceedings setting the way forward process. The policy recommendations have been highlighted and the proceedings have been detailed separately.

ACKNOWLEDGEMENTS

It is a matter of gratification that development stakeholders including Reserve Bank of India, NABARD, NGOs and Civil Societies, Farmers' Producer Companies/Farmer Leaders, Academia and Commercial Banks have responded and their participation reinforced the importance of promoting and supporting farmers' producer companies for the development of millions and millions of small and marginal farmers in the country. We particularly acknowledge the generous response and support of Ford Foundation, ICCo India and NABARD in hosting this Conference.

POLICY RECOMMENDATIONS

Organizing Farmers' Producer Companies (FPCs) and scaling up:

- The Conference recognizes the fact that although these are early days for producer companies, there is a momentum in the recent past in collectivization of small farmers in the FPC framework. The preferred choice for collectivization has been the producer company under the Central Company Law framework as it serves both the purpose of retaining the principles of cooperation as well as providing an enabling framework for self-management without outside interference.
- The Conference declared that organizing small farmers under the producer company framework would pave the way for raising economic profile from being a survival and subsistence mode to a sheer business proposition. This process of change to being an entrepreneurial farmer would impact (which has already started happening) the SHG eco system wherein the women members are taking to farming involving crop, animal husbandry and fisheries. Therefore, the Conference recognized the promising potential of farmers' producer companies towards greenpreneurship whereby women take the mixed farming as business ventures with focus on environmental concerns.
- As for the size and scale of the producer companies, the Conference came out with the recommendation that most critical aspect is adding value to the farmers and this process of adding value would determine size and scale of operations. Which means one size fits all approach won't work and the complexity and diversity of the context and the nature of farming brings greater challenge to the stakeholders.
- Flowing from the above recommendations and also the experience gained from the work so far, the Conference recommend a gradual approach keeping in view the capacity of the enabling institutions including NGOs/civil societies and also the farmers. Simple aggregation which may not involve processing of the produce and commodities but involve “buy, hold, grade and sell” would enhance confidence in the process of morphing from small farming to doing business.
- It has also been suggested that to gain confidence and trust of the farmers the above approach is necessary and more so success in the initial stages would trigger the process of small farmers getting organized under the FPC framework.

Capacity building:

- Capacity building of producer companies right from the formation assumes crucial importance from the perspective of its long term sustainability. While building the capacity of the farmers is important it also recognized that the capacity of the enabling NGOs is also equally important as it impacts on the quality and effectiveness of the FPCs. It has been acknowledged that capacity building has several dimensions which include company related matters – its governance, accounting and other systems, etc, knowledge about the backward and forward linkages, markets (domestic and export), infrastructure including warehousing and cold chains, access to financial services, costing and pricing, technology related including IT applications for market intelligence and information and production related technologies, processing related technologies, etc. It is vital that given diversity of produce, the contexts where they are produced, the markets, the enabling institutions including NGOs should have clarity about the growth, to what extent they would be able to handle and support producer companies. Given the challenges detailed above, in capacity building both for the farmers as well as the NGOs/philanthropies, well structured, sequenced and need based capacity building programmes/training needs to be planned for producer companies and NGos.

- In this respect, to initiate and inspire both the constituencies namely small farmers and NGOs to get started, exposure visits to successful and well run 5-6 farmers' producer companies (as Road Shows) need to be organized to begin with. This would help the farmers/NGOs to identify the gaps in their own capacity and help structure the programmes for building their capacity.
- More importantly, as the capacity building programmes are for the benefit of the small and marginal farmers who are vulnerably poor, the Conference strongly recommend that grant support and not debt should be the mode of financing such capacity building efforts.

Establishing backward and forward linkages – end to end solutions:

- The Conference came out strongly in favour of comprehensive package approach while enabling and supporting FPCs of small farmers as they have the disadvantages of lack of knowledge, capacities, scale, technology, etc. Which means the enabling process should look at both backward and forward linkages in organizing inputs and connecting to markets. There has also been a acknowledgement of the need for mechanization and infrastructure facilities for processing and marketing and that they should gradually, be built up in the initial stages instead of investing heavily (sunken cost) on infrastructure by the companies themselves, it could go for leasing and renting for easing the burden on the financial commitments.

Connecting FPCs to supply chain and value chain:

- With adding value to the farmers as the prime objective of promoting FPCs, the Conference emphasized the crucial necessity of connecting the producer companies to supply chain/value chain. Sustaining the linkages with these chains for FPCs would remain a greater challenge, especially when multiple commodities are being grown and handled. Another factor which has been identified is that FPCs need not necessarily set up supply or value chain in all commodities and it would be prudent to capitalize on/connect to the existing supply/value chains with well thought out support. As the FPCs move up the value chain and when the confidence and capacity of the FPCs and the supporting institutions reach high level with great risk appetite such ventures could be promoted.

Financing producer companies:

- As has been often mentioned, access to capital remains one of the major stumbling block for the producer companies to start up or run their operations/scale up. Thanks to the policy initiative through the revised priority sector norms advised by RBI, Banks have expressed interest to engage with producer companies with both working capital and term loan facilities for operations and setting up infrastructure.
- More important, structuring of financial package with blend of grant debt and equity on a case by case basis would be of practical wayforward. As already emphasised all capacity building efforts for the NGOs and the producer companies should be financed by grant.
- As for access to credit from Commercial Banks the producer companies require a special dispensation in terms of liberalised lending norms.
- Small farmers don't have much of capital to put in as equity in FPC and also the fact that they cannot offer collateral as they have none, the Banks should have an innovative way of lending with relaxed norms without reference to capital and collateral rather there is a need to look at the social capital of the farmers and their farming activities and plan.

Promotional grant for establishing producer companies:

- Unlike the big farmers, small farmers lack capital and capacity to organize themselves into company. Philanthropies and mainstream institutions including Government and development institutions need to invest grants in promoting producer companies for a time frame for at least 3-5 years. This is very much similar to the building of social capital of women through SHGs and within federations in terms of recognizing the need for grant for promotion.

- In this respect, Small Farmers; Agriculture Consortium (SFAC) and NABARD and in the light of new Company act, CSRs of Commercial Banks need to invest in promoting producer companies and extend grant support for this process.

Fiscal sops:

- Being the entities of small and marginal farmers', producer companies for a considerable period of time shall not be looked from a commercial perspective and taxed, be it income tax, VAT, service tax, etc., it has been strongly recommended that till such time these producer companies reach substantial threshold level of turnover (which requires wider discussions and consultations) no tax shall be levied and also fiscal sops like the ones extended to wind mills should be given to producer companies for establishing infrastructure facilities including warehousing and cold chains.
- Presumptive tax as being levied for small businesses could be thought of beyond certain threshold level rather than slab rates.

Adoption of producer companies:

- There has also been suggestions for the institutions like NABARD, RSETIs and even Banks CSR to adopt producer companies to create models of excellence with the continuous handholding support in partnership with development institutions.
- In fact, NABARD/Banks should reach out and identify the producer companies and adopt a project lending approach. The awareness among the Branches/zonal offices and training them in the innovative ways of lending to producer companies shall be adopted by the Banks.

Convergence and collaboration:

- All said and done, the Conference highlighted the need for convergence of stakeholders involving Government, Commercial Banks, NGOs, philanthropies to work together in identifying the companies with potential to enable them to scale up and make them grow bigger in terms of agri business and create models for emulation. And this presents new opportunities for partnership and collaboration among the various stakeholders.

PROCEEDINGS

Welcome and introduction:

Mr M.Kalyanasundaram, Chief Executive, INAFI India

Mr M Kalyanasundaram, Chief Executive, INAFI India welcomed all the participants and resource persons of the Conference. He extended warm welcome to Ms Meena Hemchandra, Principal, CAB, RBI, Mr Ajit Kanitkar, Programme officer, Ford Foundation and C.S.R.Murthy/Mr W Nagarajan, DGMs of NABARD. He stated that the Conference would look at the issues and challenges from the perspective of transforming small holders farming from the survival and subsistence level to agri business venture. While doing so what kind of capacity, level of knowledge is required both at the level of producer organizations/producer companies and also enabling NGOs besides access to whole range of services required by the producer companies of small farmers. In fact, he referred to the cooperative business models in farming particularly, AMUL. What attempted now is replication of the success stories of AMUL in different types of agri commodities – not just crops but also animal husbandry, in particular dairy, poultry and also fisheries. From this perspective, he said that we are only building on the cooperative business models and producer companies has been enabling the legal framework to do the agri business without much external /State interference. Another important aspect is the SHG eco system and its livelihood activities in farm sector.

As the livelihood initiatives and programmes of self help groups of women advance, many women members are coming together as common interest groups to promote farmers producer companies/farmers producer organizations. This graduation from individual based farm based livelihoods to collective and organized initiatives under the framework of FPOs/FPCs provides unique opportunity to the women members to move up the entrepreneur ladder in the farming sector and this trend of growth in entrepreneurial abilities in women needs to be encouraged and nurtured which would set to pave the way for agripreneurship and greenpreneurship.

Keynote address by Mr Ajit Kanitkar, Programme Officer, Ford Foundation:

At the outset, he expressed his happiness to be part of this Conference on Farmers' Producer Companies(FPCs). Referring to the Small Farmers' Agriculture Consortium , he expressed the hope that with the new dynamism and vibrancy being shown by SFAC, farmers' producer companies would get requisite support from the Government. He said that producer companies are basically a cooperative business model which brings together the farmers and help them to enhance their market linkages, technology adaptation and access to capital. This is more relevant for small holders farmers as they need to be lifted out of their current state of farming which is vulnerable on a survival mode. He recalled his visit to ASA, Bhopal in 2012 and felt happy about the progress made by ASA not only ASA being member but also INAFI network in enabling promotion of producer companies. The key issue he said is how the producer companies could get better price for the farmers' produce and stressed the need for proper system of accounting and book keeping by the producer companies. What is more important at this stage now is that the farmer producer companies are in a fledgling mode and the Commercial Banks' support to access capital for running the producer companies would be crucial. And to accelerate the credit flow in new and imaginative ways of credit delivery including newer products need to be thought of and implemented. Complimenting INAFI India for organizing the Conference, he wished fruitful deliberations for purposeful action.

Inaugural address:

Ms Meena Hemchandra, Principal, College of Agriculture Banking, RBI, Pune:

Thanking the opportunity for participating in the Conference on Producer Companies, Ms Meena Hemchandra referred to the important role of producer organizations of farmers particularly small farmers play to enhance the livelihood opportunities for small holder agriculture. Stressing the importance of enabling role of NGOs, she pointed out the need for long term engagement with producer companies for making themselves self managed and self reliant organizations. She felt that farmers had inadequate access to even knowledge about the markets and its demands. She stressed the importance of access to improved technology in farming and also the risk mitigation efforts. It is from this perspective the connect of producer companies with value chains assumes greater importance and reinforces the adequacy of market infrastructure particularly warehouses and cold chains for processing and the linkage of producer companies with value chain. She further mentioned that youth who are techno savvy needs to be encouraged to do agri business as they have the potential to become high-tech farmers. She called for the dissemination of the success stories of producer companies and also the role of SFAC in promoting producer companies. Expressing the hope that the revised priority guidelines would enhance the access to credit lines for their working capital and infrastructure facilities, she underlined the need for the frontline managers to be exposed to the successful initiatives of producer companies and also provided training as lending to producer companies require an empathetic approach different from the normal way of lending. She also recounted the views and suggestions received from the different stakeholders' participants in the Conferences organized by CAB on Value Chain Financing and referred to the policy changes required for promoting farmers' producer companies which came up as suggestions in the Conference:

Issues and challenges:

- Inadequate knowledge of what the market needs
- Poor sustaining power in markets
- Access to warehouses
- Knowledge and will and ability to go in for grading and branding of produce
- Needs better knowledge of prices real time
- Too much concentration risk needs to be avoided
- Use of improved technology including organic farming required
- Access to risk mitigation measures
- Agriculture to run on professional lines and shift to concept of agriculture as a business. Aspirations of new generation
- Better market infrastructure

She further reinforced the following issues:

- Better risk management techniques
- Integrating small and middle farmer with the value chain
- Aggregation – to what extent?
- Should farmer be part of the whole value chain? Is it sufficient he is linked to the value chain through producer's organisation

- Should aggregation be a simple voluntary organisation of farmers or should they have a legal
- What types of Institutions are more appropriate for promoting Farmer Producer Organisation?
- Developing schemes for warehouse plus activity
- Developing strong brands
- Promoting Farmers' collectives by corporate and retaining them in the chain
- Addressing the general fear and mistrust of the small producers

She recalled the following policy changes suggested by stakeholders in the Conference organized by CAB, RBI:

- Clear operational guidelines need to be formulated
- Registration process needs further simplification
- Registration fees should be nominal as in the case of society and trust
- All taxes like market cess, VAT, central taxes should be waived for genuine FPOs
- Funds not only for business but for capacity building of FPOs and supporting organizations like NGOs

Agriculture finance policy:

Resources utilized for waivers should be used better technology and risk management techniques like diversification

- HR issue in banks needs to be addressed
- increasing bank finance to agriculture market infrastructure - Setting up terminal markets in a Public Private Partnership through the Hub and Spoke

Mr C.S.R. Murthy, Deputy General Manager, NABARD, Business Initiative Department, Head Office, Mumbai:

Mr Murthy made a presentation about the NABARD's initiatives and its engagement with producer companies of small farmers. He referred to the policy guidelines issued by NABARD in extending blend of grant cum credit support to producer organizations. Referring to the farmers' club and joint liability groups, Mr Murthy mentioned that these initiatives set the tone for organizing farmers leading up to the farmers' producers organizations and farmers' producer companies in the current context. He said that NABARD is open to support well managed producer companies with good business plan and the importance of scaling up cannot be overemphasized from the perspective of adding more values to the farmers. He also referred to the NABARD's work in building market infrastructure to support value chain particularly rural godowns and warehousing.

Experience sharing and identifying issues and challenges faced by the producer companies:

Presentation by Mr Ganesh, SAMAGRI, initiative of DHAN Foundation:

Mr Ganesh made a presentation on SAMAGRI which was started 15 months back in Chennai which was largely funded by Rabo Bank. He explained 4 stages of DHAN's approach of development – social intermediation, financial intermediation, livelihood intermediation and civil intermediation. While mentioning the gap in expert services for agriculture, he mentioned that quality of information was poor as it was supply driven, low outreaching, low technology and he pointed out for a fresh approach for extended services. Regarding post harvest, he informed that losses were due to poor agronomical practices, improper handling and the losses would be reduced by intervention in agronomy, post production handling, efficient logistics and storage. He further mentioned that producer organization was the only solution to expand the value chain. In this connection, he explained that the unorganized farmers should be organized, knowledge and skill should be enhanced, post harvest loss should be reduced.

The following were the issues and challenges raised by him:

- Quality of information poor as it is supply driven not need based
- Low level of out-reach
- Poor research-extension link
- Mechanism for subsidies programme
- Low technology driven extension
- Need for a fresh approach to extension services
- Losses due to poor agronomical practices, improper handling and multiple hands

- 30% of fruits and vegetables destroyed before reaching consumers
- Intervention in agronomy, technology, post production handling, efficient logistics and storage would substantially reduce opportunity loss to SAM
- 5-7 layers of intermediaries, each layer in the chain adds cost to the produce without commensurate value addition
- Low producers share in consumer spent
- Low value addition and low control on chain keep
- Need the farmers producer organisation to control the chain, from production to market

Sharing the work of DHAN Foundation with regard to promotion of SAMAGRI initiative of small farmers company promoted to encourage cultivation of fruits and vegetables in peri urban areas i.e Chennai and aggregate the produce for marketing through retail outlets – 2 outlets have been opened in IT corridor in Chennai. This company is sourcing 4 types of vegetables from the farms of small holders and the remaining through bulk sources from the markets to make the retail outlets viable. Over time, the aggregation and sourcing from small farmers would be enhanced to make it major component of retail outlet. This initiative is expected to add value to the farmers in terms of farm gate price for the fruits and vegetables.

Presentation by Mr S.K. Dwivedi, GDS, Lucknow:

Mr S.K. Dwivedi made a presentation about two producer organizations promoted by GDS – (1) Grameen Aloe Producer Company Ltd and (2) Lehra Agro Producer Company Ltd. He gave an introduction about the Grameen Aloe Producer Company Ltd – the company was established in the year 2003 and started its production in the year 2008. The company was registered with 100% women membership in the year 2009 with 325 members. He also briefly introduced another producer company called Lehra Agro Producer Company Ltd which was promoted in the year 2005 and registered in the year 2010 with 661 shareholders and covering 101 villages. Further, he explained the learnings and challenges of the FPOs as under:

Learnings:

- PCs and product based business promotion is the logical culmination of sustained grassroots efforts on livelihood.

- Poor community acquire governance abilities but the business management is too much for them without professionals.
- Sustainability of PCs depend on reasonable scale of operation and this is only possible through Govt support and bank credits. Donor grants can help initiation, capacity building and incubation of institution & business.
- Sufficient and long term (5-7 years) support from donors could meaningfully contribute to the process of PC promotion and sustanability
- NGOs with 12 A & 80 G registration under Income Tax Act, can play limited role in provisioning the resources to profit making institutions like PCs

Issues and challenges:

- Building business environment among small producers.
- Organize Producer organization and inculcate Governance capabilities among poor producers/shareholders
- Different kind of registrations & licenses. compliances are even bigger challenge.
- Management of business – professional and expert human resources & their costs.
- Studies, Research, business plans, product development and product diversification.
- Technology up-gradation for competitive quality.
- Infrastructure development – like warehouses.
- Market penetration and linkage with bulk buyers.
- Short term and insufficient funding from donors.
- Mainstream support also not coming through. Banks require collateral security for credit. NRLM still to take off.

Presentation by Ms Alka Jani, KMVS, Gujarat

She introduced two producer companies promoted by KMVS:

1. Sahiyar Pashupalan ane Khet Utpdan producer company Ltd:

- Established in March, 2012
- It has 419 shareholders of only women
- It has a share capital of Rs.1,21,600
- There are 10 Directors
- It covers 14 villages
- The turnover of the company is Rs.37,00,000
- Activities of the company are – ghee production, cattle feed distribution, distribution of medicines to cattle, distribution of seeds, fertilizers and pesticides

2. Shri Mndra Ujjas Mahila Kheti ane Pashupalan Producer Company Ltd.

- Established in February, 2012
- It has 1000 shareholders of men and women
- There are 11 Directors
- It has a share capital of Rs.2,35,000
- It covers 26 villages
- The turnover of the company is Rs.89,00,000
- Activities of the company are – ghee unit run by 80 women, loans for developing individual grass banks, grass cutter on rental basis, loans for purchasing cattle, distribution of fertilizers at reasonable price, linking members with companies for drip irrigation, solar pumps.

She was also calling for the support of stakeholders for the following issues of KMVS:

Issues:

- Support for fodder bank development .
- Organising the cattle melas and melas for small ruminants.

- Developing the village agro centre.
- Grazing land development for green fodder.
- Direct Milk marketing through the company and processing of milk product
- Research, study and documentation support

Finally, she informed the participants the challenges ahead of producer companies:

Chellenges:

- orientation and awareness about the producer company at mass scale
- The governing board has limited knowledge about legal aspects related to produce company
- Accessing working capital and loans from the financial institutions .
- Attracting qualified professional staff.
- Infrastructure development and proper MIS considering the future expansion .
- Building own capacities for linkages and collaborations and adopting scientific approach.

Presentation by Mr Manoj Menezes, SKDRDP, Dharmasthala:

Through his presentation, Mr Manoj Menezes explained about the SKDRDP programmes in the farm sector as under:

1. Pragati Bandhu Programme which contained 247851 families.
2. Agriculture development Programme
3. Integrated Farming System
4. Animal Husbandry
5. Bee keeping
6. Paultry
7. Medicinal plants

The non-farm sector programmes were:

1. Vehicle purchase
2. Business:

3. Industry
4. Service
5. Food Products
6. Chemical products
7. Tailoring

Further, he explained about the Farmers' Club called SRI was formed with 10-20 farmers with the following objectives:

- o Transfer of technology
- o Awareness and capacity building
- o Market linkage

He also informed the participants about the Shree Dharmasthala Sri Gramodhyoga Samasthe a Section 25 Company which was established in the year 2002 at Belthangadi with the following objectives:

- Provide Alternative employment for the poor rural women.
- Identifying and training the beneficiaries to take up the IGA.
- Supply of Quality raw materials to the production units.
- Ensure the flow of Qualitative and branded products in to the market.
- Explore the market avenues for the Rural Products produced by SHGs.
- To provide forward and backward linkages for the groups.

Unique Features of the Organization

- It is people organization- 2000 SHGs are the shareholders of the Company.
- Provides forward and backward linkage.

Finally, he also stated that SKDRDP in association with Deshpande Foundation set up three garment training cum production centres in identified villages with the state of the art machineries and trained the women in garment production.

Presentation made by Mr E.M. Koshy, Chairman & Director, AOFG, Delhi

- Mr E.M. Koshy expressed his happiness to participate in the Conference and shared the work of AOFG in advancing farmers' producer companies. He informed that AOFG was established in 2006 with an investment loan from SHGW a private foundation in Netherlands. The company is for small and marginal farmers with focus on coffee and spices to cater to the needs of local, national and international markets. So far, four companies have been set up and registered with ROC in 2008. While the offices are at Wayanad, Kakancherry, Adimali and Pushpagiri the coordinating office is in Delhi. There were 625 producer farmer groups, 30 cluster level farmer associations with 9,300 members and four Apex Farmer Associations. He also mentioned that at present access to finance is a problem and commercial banks and NABARD were not reaching out to the producer companies. He also submitted the following issues and lessons:

- The FPCs could not make reasonable progress in securing break even point due to several problems: Mismatch in timely procurement due to paucity of funds, value addition facilities, staff commitment, remoteness, volume turnover and stiff competition from medium and big traders.

- FPCs can engage in all plantation crops. Processed value added crops eliminates loss and wastages and can build sellers market.

Lessons:

- We studied the FPOs/farmers groups and other forms of companies and found that producer companies is one of the best option, though the prevailing legal frame work is NOT in full support of this experiment.

- Start up funds are not available. Social venture funds are at par with any type of funds available from the financial institutions.

- The Micro credit funds are out of bounds due to typical commercial perceptions of the decision makers rather than development.

- Most of the talks on social venture capital, micro credit, start up funds, promoting rural business ventures have not yielded much results so far.

Financing of producer companies by Commercial Banks/NABARD:

Presentation by Mr S.S. Bhat, General Manager, Canara Bank (HO), Bangalore

Mr S.S. Bhat expressed his happiness to be part of this Conference. He stated that one major concern for the small farmers is access to finance from Commercial Banks. He also shared the proposed scheme of the Bank:

Purpose:

- To meet the Financial needs of the Farmers Producers Organisation by way of Working Capital or Term Loan as per the requirement.
- To improve the income and reduce the poverty of the poor and making their livelihood sustainable through business intervention.

Target group:

Small and Marginal Farmers having limited land holding and engaged in cultivation and other Allied activities.

Eligibility:

1. Economically viable, democratic and self governing Farmer Producers Organisation.
2. Members and stake holder of the FPOs are to be only Farmers and the company should be owned by them .
3. FPO to be a registered company.
4. Board of the company should be from Farmer members. In exceptional cases they may engage professional Directors ,Nomine Directors for smooth functioning till the farmer members are acquainted and self sufficient to run the company.

Credit facility:

Term Loan and /or Working Capital .Term loan can be granted for purposes like ;

1. Construction of storage godown ,
2. Construction of any structure useful for the common use of the Farmers Society for productive purpose which will be of long term use.

Working Capital:

1. To meet the cultivation expenses of the Farmer Members of the Society
2. To meet the post harvest need of the farmer members .

Assessment & Quantum of finance:

1. Term Loan: As per the prevailing guideline based on the purpose – 90 % of the project cost to be financed subject to compliance of other parameters / guidelines.
2. For Working Capital: Based on the scale of Finance for the total cultivable area. (To ensure that those farmer members have not availed any loan from other FIs /Banks for the said crop purpose)
3. Maximum loan quantum to the FPO should not exceed 10 times of its NOF /TNW

Security:

Prime security: Assets created out of the Finance made by Bank.

In case of Working Capital limit wherever finance is for crop cultivation , hypothecation of Crop of all the farmer members of the society for which all the Farmer members to authorize the Society /Company to execute document on their behalf. The detailed / disintegrated data of those farmers should be available at Society /Company.

In case of post harvest finance where the FPO will procure the produce of the Farmer members and store at the godown or market yard till it fetches good price and FPO makes the payment as per the prevailing market price on the day of procurement , in such cases hypothecation of such produce to be taken as prime security. In no case the limit should be clean. The Working capital financed to the FPO for the benefit of the Farmer Members should be having DP every time either by standing crop value or by the value of farm produce collected by the FPO and stored /kept for marketing.

Mr Satish Goel, Chief Manager, Punjab National Bank, Priority Sector & Lead Bank Division, Head Office, New Delhi

Mr Satish Goel elaborated on the Bank's initiatives for promoting lending to farm sector. Now, with the revised priority sector guidelines, Bank is quite keen to reach out to identify producer companies of small farmers to finance their requirements. The Bank has formulated scheme for financing both working capital requirements and also term loans for infrastructure facilities. He also said that Banks have set up RSETIs and also Exclusive Farmers Training Institute like the one near Madurai and welcomed the FPCs and NGos to make use of the training institute to build the capacity of the farmers. He also expressed the hope that the producer companies and the enabling NGOs would approach PNB for creating linkage process.

Presentation by Mr C.S.R. Murthy, DGM, NABARD:

Mr Murthy informed the gathering that NABARD is dealing with refinancing of bank led area development projects, and grants for community based programmes such as watershed, tribal development programmes, farmers club. He also metnioned that NABARD is shifting from grant to loan mode particularly for Community Led Natural Resources Management –UPNRM, Financing of Producers Organizations and Value Chain Approach. While explaining about the producer organizations he explained that such type of producer organizations would give better price for farmers, exploitation would not be there and farm produce aggregated. He further explained the issues and challenges faced by producer organizations:

Issues:

Financial

- Low capital base
- Lack of access to credit
- Bank's loan product does suit to POs requirement

Skills

- Lack of awareness and capacity building due to illiteracy.
- Lack of technical skill
- Improper business planning
- Lack of professional management of the group
- Lack of ability to study the markets

Market Linkages

- Low business knowledge
- Limited linkage to market and tie-up with related agencies
- Lack of marketing infrastructure
- Lack of commercial attitude.

Present status:

- Active participation by Banks & NGOs
- Training by Animal Husbandry, Horticulture Dept., to the members of such Farmers Clubs.
- NABARD support through FTTF/FIPF for exposure visits, setting up of demonstrative units, expert advice, etc.
- Some of the Farmers Clubs are in a position to provide backward & forward linkages to its members.
- Stage to guide such Farmers Clubs to get a legal status by registering them as Society or Producers Company etc.
- This can be termed as a stage to 'Stabilize Production System & Pre-formation Stage of PO'.

NABARD support:

Provide direct lending

- Composite and Term Loan products
- Adequate moratorium for sustainability

Aid in capacity building

- Provide management & business plan support, classroom training, demo units, exposure visits, agri university tie-ups, expert meetings

Foster tie-ups with markets

- Help in building tie-ups with local and large companies
- Aid in creating infrastructure through schemes for storage etc.

Additional support

- Financial support to increase capital base of producer organisations
- Support to Promoting Agencies as a part of incentive for taking care of P.Os.
- Support for administrative cost to take care of viability problems in a project for POs.

Mr Selvanayagam, Senior Manager, Indian Bank, Madurai

Mr Selvanayagam at the outset talked about the contemporary relevance of the Conference theme as millions of small and marginal farmers are struggling for survival and their farming becoming increasingly unviable and unsustainable. From this perspective he said that the need for transforming farming by small farmers into agri business venture through the approach of collectivisation is quite necessary. He mentioned that this process would help release small farmers from the clutches of traders and brokers.

Indian Bank, he said, has been taking several initiatives in supporting small farmers and their collectives including provision of training in their Rural Institutes. They are also creating awareness about the challenges faced by the producer companies of small farmers. He said that the Bank is looking forward in the light of the priority sector lending guidelines by RBI for extending credit to the farmer producer companies, to support the producer companies with the term loan and working capital.

Mr L.M. Ganesan, Member Faculty, College of Agricultural Banking, RBI, Pune

Mr Ganesan felt happy to be a part of the Conference. Looking at the issues and the challenges faced by the farmers' producer companies, he stressed the importance of collaboration among the different stakeholders including the Banks. In this process of supporting producer companies, every effort should be made to connect these FOCs to the value chain. Referring to the outreach programme initiated by the former Governor of RBI Mr Subbarao, he said that not only the top management of the RBI but also the Banks are going for outreach programme to know the field level problems in delivering credit. Financing the producer companies of small farmers, he felt should be the part of the financial inclusion programme in the country.

Mr Thangasamy, District Manager, NABFINS, Madurai

Mr Thangasamy informed the participants that NABFINS was providing finance to producer companies within 10 days. Talking about the eligibility criteria to avail loan from NABFINS, he said that the FPCs shoud produce at least one year audited statements and the eligible loan amount would be 10 times of the share capital. He invited the producer companies in the Southern States to approach NABFINS for foster linkage to avail credit.

Panel Discussions:

Mr M.Kalyanasundaram, CEO, INAFI India introduced ICCO India which is keen in working with small farmers and the FPCs. Further he pointed out that UN is about declaring the next year as the year for "Small Holders."

Mr Salimath, Managing Trustee, IDF, Bangalore:

Mr Salimath expressed happiness to participate in the conference. While talking about the producer companies of small and marginal farmers, he mentioned that producer companies are facing the risks associated with product, associated with technology, climate, finance and marketing. He shared the Sujeevana project initiated by IDF which provide basket of services to excluded communities for developing their capacities in sustainable livelihoods, financial literacy and prudent financial practices. He also explained about the poverty alleviation initiative programme supported by VMEF which focused on enlarging the scope of convergence led initiatives in livelihoods, financial inclusion to entitlements, education and employment and health services. Stressing the importance of connecting small farmers to the markets through collectivization, Mr Salimath gave an account of the following market initiatives undertaken under Sujeevana and how it has added more value to the farmers than before:

- Grains market linkage – procurement of paddy from the farmers and linked to the rise mil owners
- Cattle feed – procurement of cattle food from wholesale distributors and sell to the farmers
- Vegetable procurement – provide market linkage in Bangalore
- Other initiatives – organic outlet at Kunigal and solar lighting

He recounted the challenges faced in this initiative of farmers' producer companies – scaling up the quantity, to economize logistic and transport cost, dealing supply chain is quite complex due to high perishability, follow up on payment and monitoring by the enabling NGOs on behalf of the companies.

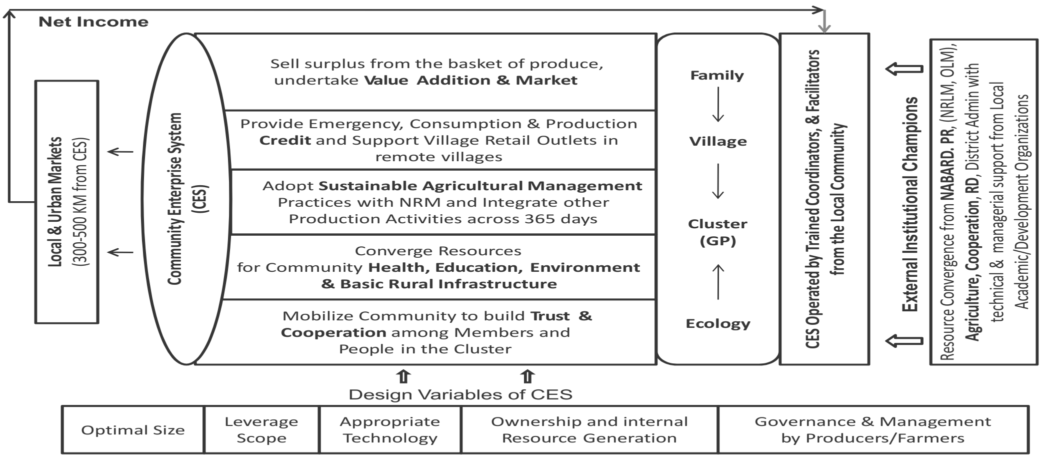
Prof Amar Nayak, XIMB, Bhubaneswar

Prof Amar Nayak in his presentation brought out the key internal factors for success of the farmers' producer companies as being capacity building, size of membership, ownership by the farmers and effective management by the enabling institutions along with farmers. He talked about the importance of understanding and connecting to markets whether domestic or export is crucial in terms of moving up the value chain by the FPCs. What is more important, he pointed out is getting grasp of the economy of scope which would determine the economy of the scale rather than other way around. The farmers' producer companies should have a structure with sufficient number of farmers i.e the scale to achieve negotiating power with the markets. The following factors were considered important by Mr Nayak for a sustainable community system through FPCs:

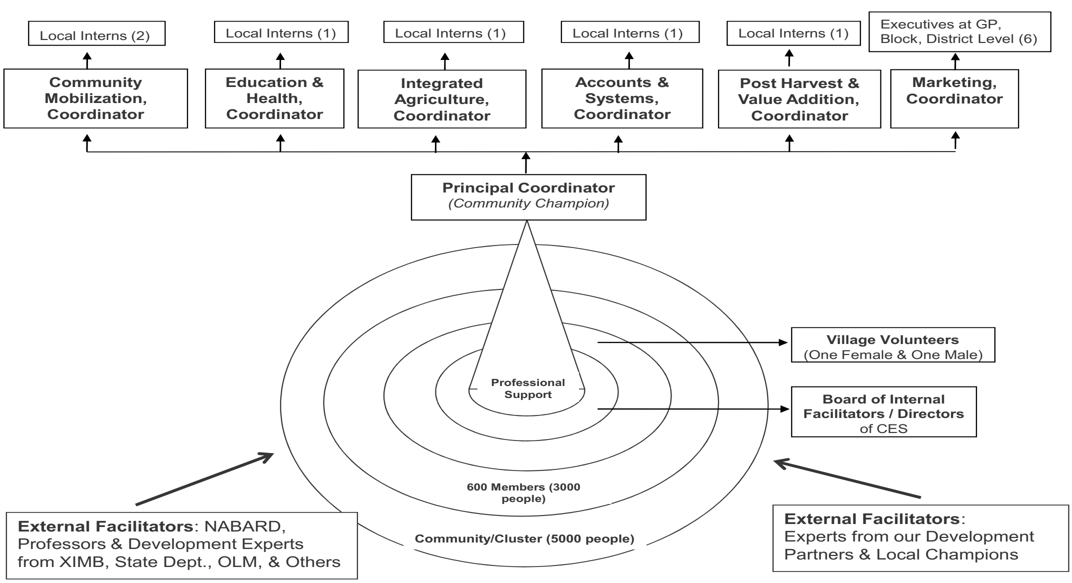
- Organize community for self reliance
- Sustainable agricultural management
- Post harvest management & local value addition
- Supply chain management
- Sustainable marketing
- Accounting & Finance
- Information, communication technologies
- Snthesis planning & budgeting
- Community health
- Primary education
- Basic village infrastructure

The following exhibits clearly show the structure, evolution activities and convergence of different stakeholders:

Organizational Design & Institutional Relationship for Sustainable Community Systems



Organizational Structure of Cluster level Organization



Mr K.N. Janardhana, Chief Project Coordinator, RSETIs:

In his presentation Mr Janardhana narrated the objectives of the RSETIs which starts from indentification and after training ends with assisting the youth to take up the self employment ventures if necessary with Bank support. The RSETIs he recalled has its origin with the RUDSETI initiative by the combine of Sri Dharmasthala Manjunatha Institutional Trust, Syndicate Bank and Canara Bank. Subsequent to RSETIs, many Banks have started independently RSETIs. And inspired by the pioneering role being played by RUDSETI/RSETIs, the Ministry of Rural development, Government of India under the aegis of National Rural Livelihood Mission has come forward to set up a central monitoring unit for establishing and monitoring RSETIs in all the districts of the country and each State will have projects Coordinator and they would work under the guidance and enabling support of the Central Project Coordinator for RSETIs.

Referring to the emerging farmers' producer companies/farmers' producer organizations, Mr Janardhana said that the role of RSETIs in building capacity is very much relevant and exhorted enabling NGOs to collaborate with RSETIs for building capacity of farmers' producer companies. He also talked about the need for off campus training programmes for FPCs by RSETIs. He sees the main challenge as identifying right kind of FPCs and farmers.

Mr Ayan Banerjee, ICCO India, Delhi

Thanking the opportunity for sharing his thoughts in the Conference, Mr Ayan Banerjee drew the attention of the participants to the challenges of financing producer companies which is different and there is no “one size fits all approach”. He further stressed that in promoting producer companies we need to focus as much on sustainability (in fact more on this) as on the scale. The farmers of the producer companies should be enabled, he felt that not only in terms of what to grow, how to grow but also in making good business plans and how to get finance to fund the business plan. His experience, he said has been that they lack capacity, knowledge about the technology and markets and these areas compelled the attention of the enabling NGOs. Producer companies are like cooperatives and the classic and shining example of AMUL which is a success story should be inspiring and the lesson that we take from the model is that professional management made all the differences.

Referring to the Scope Insight, he informed the gathering that such parameters have been developed by his institution to assess the capacity and what is more is thereby enabling access to capital, grant and debt.

Mr Krishnagopal, Cheif Executive Officer, ALC, Hyderabad

In his presentation Mr Krishnagopal shared the experience of CDF in promoting a dairy cooperative which has grown from strength to strength over the years. It has been truly inspiring story for those stakeholders getting involved in enabling promotion of farmers' producer companies. He narrated native knowledge and intelligence of the members of the dairy cooperative in providing solution to the problems and shared about savings scheme introduced for farmers from out of the supply of the milk dairy. He also stressed the need to understand the scope as has been experienced from the dairy initiative of CDF from the members which is based on the understanding of the local market first and decide about the scale. We should give solid foundation for the producer companies to sustain itself and thereafter gradually scale up after understanding the external markets.

Mr Ramachandram, Coordinator, Community Managed Sustainable Agriculture(CMSA), SERP, Hyderabad:

In his presentation Mr Ramachandram discussed about the nested federation model for farm based livelihoods being implemented buy SERP with the objective of enhancing the farm based livelihoods of members of small farmers, technology transfer and other escort services including market linkage, credit through enabling process. He also dwelt on the agri value chain being promoted for the benefit of small and marginal farmers. The value chain investments include seed banks, farm service centres, sustaining and market linkage. He informed about the plan to being nearly 1 Crore acre under CMSA initiative. He also shared about the other initiative, farm based livelihood initiative for small and marginal farmers such as integrated farming system bio diversity and tree based farming and also the mobile bazaar, organic certification. There is also a move for branding and develop brands for the agricultural commodities being procured from the small farmers.

Valedictory by Mr Vasimalai, Chairperson, INAFI India

Mr Vasimalai in his valedictory remarks reinforced the inspiring stories narrated by Mr Krishnagopal from the CDF work and also the Mulkanoor Coopertive Society particularly for paddy seed production. He stressed the need for mission mode in enabling producer companies for transforming into business venture - there is an absolute need for long term work with a time horizon of 5-8 years. Otherwise, he said that sustainability would be at stake. Sharing the experience of DHAN Foundation, he said that 3 models are being adopted in organizing the small farmers the first one <u>production model</u> – helping the farmers to access to credit and backward/forward linkage for sustaining the farm based livelihood activities, the second one <u>aggregated model</u> – where farmers are organized for pooling the produce for marketing and getting better prices and the third one being <u>aggregation and value chain model</u> where the processing and packaging done for the produce aggregated like in dairy project by DHAN Foundation.

What is more important is that NGOs promoting producer companies, should have clarity about the model they want to pursue and what kind of capacity they have in pursuing a particular model. He suggested that INAFI need to organize exposure visits (Road Shows) to the well run producer companies, at least to 5 such companies for those NGOs and farmers getting initiated in this process, so that they could get basic knowledge and clarity in moving forward.

Summing up by Mr Kalyanasundaram, Chief Executive, INAFI India

Mr Kalyanasundaram thanked all the participants for the active participation and drew the attention of the participants to the common gaps that have come up starkly in various presentations - access to capital and markets and infrastructure facilities to support marketing. Important take home is that FPC needs to add value to the farmers first and it is not always necessary that adding value to the produce is important although it may evolve organically over time.

As the Banks are in the process of evolving schemes for financing, the need for waiving of collaterals for FPCs of farmers is very critical as they do not have any assets to begin with. Convergence and collaboration of stakeholders and perhaps networking of producer companies have also emerged as a critical factor he added, in advancing the producer companies.

He thanked the Ford Foundation, ICCO India and NABARD for the fund support to organize the Conference.

POLICY RECOMMENDATIONS

The deliberations of the Conference have been quite enriching and in depth. Besides the resource persons who presented the papers and shared their experiences, the participants also have raised many issues and their own learnings. What is more important, the Conference has brought to the fore many policy and practice related issues in promoting and advancing FPCs. Important policy issues have been gleaned from the deliberations and captured hereunder:

Organizing Farmers' Producer Companies (FPCs) and scaling up:

- The Conference recognizes the fact that although these are early days for producer companies, there is a momentum in the recent past in collectivization of small farmers in the FPC framework. The preferred choice for collectivization has been the producer company under the Central Company Law framework as it serves both the purpose of retaining the principles of cooperation as well as providing an enabling framework for self-management without outside interference.

- The Conference declared that organizing small farmers under the producer company framework would pave the way for raising economic profile from being a survival and subsistence mode to a sheer business proposition. This process of change to being an entrepreneurial farmer would impact (which has already started happening) the SHG eco system wherein the women members are taking to farming involving crop, animal husbandry and fisheries. Therefore, the Conference recognized the promising potential of farmers' producer companies towards greenpreneurship whereby women take the mixed farming as business ventures with focus on environmental concerns.

- As for the size and scale of the producer companies, the Conference came out with the recommendation that most critical aspect is adding value to the farmers and this process of adding value would determine size and scale of operations. Which means one size fits all approach won't work and the complexity and diversity of the context and the nature of farming brings greater challenge to the stakeholders.

- Flowing from the above recommendations and also the experience gained from the work so far, the Conference recommend a gradual approach keeping in view the capacity of the enabling institutions including NGOs/civil societies and also the farmers. Simple aggregation which may not involve processing of the produce and commodities but involve "buy, hold, grade and sell" would enhance confidence in the process of morphing from small farming to doing business.
- It has also been suggested that to gain confidence and trust of the farmers the above approach is necessary and more so success in the initial stages would trigger the process of small farmers getting organized under the FPC framework.

Capacity building:

- Capacity building of producer companies right from the formation assumes crucial importance from the perspective of its long term sustainability. While building the capacity of the farmers is important it also recognized that the capacity of the enabling NGOs is also equally important as it impacts on the quality and effectiveness of the FPCs. It has been acknowledged that capacity building has several dimensions which include company related matters – its governance, accounting and other systems, etc, knowledge about the backward and forward linkages, markets (domestic and export), infrastructure including warehousing and cold chains, access to financial services, costing and pricing, technology related including IT applications for market intelligence and information and production related technologies, processing related technologies, etc. It is vital that given diversity of produce, the contexts where they are produced, the markets, the enabling institutions including NGOs should have clarity about the growth, to what extent they would be able to handle and support producer companies. Given the challenges detailed above, in capacity building both for the farmers as well as the NGOs/philanthropies, well structured, sequenced and need based capacity building programmes/training needs to be planned for producer companies and NGOs.
- In this respect, to initiate and inspire both the constituencies namely small farmers and NGOs to get started, exposure visits to successful and well run 5-6 farmers' producer companies (as Road Shows) need to be organized to begin with. This would help the farmers/NGOs to identify the gaps in their own capacity and help structure the programmes for building their capacity.
- · More importantly, as the capacity building programmes are for the benefit of the small and marginal farmers who are vulnerably poor, the Conference strongly

recommend that grant support and not debt should be the mode of financing such capacity building efforts.

Establishing backward and forward linkages – end to end solutions:

- The Conference came out strongly in favour of comprehensive package approach while enabling and supporting FPCs of small farmers as they have the disadvantages of lack of knowledge, capacities, scale, technology, etc. Which means the enabling process should look at both backward and forward linkages in organizing inputs and connecting to markets. There has also been a acknowledgement of the need for mechanization and infrastructure facilities for processing and marketing and that they should gradually, be built up in the initial stages instead of investing heavily (sunken cost) on infrastructure by the companies themselves, it could go for leasing and renting for easing the burden on the financial commitments.

Connecting FPCs to supply chain and value chain:

- With adding value to the farmers as the prime objective of promoting FPCs, the Conference emphasized the crucial necessity of connecting the producer companies to supply chain/value chain. Sustaining the linkages with these chains for FPCs would remain a greater challenge, especially when multiple commodities are being grown and handled. Another factor which has been identified is that FPCs need not necessarily set up supply or value chain in all commodities and it would be prudent to capitalize on/connect to the existing supply/value chains with well thought out support. As the FPCs move up the value chain and when the confidence and capacity of the FPCs and the supporting institutions reach high level with great risk appetite such ventures could be promoted.

Financing producer companies:

- As has been often mentioned, access to capital remains one of the major stumbling block for the producer companies to start up or run their operations/scale up. Thanks to the policy initiative through the revised priority sector norms advised by RBI, Banks have expressed interest to engage with producer companies with both working capital and term loan facilities for operations and setting up infrastructure.
- More important, structuring of financial package with blend of grant debt and equity on a case by case basis would be of practical wayforward. As already emphasised all capacity building efforts for the NGOs and the producer companies should be financed by grant.

- As for access to credit from Commercial Banks the producer companies require a special dispensation in terms of liberalised lending norms.

- Small farmers don't have much of capital to put in as equity in FPC and also the fact that they cannot offer collateral as they have none, the Banks should have an innovative way of lending with relaxed norms without reference to capital and collateral rather there is a need to look at the social capital of the farmers and their farming activities and plan.

Promotional grant for establishing producer companies:

- Unlike the big farmers, small farmers lack capital and capacity to organize themselves into company. Philanthropies and mainstream institutions including Government and development institutions need to invest grants in promoting producer companies for a time frame for at least 3-5 years. This is very much similar to the building of social capital of women through SHGs and within federations in terms of recognizing the need for grant for promotion.

- In this respect, Small Farmers; Agriculture Consortium (SFAC) and NABARD and in the light of new Company act, CSRs of Commercial Banks need to invest in promoting producer companies and extend grant support for this process.

Fiscal sops:

- Being the entities of small and marginal farmers', producer companies for a considerable period of time shall not be looked from a commercial perspective and taxed, be it income tax, VAT, service tax, etc., it has been strongly recommended that till such time these producer companies reach substantial threshold level of turnover (which requires wider discussions and consultations) no tax shall be levied and also fiscal sops like the ones extended to wind mills should be given to producer companies for establishing infrastructure facilities including warehousing and cold chains.

- Presumptive tax as being levied for small businesses could be thought of beyond certain threshold level rather than slab rates.

Adoption of producer companies:

- There have also been suggestions for the institutions like NABARD, RSETIs and even Banks CSR to adopt producer companies to create models of excellence with the continuous handholding support in partnership with development institutions.

- In fact, NABARD/Banks should reach out and identify the producer companies and adopt a project lending approach. The awareness among the Branches/zonal offices and training them in the innovative ways of lending to producer companies shall be adopted by the Banks.

Convergence and collaboration:

- All said and done, the Conference highlighted the need for convergence of stakeholders involving Government, Commercial Banks, NGOs, philanthropies to work together in identifying the companies with potential to enable them to scale up and make them grow bigger in terms of agri business and create models for emulation. And this presents new opportunities for partnership and collaboration among the various stakeholders.

ICCo India

ICCo, a “not-for-profit” development organisation in India; stands for “Innovative Change Collaborative” in its vision and operational principles as it believes that “Innovative” strategic thinking and “Collaborative” effort are the key to bringing about the desired change in our society and system. Inspired by the spirit of stewardship, justice, empowerment and change promoted by ICCO COOPERATION, The Netherlands, ICCo India was registered as a not for profit Trust in 2008.

ICCo India offers services in the field of program and financial management, monitoring and evaluation and bridges the gaps between donors and NGO partners ensuring accountability, integrity and desired outcomes. Our clients range from foreign Ministries, international donors, INGOs, multilateral and bilateral agencies, corporate sector, group and individual donors depending on the nature of the project

The organisation brings with itself decades of experience of working in India and South Asia and has strong networks both at the regional and global level.

ICCo COOPERATION

ICCo Cooperation is an international development organization with its roots in The Netherlands. With 7 regional offices in the world, ICCo Cooperation works in 44 countries.

As a global organization, ICCo Cooperation's goal is to contribute towards poverty alleviation and social justice in communities and countries thereby ensuring lasting impacts on the lives of people. The work and interventions focus on global public goods, international and economic justice, gender equality, human rights, food security and climate. ICCo Cooperation creates a link between local and international groups and believes that change depends on both, entrepreneurial capacity of individual people and their capacity and willingness to join forces with others. It works as a link to foster cooperation and facilitate collaboration between and among diverse groups of stakeholders: civilians (private sphere), social organizations (civil society), enterprise and business (market) and governments (state).

Inafi India (International Network of Alternative Financial Institutions - India) is a network of Development NGOs involved in enabling and supporting development programmes/livelihood interventions of the member organizations in India. Inafi India is affiliated to global network of Inafi and being country chapter in India, the network is working on the vision of Inafi for development with dignity for poor and enabling access to basic services including financial services. The collective outreach of members is more than 7 millions across the states. Inafi **spearheads the SHG bank linkage** and financial inclusion. Building the microfinance sector, capacity building programmes for members and policy advocacy for pro poor microfinance services are the twin mandate of the Inafi India.

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