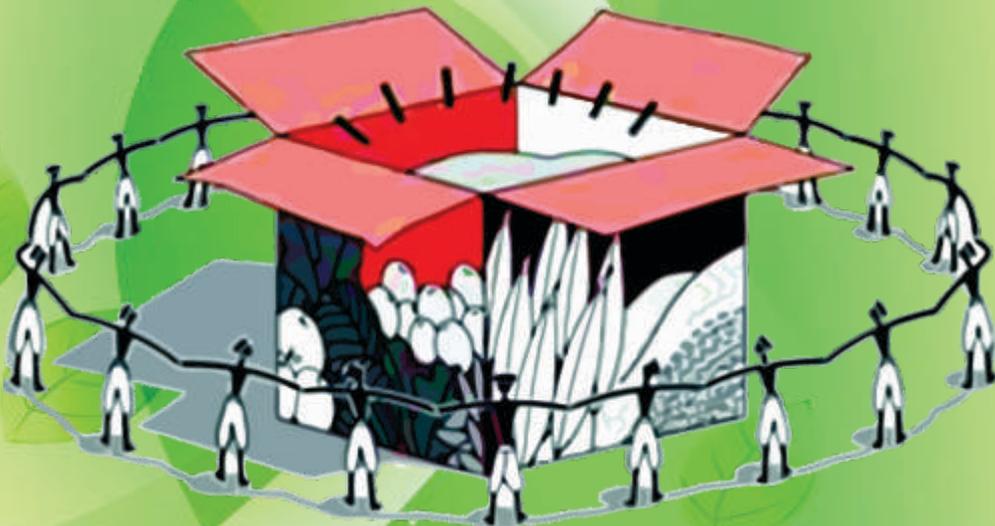


Madurai Symposium - 2013

**National Conference
on**

**Transforming Farming in
Small and Marginal Holdings into
Agri Business Ventures through
Producer Companies/
Farmer Producer Organisations**

**13th September, 2013
Madurai**



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Transforming Farming in Small and Marginal Holdings into Agri Business Ventures through Producer Companies/ Farmer Producer Organisations

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 this backdrop, and 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 would 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.

About the Conference:

The National Conference will be organized at Madurai on September 13, 2013 as part of Madurai Symposium and would involve participants drawn from NGOs both from INAFI network and outside, Governments, Banks and academia. The Resource Persons would be drawn from NGOs who have piloted the farmer producer organization model under either company or cooperative framework from different parts of the country.

The conference would deliberate on the following key issues:

- 1) Organizing the unorganized farmers under the institutional framework, governance and management process.
- 2) Business plan, technology applications and marketing linkages.
- 3) Common infrastructure facilities.
- 4) Innovative ways of financing – new credit products, appropriate insurance covers, etc.
- 5) Linking with supply and value chain.

For whom:

Different stakeholders comprising of Farmer Producer Organizations, Civil Societies/NGOs, State/Central Governments, Commercial Banks, Insurance Companies, Philanthropies.

When and where:

September 13, 2013 @ Thamukkam Grounds, Madurai, Tamil Nadu,



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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