

**Building Resilience for Sustaining Development**

**Workshop on  
Bridging the gaps in supply chain and  
marketing of Farmers Producer Organizations  
(Showcasing Resilient FPOs)**



**Madurai Symposium 2017**

Thamukkam Grounds, Madurai  
September 23, 2017

*Organized by*



**DHAN Jeevidam**



## Background - The Agriculture market scenario

The global food system is characterized by high levels of influence of powerful firms on the trading, processing, manufacturing, and retail sales. Large retailers are able to control agricultural production in more and more regions of the world through rapid internationalization and their increase of market share in food sales across the globe. Along with the spread of supermarkets, public and private standards related to food quality and safeties are gaining importance even in developing countries. Increased specificity of products and higher standards of requirements in globalized production and trade systems lead to tighter governance of value chains. This assertion is based on the transaction-costs approach, which states that more complex transactions lead to greater segments of the production process being controlled by, or integrated into, the same firm.

In the case of smallholder agriculture, transaction costs for firms dealing with small farmers are particularly high for a number of reasons: for example, the small units of output per farming household, low capacity, low information levels of farmers, uncertainties in dealing with farmers, as well as simple physical distance because of underdeveloped infrastructure. In this scenario high levels of vertical coordination occurs in which the buyers have more control over the producers. The buyers prefer contract farming which ultimately sets hierarchy. This system is suitable only to the larger farmers and they are getting the benefit and becoming the partners of the larger system.

Here, disempowerment occurs because the small farmers are seen as the simple pieceworkers on their land, while corporate enterprises control the means of production and the output, and capture most of the value circulating in the system. Against this backdrop, to change the market situation, a concept of small farmer's organization(FPO) has been developed and scaled up from 2013. Much emphasis has been placed on its potential role for poverty alleviation within a so-called 'smallholder revolution'. Increasing economies of scale, lowering of transaction and coordination costs, creation of countervailing power, access to capital markets on favorable terms, risk management, and income improvements are other major reasons for establishing farmers'

organizations. Most farmer organizations act as multipurpose organizations and offer a wide range of services to their members, independent of the specific type of organization.

At present these FPOs don't have the market knowledge and competency which has to be cultivated over a period in time since it is the tough subject to handle. Till they grow to that level the role of promoting organizations are becoming critical in establishing the positive demonstration. Since the entire sector is in the nascent stage there is need to debate, discuss and evolve the content for small holder marketing. To facilitate the process of discussion among the stakeholders DHAN foundation is organizing a conference as part of Madurai symposium.

### **The objectives of the conference**

- To showcase the best FPOs
- To understand their marketing practices
- To jointly understand the agro food system market
- To evolve the role of FPOs in the food chain market
- To evolve the strategies to capitalize the opportunities

### **The date**

23rd September 2017 from 10 am to 5 pm

### **The venue**

Thamukkam grounds, Madurai

### **The participants**

FPO chairman's, FPO – CEOs, Resource institutions



## Event Organisers

### About Kalanjium Thozhilagam Limited



Kalanjium Thozhilagam Limited is the business initiative of DHAN Foundation, promoted with the aim of accelerating the product marketing of small producers thereby increasing their income and reducing the poverty. It is a public limited Company with the Primary Producer Groups, Primary Marketing groups and Producer companies as share holders of the company. The first Producer Company in India was promoted by KTL in 2004 for chillies in Ramnad District. It is community Owned and professionally managed organization. KTL has made a turnover of Rs. 11 Crores in the past 13 years.

Based on its past experiences, KTL has been empanelled as Resource Institution by SFAC to promote 5 FPOs for Millets and Pulses in Tamilnadu. Besides, Tamilnadu SFAC has empaneled KTL to promote seven FPOs for Pulses, Millets, Coconut and Groundnut in Tamilnadu. With the fund support from SFAC, KTL has facilitated these FPOs to carry out a business turnover of Rs.7 Crore in the past two years. KTL also provides marketing support to 45 FPOs promoted under DHAN Collective institutions.

### About DHAN Centre for Social Enterprises- Jeevidam



DHAN centre for social enterprise is the livelihood advancement initiative of DHAN Foundation. The centre has been initiated recently for evolving the model for livelihood graduation of small and marginal producers involved in both farm and nonfarm activities for increasing their income. The CSE has promoted incubation centre and school for sustainable production. The incubation centre focuses on promoting and sustaining the producer organizations. The school of sustainable production will offer capacity building for the producers and the producer organizations. At present the

CSE, handholds 52 farmers' producer organizations which are promoted with the support of SFAC and NABARD across six states of the country. To have a common identity the FPOs and their products are branded as Jeevidam. The Jeevidam producer organizations will focus on increasing the production of farmers and facilitate collective marketing for getting better price. The CSE will also support the sector.

*For further information, please contact*



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