



Centre for Economic and Social Studies

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ICSSR Sponsored Training and Capacity Building Programme for CEOs/Directors of Farmer Producer Companies in Telangana and Andhra Pradesh on Business Development Planning **Report**

Training programme held from March 7th to 11th 2022 - Organized by Dr. Arifa Sultana

The ICSSR training programme was organised at Centre for Economic and Social Studies for five days from 7th March to 11th March 2022. The details of the training programme are enclosed below.

Day 1

7th March 2022 Time 10.00 am to 11.00 am Inaugural Session

Inaugural Session was organized where Shri Tapan Kumar Sahoo, Assistant Manager, NABARD was the chief guest. Prof. E Revathi welcomed the participants from Telangana and Andhra Pradesh State. Thirty participants enrolled for the training and capacity building programme. Mr. Tapan Kumar Sahoo in his message explained the importance of business planning and training programme. He stressed on importance of sustainability, branding, and value addition and marketing linkages for the FPOs. A handbook was released by the chief guest on Business Development Planning written by Dr. Arifa Sultana, Consultant, CESS and translated in Telugu language by Dr. Siluveru Harinath, Research Associate, CESS (Annexure 1)





Participants in the inaugural programme

The participants were from districts such Karimnagar, Kamareddy, Ranga Reddy, Bhongir, Nagarkarnool, Nalgonda, Sangareddy, Jangoan, Asifabad, Jagadevpur, Hyderabad, Yadadiri Bhuvangiri, and Suryapet from Telangana state and Vishakapatnam district from Andhra Pradesh. The list of participants is enclosed in annexure 2.

7th March 2022 Time 11.30 am to 1.00 pm Introduction to Business Planning Dr. Arifa Sultana

The resource person for the first session was Dr. Arifa Sultana who introduced the concept of Farmers Producer Companies and discussed how to prepare a business plan and gave an over view of the business planning concepts and the programme. The first section of the business planning on management was discussed and maintenance of records, meetings, governance structure, organizational chart, decentralisation, benefits of decentralisation, how to make a business plan was explained in this session. An overview of the Business Development Plan was explained.



Dr. Arifa Sultana taking a session on Management Aspects of Business Planning

7th March 2022 Time 2.00 to 3.30 pm

A Session on Value Chain Development – Potential Interventions was taken by Ms. N Rajitha Chief Operating Officer, Farm Livelihoods, SERP, Hyderabad.

Ms. N Rajitha explained on activities of value chain development such as crop situation analysis, value chain analysis, the major interventions such as reduction in cost of cultivation, production enhancement, collective procurement, primary and secondary value addition were explained. The FPO concept was explained by the resource person and she also explained about the promoting organizations such as NABARD, SFAC, NCDC, NAFED, NRLM, Department of Agriculture and

Department of Horticulture. FPO structure was explained and a two tier structure and an approach followed by SRLM for promotion for FPOs was explained. The different services that can be provided by the FPOs was also explained. Best practices of FPOs and setting up of custom hiring centre for the FPOs and its importance has been explained. The session also included how FPOs are poised to become a game changer in new agriculture story stressing upon the various Acts and procurement and supply chain. The support system for the FPOs like Public and Private Partnerships was also included in the session. The other aspects such marketing initiatives, challenges in private sector partnership, State FPO, and infrastructure requirement was explained. A case of value addition in mango, red chilli intervention and groundnut value chain was shown.



Ms. N Rajitha, Chief Operating Officer of the Farm Livelihoods, SERP, Telangana, taking a session on Value Chain Development – Potential Interventions.

7th March 2022 Time 2.00 to 3.30 pm

Mr. R Venkatesh, CEO of Palamuru Raithula FPC from Wanaparthy district shared his experience on how value addition, branding and processing of paddy seeds are done at their FPC

Youth For Action approached villages in Mahboobnagar and formed farmers clubs by collectivizing and networking farmers from 21 villages. The farmers clubs then were formed as a farmer producer company named as Pallamuru Raithula Farmers Producer Company and it was registered on 5th February 2016. It began with 120 farmers and now the company has 680 farmers. The FPC is dealing with Paddy, Groundnut, Red gram, Raagi, Black gram, green gram and also with Input business.

FPC is dealing with organic items like neem powder, vermi compost made by FPC for Rs. 480 for 40 kg and sold at Rs. 500 per for 40 kg. The FPC gets Rs. 20 profit on vermi compost. The FPC has started paddy seed MTU -1010 variety. The seeds are packed into 30 kg bags and the company's name Palamuru Raithula Farmers Producer Company is given to the seeds. The processing of paddy seed is made by the company. Krishi Vigyan Kendra (KVK) also helped in the making of these seeds with good variety that has demand. Many members are purchasing from the company and seeds resulted in good quality and useful for the farmers in production of paddy. The FPC has made market linkages for both input and output markets. The inputs are purchased in bulk and are distributed to the farmers at cost less than market price. This reduces the cost of production for the farmers and also saves time as the inputs are distributed on time and the farmers do not have to go to the market to purchase the inputs. This also reduces the transportation cost on purchasing the inputs. A benefit of Rs. 50 to Rs. 60 is obtained by the FPC on distribution of seeds; Rs. 30 to an amount of Rs. 15 to Rs. 50 is obtained on fertilizers and Rs. 50 to Rs. 100 on pesticides from the farmers. This amount is the profit to the FPC. FPC also dealt with organic items like neem powder, vermin compost made by FPC for Rs. 480 for 40 kg and sold at Rs. 500 per for 40 kg. The FPC gets a profit of Rs. 20 on vermin compost. The farmers get a benefit of Rs. 100 to Rs. 150 on seeds per bag when compared to market rates. The farmers also get a benefit on fertilizers and pesticides when compared to market rates as the company is distributing at a cost less than market. Therefore both the FPC as well as farmers is able to benefit from the company.

8th March 2022 Time 10.00 am to 11.30 am

A session was taken by Dr. Arifa Sultana on financial aspects of how to prepare a cash book and trading account

The session was taken by Dr. Arifa Sultana on how to prepare a cash book for the Farmers Producer Companies. A practical training on preparation of cash book was explained in easy manner where CEOs and directors with non-commerce and without any accounting knowledge benefitted from the session and they learnt how to record the receipts and payments for the FPO. In this session, she also explained how receipts should be entered on the left side of the cash book and payments to be written on the right side of the cash book. She also explained the difference between cash and bank transaction and showed how to prepare a two column cash book. In this session basic concepts of accounting were also included. Preparation of trading account was also explained to the participants. How to compute the gross profit from the opening stock, purchases, direct expenses, sales, and closing stock was shown and a format was given to the participants.

8th March 2022 11.30 to 1.00 pm

A session on Crop Insurance was taken by Dr. Amulya Mala, General Manager, Topspot Insurance Broking private Limited.

Dr. Amulya Mala.D is an insurance professional with 24 years of experience in insurance industry, teaching and research. She holds Doctor of Philosophy in Insurance Solvency from Jawaharlal Nehru Technological University Hyderabad, India. She had handled crop insurance session for FPO's. She shared industry information, explained importance and benefits of insurance in general, crop insurance in particular. The objective of the session was to acquaint knowledge of various insurance schemes available to farmers.

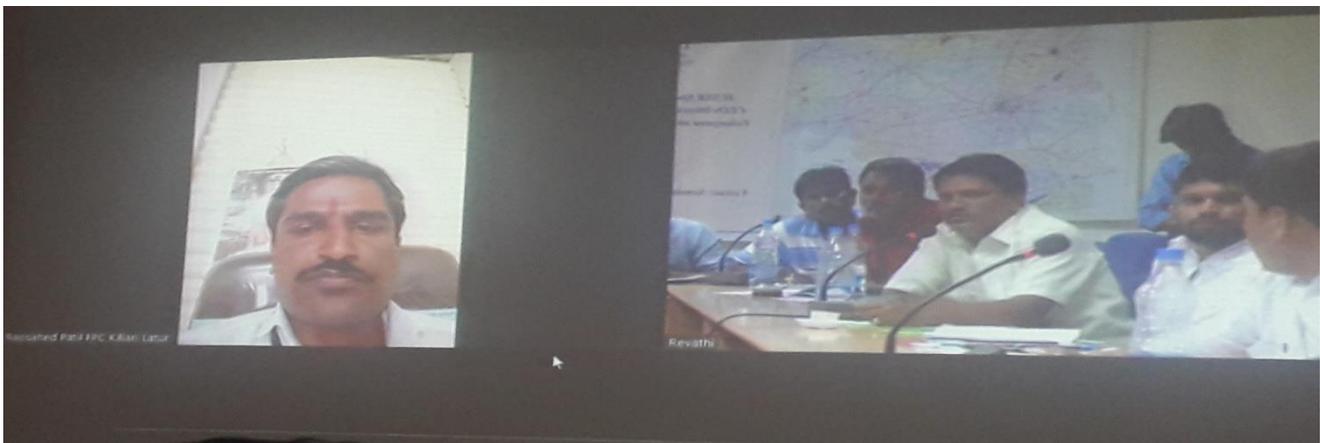
Dr Amulya covered, Pradhan Mantri Fasal Bima Yojana, RythuBeemaPathakam (a group life insurance scheme) and Live Stock Insurance etc. She explained each and every scheme under the heading, eligibility criteria, coverages, benefits, exclusion conditions/ terms and conditions of the schemes, how to file a claim and other miscellaneous information related insurance.

8th March 2022 2.00 to 3.30 pm

Sharing of Experiences

Dipak Shamrao Patil, Farmer from a successful Farmer Producer Company, Nasik, Maharashtra

Shri Dipak Shamrao Patil, a farmer who is successfully running a FPO spoke to the participants online on how he achieved success and how the farmers have increased turnover to 3 crores. He told that the success factors in his FPO are unity, strenght, networking, trust, and he showed his mill online where processing was going on. The farmers in his FPC grow soybean, groundnut and pulses. They have constructed a godown, a processing mill and a procurement centre. The money is given to the farmers in 10 days time after procurement. He gave answers to the questions raised by participants on how he could do business of Rs. Three crore when the share capital is only Rs. Fifteen lakhs. He answered that most of his members sell their produce through the FPC and this is how they could get high turnover. He said that trust is very important in the organization and he gives money to farmers on time and they also distribute inputs to the farmers at a cost less than the market rate so the farmers gets benefit.



8th March 2022 Time 4.00 to 5.30 pm

Dr. A Rajlaxmi, Senior Project Consultant, Ernst and Young

Dr. A Rajlaxmi took a session on Agri-Business Private Market Linkages. She discussed on the features of Indian agriculture - Traditional challenges; She explained about the glimpses of agriculture economy in India. Then she explained about the transition in Agri food Marketing systems on the emergence of larger chains and stores began around 2005, and the sector has grown to over 8,100 modern retail outlets across India in 2020. She also explained about how India's e-retail grocery market grew by 80 percent to \$2.7 billion in 2020. Then she discussed about Model Agri Supply Chain. Market Linkages models: supermarkets/e-commerce / community markets; FPO's situation in Telangana; She discussed the SWOT of market linkages. Then she told two case studies successful FPOs

Success stories:

i) Sahyadri Farms

ii) Deccan Development Co-operative

and way forward : Focus areas



9th March 2022 Time 10.00 am to 1.00 pm (Two Sessions)

Dr. Amrender Reddy, Principal Scientist, ICAR (NAARM)

- Dr. Amrender Reddy started with the topic An overview of the value chain approach. He gave definitions of the value chain approach. The difference between value chain and supply chain was told to the participants. He explained about the key features of the value chain approach like taking a market system perspective, driving growth through end markets, fostering competitiveness through improved inter-firm linkages, upgrading at various levels, and facilitating improved competitiveness. He also discussed about

the pro-poor focus of the value chain analysis. It was explained that a value chain has poverty alleviation potential if it is a major source of livelihoods for the poor; generates employment; offers business opportunities for poor entrepreneurs; and or, at least, delivers products consumed by poor people. Actors like input supply – production – processing – marketing and consumption and their relations with farmers, companies, retail outlets, and customers such as households, restaurants etc. were explained. How a market map should be made was also shown. Governance structure, Economic structure and value addition and value added distribution was explained to the participants. A case study of economic value chain of rice in Cambodia was explained. The meso level and macro level of business was explained with examples. An example of sorghum value chain in India was shown. A Rapid Market Appraisal (RMA) that has an iterative and interactive research methodology, which is used to better understand complex market systems in a short time was explained. Objectives of RMA, qualitative data, how to start RMA, data collection of RMA and tools of data collection was explained.



Dr. Amrender Reddy with the participants of the training programme.

9th March 2022 Time 2.00 to 3.30 pm

Session on SWOT (Strength, Weakness, Opportunities and Threats) Analysis – Dr. Arifa Sutlana

This session was on SWOT analysis that is an important part of the business development plan and this shows the internal strengths and weaknesses of the FPO and the external opportunities that FPO can take and external threats that FPO is likely to face. It also shows the important factors that may affect the future performance of the business. The strength of the FPO will be with the number of members added in the FPO. More the number of members greater will be its strength. The FPO should frame its objectives that are in favor of its members considering social and environment objectives. The FPO's main strength lies with its customers, the quality it is going to produce and the service it is going to offer and its location that it can reach its customers easily and the uniqueness of its product or service. Its strength lies with its team and the professionals that run the FPO. Some of the weakness can be producing similar type of product that is existing in the market with no value addition, or service. Another weakness can be appointment of staff without any training or experience. Similarly shortage of Capital when the members are less also becomes a weakness for the FPO as they will not have enough amounts to invest in the business. If the FPO does not make its internal and external systems properly and does not regulate things properly, then it becomes a weakness for the PFO. If the FPO is very new and does not have any experience to manage the business, also becomes a point of weakness. The FPO should always try to grab the opportunities and lead the business. If the FPO has initiated its business where there is no or very less competition, then it is an opportunity for the FPO to grow and increase its business. Sometimes when the new business enters the market and starts giving competition to the existing businesses with less prices or good quality, then some of the competitors may leave the market. This gives an opportunity for the FPO to grow. There may also be a case when the government is helping the farmers by giving crop money that improves their economic conditions so they can buy more and invest more in the market, this also gives an opportunity for the FPO to grow. Some of the threats that the FPO are likely to face are strong competitors prevailing in the market who have similar business and have better options then these give a strong competition that becomes a threat to the FPO. When the government makes a policy that is not favorable for the farmers or FPO then it becomes a threat for the FPO. When new competitors or new FPOs enter into market in the same location, this becomes a threat to the FPO. If the FPO is exporting its produce and there is a change in the exchange rate then this becomes a threat for the FPO.

9th March 2022 Time 3.30 to 4.00 pm

Mr. Lakshmi Narayana, GKF Agro Forestry took a session on Carbon Credit Registration – The Pioneer Association

In this session Mr. Lakshmi Narayan explained about the Carbon Credit Registration where the FPOs and farmers can grow trees and plantation that will fetch them money in long period of time. He explained the benefits of biodiversity, environment and plantations.

9th March 2022 Time 4.00 to 5.30 pm

Shri Tapan Kumar Sahoo, Assistant Manager, NABARD took a session on Financial Aspects

In this session Shri Tapan Kumar Sahoo explained the financial aspects such funding that is available for the FPOs through NABARD, NABKISAN, SFAC, TRICOR, and how the FPOs can benefit from the various schemes like Credit guarantee scheme, Equity Matching Grant from SFAC, Business Development grant from NABARD and the requirements for obtaining loans, repayment terms, and the importance of audit statements were explained by him. He also answered all the questions put by the various participants regarding financial aspects for FPOs.



Shri Tapan Kumar Sahoo, Assistant Manager, NABARD taking a session in the training programme

10th March 2022 Time 10.00 am to 1.00 pm (Two Sessions)
Mr. Purushottam, Manager Agribusiness, ICRISAT on Value Chain Management for effective linkages

In this session Agricultural Value Chain that encompass the full range of activities and services involved in moving agricultural products from input suppliers to farmers' fields, and ultimately to consumers was explained. A value chain is an alliance of enterprises collaborating vertically to achieve a more rewarding position in the market. Value chain connects the actors whose activities promote competitiveness of one another at marketplace and its maintenance through introduction of innovations in the processes of value chain. 'Value chain' and "Supply chain" are often used interchangeably, but supply chain is simply a transfer of a commodity from one stakeholder to another in a chained manner.

While the Value chain is the value addition at different stages of transfer during which different stakeholders add value to the product to increase the end product value with the goal to deliver maximum value to the user at the least possible total cost. Difference between supply chain and value chain was explained. The purpose of Agri-value chain management is for Improving productivity; Improving products; Improving processes; Specializing in new functions; Moving into new market channels. The objectives of value chain management that were explained are Identification of leverage points to improve chain performance; Analysis of agriculture-industry linkages; Analysis of profit distribution; Guide collective action for marketing; Guide research priority setting; Analysis of livelihoods opportunities; Analysis of economic and social impacts of interventions; Analysis of environmental impact of interventions; Conduct policy inventory and analysis. Value chain analysis and value chain actors were explained by the resource person. Agribusiness value chain and the value chain for the FPOs was shown with concepts such as pre production, production, post production, marketing, processing and distribution. Value chain development with case studies of Uday Agri Producer Company Limited, Sahyadri FPC, Vasundhara Agri Horti FPC, Chetna Organic, HOPCOMS fruits and vegetables were presented. The session also included produce handling, exports, post harvest management and post harvest storage. FPOs to strengthen sorghum/millet value chain was explained. Primary processing and post harvest cold chain was also explained.

The process of business plan development that includes value chain management, business modelling, and business plan development was explained. A business model canvas was show on business model on transformation, business model for distress and di-stress, and business model for sustainability was explained. Potential business model for the FPOs that includes Input Marketing;

Custom Hiring Centre; Procurement Services; Warehouse Services; Financial Services; Spraying Services; Contract Farming; and Output Marketing was shown. The Document that can convince the stakeholders like Business can produce enough revenue to sustain; Generate Profits and Dividends; Is attractive as an investment opportunity; and Ensure Growth and Sustainability were explained. The characteristics of a business plan like Persuade potential investors to invest; Allows stakeholders to assess the profitability and goals of the new venture; Provide staff with guidance and direction; Convince suppliers and customers that the new venture is promising; Clarify the objectives of the new venture; and Create strategic alliances with other business partners were explained. Product knowledge for sustainable market linkages was shown taking examples of rice, maize, cotton, pulses, groundnut and then supply chain management that includes material planning, procurement and integration, warehouse and fulfillment, distribution and repairs and returns were explained. Supply Chain Management consists of all business partners or parties involved in the fulfilment of a customer. Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

Retailing is one of the traditional business operations, which has repercussions in all the sectors of the economy. No wonder that retailing has found its way in agriculture too, after a boost in this sector due to economic reforms in the last decade. Owing to increased derived demand of agro inputs and realizing the advantage of an integrated approach, input companies are trying to provide (in addition to conventional offerings) all possible solutions to farmers' field related problems.

The Indian rural market size which includes FMCG, agri inputs and farm machinery is estimated to be about 1,25,000 crores (source : Fertilizer News), 50% of which is contributed by agri inputs. It is expected to increase to two lakh crores in 2005-2007. The companies entering this arena are lured by two factors viz. the vast untapped potential of the rural market and slowly increasing purchasing power of the rural population. The huge potential of the rural market along with the benefit that can be accrued by organizing the existing fragmented market has led to the concept of organised agri input retailing or 'one stop shops'. Companies like ITC, Rallis, Tata Chemicals, DSCL, and Mahindra & Mahindra have quietly spawned innovative business models to tap this big business opportunity. 'Tata' and 'Mahindra & Mahindra' have ventured into a similar proposition with **hub and spoke** model. The Tata Kisan Vikas Kendras by 'Tata' (Mahindra Krishi Vihar in case of Mahindra & Mahindra's), act as a hub or resource center connected with the various Tata Kisan Kendras (TKKs)

under them as spokes. Services offered by the TKKs include – agro input supplies, farm equipment leasing, agronomy services, information, training and other services like-crop insurance, buy-back facility, credit facility etc



Mr. Purushottam taking a session on Value Chain Management for Effective Linkages.

10th March 2022 Time 2.00 to 3.30 pm

Prof. E Revathi on Crop Diversification and interaction with participants

This session was taken by the Director, CESS Prof. E Revathi. She explained the participants the importance of crop diversification and told the participants to start with pilot testing and do a market survey to find out the demand and supply first and then diversify for the produce and add processing, branding, and value addition to get remunerative prices for the farmers. She also interacted with all participants and heard their crop diversification on how they did for their FPOs. She explained the reasons for crop diversification and importance of millets and cash crops.



Prof. E Revathi taking a session on Crop Diversification and interaction with participants

10th March 2022 Time: 4.00 pm to 5.30 pm

Mr. Sandeep, Manager, Samunnati Financials, Telangana and Andhra Pradesh

Samunnati Financials a private finance group in South India explained the participants on how they finance the FPOs. He explained that it is very easy for the FPOs to get funding from their institution. The participants were told that they can get money in online transaction within fifteen minutes. They also made a software for entering the details of the FPO which is a FPO management software and they are ready to provide this software free of cost to all FPOs. The rate of interest with Samunnati financials is fourteen percent. They also lend loans without any collateral. They also provide training programme for the FPOs.



Mr. Sandeep, Manager, Samunnati Financials

11th March 2022 Time 10.00 am to 12.30 pm

Dr. Arifa Sultana, Consultant, CESS

Dr. Arifa Sultana took a session on financial management and financial accounting of FPOs. She explained how to prepare and how to read the audited financial statements of FPOs. She explained how to prepare a profit and loss account taking all expenses and incomes giving examples from the FPOs perspective. She also explained all concepts of accounting and shown how to prepare a balance sheet. She also explained how projection can be made for the business development plans and also explained the important ratios like gross profit ratio, net profit ratio, working capital, current ratio, debt equity ratio, breakeven sales, and financial self sufficiency ratio.

11th March 2022 Time 12.30 to 1.00pm

Closing Ceremony and distribution of Certificates to the Participants.

A feed back form was given to the participants and the overall feedback received from the participants was quite encouraging and the participants requested to take another session only on financial accounting as they are not from the accounts background and their FPOs are unable to appoint an accountant and they themselves have to maintain accounts. The participants learnt from the training programme and it was very much useful for them. They also like the hospitality, food and accommodation provided in the training programme. The certificates were distributed by Prof. E Revathi to all participants.



Feedback from the Participants

- P N D U Latha, CEO from Anakapally Agri Horticulture Farmers Producer Company, Vishakapatnam, Andhra Pradesh

The training programme is very useful to the FPOs. Speakers also taught us very effectively and gave more valuable information. In future we require total book keeping and maintenance of accounts and digital marketing sessions.

- Joseph Rroy, CEO from Kollapur Farmers Producer Company, Nagarkarnool, Telangana

The training platform is extremely useful to me and our company, Food is very delicious, Kindly train us on book keeping and accountancy for more transparency and accountability in conducting our day to day business in future.

- Pathela Raju, CEO from Sakeda Farmers Producer Company, Asifabad, Telangana

Thank you for conducting this training programme. The training was very useful to us. We need another training programme on accounting, management, tally software, organic farming, and business management.

- Nandipati Narsimha, CEO, Thipparthi Farmers Produce Company, Nalgonda, Telangana

Kindly arrange one more training programme on insurance, book keeping, market linkages, and accounting. The training programme conducted was good and it benefitted us. Food and accommodation was also good.

- R Balagoud, CEO from Veeramrajupally Farmers Producer Company, Nagarkarnool, Telangana

We need further training programme in accounting management in Tally software

- M Hanumanthu CEO from Panchagoan Farmers Produce Company, Siddipet, Telangana

I need training for FPO in record maintenance and book keeping

- A Suribabu, CEO from Makavarapalem Agri Horticulture FPC, Vishkapatnam

We want big buyer linkage to FPO like cashew and mango. Kindly arrange one or two days meeting with buyers at CESS.

Annexure 1

Handbook on 'Business Development Planning' for Chief Executive Officers/Directors of Farmers Producer Companies



Dr. Arifa Sultana, Consultant, CESS

Telugu translation by Dr. Siluvenu Harinath, Research Associate, Division for Social Inclusion, CESS



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March 2022

Preface

I am happy that the Centre for Economic and Social Studies has brought out a handbook on 'Business Development Planning for the CEOs and Directors of Farmers' Producer Companies. More than seven thousand FPOs have emerged in India and about ten thousand more are on the way to be set up. Training and capacity building of the CEOs and Directors is essential for effective functioning of FPOs. The handbook covers four sections that include management, production, marketing and financial aspects that are needed for business planning.

The Centre has been working in the areas of agrarian structure, agriculture, farmers' well-being for a long time. In particular farmers' collectives and Farmers' Producer Organizations also emerged as a thrust area of research. A study on performance and impact of NABARD promoted FPOs in the state, sponsored by the NABARD has been conducted in recent times to identify constraints faced and suggest way forward. Capacity building of the personnel running the FPOs is a felt need for their self-reliance and effective functioning.

I thank ICSSR for providing us an opportunity to organize the training and capacity building workshop. A handbook consisting of all important aspects and relevant information is always useful for the participants. Arifa Sultana who has been working consistently in the area of FPOs has written the handbook in English and S Harinath has translated this in Telugu for the benefit of the participants. I hope this material will be handy to all those involved in organizing the FPOs and in taking the benefits to the farmers.

I thank Shri Y K Rao, Chef General Manager, NABARD who has readily agreed to grace the inaugural session and also for his continuous support to CESS with regard to the work on FPOs.

*E Revathi
Director, CESS
5 March 2022*

ICSSR Sponsored Capacity Building Workshop - Handbook on Business Development Planning for CEOs/Directors of Farmers' Producer Companies

Contents

Theme I Management Planning of FPCs (Page number 4-9)

- Organizational set up; decentralisation; maintaining records; minutes of the meeting; appointment of staff; training and exposure visits arrangement; duties and responsibilities of CEO, transparency and accountability; obtaining licences.

Theme II Production Planning of FPCs (Page number 9-13)

- Selection of crops; inputs requirement; backward linkages; arrangement of finance for purchasing inputs; input shop; custom hiring centre; storage; procurement

Theme III Marketing Planning of FPCs (Page number 13-20)

- Market survey; demand and supply; product pricing; distribution; forward linkages; product value addition; processing; target market; competitors; preparation of SWOT analysis

Theme IV Financial Accounting Preparation and Planning (Page number 20-33)

- Preparation of accounts such as cash book; trading account & profit and loss account and Balance sheet; preparation of ratio analysis such as working capital, net profit ratio, current ratio, debt to equity ratio etc.

Executive summary and important points (Page number 33-37)

Annexure 1 Baseline information of FPO; fixed overheads, HR plan, details of crops and extension activities

Annexure 2 Important addresses for direct market linkage

Annexure 3 Success story of E-NAM

Annexure 4 Successful Farmer Producer Companies in India

Introduction to Farmers' Producer Companies – Concept and Awareness

The agricultural sector is being transformed and diversifying into high value products like fruits, vegetables, dairying, poultry, meat and fish due to shifts in demand of the consumers for these products. These products being perishable in nature need development in technology to be stored, graded, labelled, packed and marketed at right time to fetch reasonable prices to farmers. There is a need to add agro-processing to crop production by the farmers in order to increase the share of farmers in the supply chain of these products. On the other hand, there has been an increase in the small and marginal holdings at 83 percent. Small and marginal farmers are contributing to the production of high value crops to a considerable extent. For example, they contribute 70 percent of vegetable production, 55 percent of fruits, 52 percent of cereal production and 69 percent of milk production (NABARD, 2015). But these farmers are not able to negotiate individually with input and output markets to obtain the inputs and dispose agricultural output at the right price. Therefore, it is important to collectivise small farmers and support them for inputs, credit supply, storage, transportation and marketing. These issues were addressed by cooperatives in India, but these cooperatives failed to provide support to farmers due to political linkage, corruption and other drawbacks. Hence, their existence became weak and farmers are in distress. It was recognised that there should be a direct link from the producer to consumer by organised marketing through making the producers modern and professional. Therefore it was suggested that the government should take a policy decision to promote alternative institutions like Farmers Producer Companies in India (Y K Alagh, 2002). In the present situation of agrarian distress, the new institutions with collective action can make small and marginal farmers competitive.

The concept of Farmers Producer Companies was coined during 2003 after amending the Companies' Act 1956 and a new company's act has come during 2013. As per the amended Act, a Farmer Producer Company can be established by a minimum of 10 farmers and there is no limit to the maximum. More than seven thousand companies have been registered till 2021 and the case studies of the existing FPCs have shown that the farmers are able to increase their income after becoming members of the FPCs. After getting registered they need to make a business plan and work according to it. FPCs are appointing chief executive officers to manage

their business operations, so it is necessary that the chief executive officers are fully aware of their role, responsibility and FPC's in detail. The CEO is expected to make a business plan and discuss with its board of directors for implementation. This business plan is then revised according to the accomplishment of its goals. Centre for Economic and Social Studies have completed a project on Impact and performance of FPCs in Telangana State promoted by NABARD. During this project it was found that the chief executive officers of most of the FPCs lack knowledge on how to prepare business plan and take it forward as most of them were graduates with less or no experience on planning, production, marketing and finance. In this context it was decided to organize a capacity building workshop for the chief executive officers and directors of the FPCs in the Telugu states.

The formation of FPOs is encouraged in India so as to increase the income of farmers and to double the farmers' income. The ways in which the income can be increased is through reducing the cost by decreasing transportation costs, reducing the input prices by purchasing in bulk and by making direct linkages, benefiting farmers in input and output market and mitigating risks and improve profits. The various marketing linkages will reduce risks and offer a higher price to the small and marginal farmers that were difficult for the individual farmers to negotiate.

There are various success stories of FPOs in India. In cases even if FPO is not generating profits, it is able to increase the incomes of its members. It is very important for the CEOs and directors to get trained and gain knowledge for setting up and developing FPOs.

The Business Plan – Introduction

About The FPC

Before writing down the business plan the first step should be to write about the FPC when it was initiated and who promoted it and who is the sponsoring agency. What are the reasons for promoting this FPO? Write a small history of registration of FPC; about the promoter; how many members joined in the initial years and the growth of the FPC. Its geographical limitations; the areas covered with names of the villages and mandals and district; the crops grown by the members, area in operation; main crops of the area; total production by members; members likely to join; crops selected by FPC; the mission statement of FPO such as what the FPO is going to do? How it is going to do it and why it is going to do it? and the vision statement of the

FPO should include where you would like to see the your FPO in long run like after 5 years or 10 years how you have planned your FPO to be?, its principals, objectives and strategies, the facilities available at FPC; backward and forward linkages; authorised and paid up capital; FPC's turnover for at least last three years. How the FPO is going to fulfil its social and environmental factors?

Theme I Management Planning of FPCs

- Organizational set up; decentralisation; maintaining records; minutes of the meeting; appointment of staff; training and exposure visits arrangement; duties and responsibilities of CEO, transparency and accountability; obtaining licences.

The following steps should be followed:

- Explain about the FPOs structure, its principals, how it works, its social objectives rules and regulations. Draw the structure.
- Write about the building or premises of the FPO; its size, capacity, storage if any with capacity in metric tonnes, show from when the FPO is located here and what are the advantages of being in this location. If the FPO requires any more construction to it or renovation and if yes, how much will it cost? And how much time do they need to complete it.
- The management planning begins with the number of members and their growth since inception. Draw a bar diagram showing the growth in membership.
- Then make an organizational chart with the hierarchy of directors; CEO; committees; group leaders; leaders; members. And draw an organizational chart.
- Make a list of the directors with their names, designation, PAN number and phone numbers and term of directorship and the offices they hold
- Identify if the directors need an exposure visit to a successful FPC and arrange a visit and take pictures and put in this step with the learning outcome for directors.
- Write about the members and prepare their list and show the active members in the FPO and write about the skill and important activities that can be taken up by members.
- Important persons in the FPO like appointment of specialised people with qualifications who can take up the responsibilities in FPO development should be talked about. First

write about the existing important person and then write about the persons your FPO requires and write about their positions.

- Write about the professional advisors in your FPO, if you do not have then write who you are going to approach to make them your advisors, write about their organization and the expected help from them to your FPO. Also write if any remuneration has to be paid to the advisors. The advisors can be chartered accountants, agriculture experts, the extension officers, from Universities and from agriculture departments. Write about the professional team you have or you are going to make.
- Being CEO of the FPC he/she should organize board meetings and members meetings regularly and write down the minutes of the meetings. It is the responsibility of the CEO to inform all members about the date and time of the meeting and venue in advance with a written notice.
- **Insurance:** Write about the insurance here if the FPO has taken crop insurance for its members or life insurance for its members if any? Write about the insurance agency, whether it is a group insurance or individual insurance. How much the member is expected to pay for the insurance and what is the maturity time or when the FPO can claim the insurance. Some are providing at their FPO level, if so what are the rules.
- **Meetings**
Meetings of the board of directors and meetings of the group leaders and general body meetings should be conducted regularly. It was observed that the FPOs who are successful have regularly conducted the meetings. When the farmers meet and discuss their problems and possible solutions are made, this will improve the condition of the FPC as well as members. Every member should get an equal chance to talk about their problems, to discuss and suggest measures. The attendance should be recorded in the meetings by taking the signature of the members present in the meeting. A register can be maintained for the attendance.
- **The minutes of the meeting** should be written in steps as follows:
 - ❖ First write about the agenda of the meetings
 - ❖ Number of directors present with names and signatures
 - ❖ Points of discussion in details in point wise from the agenda
 - ❖ For and against statements of the members – everything to be recorded

- ❖ Problems brought to notice by the board members
 - ❖ Action to be initiated for the above problems
 - ❖ Summary of the meeting
 - ❖ Next meeting likely to be scheduled on a tentative date
- **Advantages of Decentralisation**
 - ❖ Smaller divisions of specialised work like management, production, marketing and finance will help in smooth functioning of the FPC. It is found that FPCs with decentralisation in the form of committees that take the responsibility of each task and work only on that area will make them specialised and work is done in a shorter span of time. Examples of decentralised FPCs are Karimnagar Milk Producer Company dealing in milk and milk products and Indervelly Farmer Producer Company, Adilabad dealing with cotton production.
 - ❖ Meetings related to the concerned area are held and the people who are experienced in the particular field are selected in the committees. This will make the meeting process to discuss only one area at a time and it can be more focused.
 - ❖ It was observed that FPCs with decentralised structure are able to increase profits when compared to non-decentralised structure.
 - ❖ One of the best example of decentralised structure can be Kudumbashree model of Kerala where a member who is well versed in finance is made as 'Master Farmer' in Finance and similarly for marketing and production.
 - **Obtaining Licences**
 - ❖ It is the responsibility of the CEO to get licences for seeds, fertilizers, and pesticides and get it renewed from time to time. Write down in the business plan what licences you have obtained and what are still due.
 - **Duties and Responsibilities of the CEO**

The Chief Executive Officers shall exercise the powers and discharge the functions, specified below, namely:-

- ❖ Day to day management of the business of the Farmers' Producer Companies
- ❖ Operating the accounts of the FPOs and be responsible for making arrangements for safe custody of cash;

- ❖ Signing of the documents for and on behalf of the FPOs;
- ❖ Making arrangements for the proper maintenance of various books and records of the FPOs and for the correct preparation, timely submission of periodical statements and returns in accordance with the provisions of this Act, the rules and the bye-laws;
- ❖ Convening meetings of the general body of the FPO, the board and the Executive Committee and other committees or sub-committees constituted and maintaining proper records for such meetings;
- ❖ Making appointments to posts in the FPO in accordance with the rules
- ❖ Assisting the board in the formulation of policies and objectives and planning;
- ❖ Make arrangements for training and capacity building programmes;
- ❖ Furnishing to the board periodical information necessary for appraising the operations and functions of the FPO;
- ❖ Performing such other duties, and exercising such other powers, as may be prescribed or as may be specified in the bye-laws of the FPO.

The CEOs should maintain transparency and be accountable for all transactions of FPCs.

Theme II Production Planning of FPCs

- Selection of crops; inputs requirement; backward linkages; arrangement of finance for purchasing inputs; input shop; custom hiring centre; storage; procurement

The aim of a production plan should be to produce the crop that fetches maximum income and that has demand in the market. Before the production begins the CEO is expected to do a market survey and find out the demand and supply of the product the members are going to produce. The production planning will involve the selected products, the various inputs and raw materials required for production. The cost of production (if cultivated individually) and the cost of production (if inputs are purchased collectively) should be computed and compared to see how much the FPC can save in its transaction cost. When the cost of cultivation is reduced by reducing the transaction cost, it will result in increase in income of the farmers. The backward linkages are necessary to be made at this level. The linkages with suppliers of inputs like fertilizers, pesticides, seeds, manure, machines for irrigation, irrigation equipment, production equipment like weeders, tractors, and other implements. There are two types of supplier retail

business and wholesale business. It is important to link with wholesale suppliers as they provide materials at more discounted rates and they provide free transportation. These linkages will help in obtaining raw material at lesser prices. At this stage of planning it is also important to plan for a custom hiring centre. As small and marginal farmers are unable to purchase agriculture equipment and implements due to high costs, these custom hiring centres will help them to get the equipment on rent that will save huge costs. The production plan should focus on how much raw material is needed for the farmers for a crop season. This depends on how much total area is going to be cultivated and how much quantity is required for production and how many members have agreed to purchase the raw material from the FPC. Based on these details the raw material has to be ordered and distributed among members. There are many FPCs who are doing only input business in its first stage and then adding procurement and sales. The CEO's need a training here on linkages with raw material suppliers, negotiations, and need to make a comparative analysis on market rate of raw materials and rate of raw materials at which the FPC is going to distribute to show the savings in transaction cost. The important parameters in production planning are demand and supply of the product; cost of raw material from suppliers; market rate of the raw materials; arrangement of credit or loans for the members at less rate of interest; custom hiring centers for providing agriculture implements at a cost less than market; creation of storage for keeping the raw materials; opening an input shop; taking licenses for fertilizers, pesticides and seeds; training and capacity building programmes on production and use of pesticides, fertilizers, bio-fertilizers and importance of organic crops. The CEO is also expected to arrange an exposure visit to a successful FPO so that the members or directors of the FPC understand the structure and the way the FPC is expected to run. The CEO should be aware of his duties and responsibilities and maintenance of accounts and other records like minutes of the meetings and other registers. The management aspects such as organizational set up; directors; key personnel; FPO advisors and risk management of FPOs should be arranged and planned.

- **Custom Hiring Centre**

What are the available plant and machinery at the FPO write in details in the first table and then write what plant and machinery or agriculture implements that are needed for the production and write its costs and how much amount is needed to purchase it? Write about what equipment or implement the FPO is planning to purchase and what will be its

benefits to the members and to the FPO. Write the hiring charges at which the FPO is going to give to its members and write about the market rates at which the farmers get outside and then compare and show the advantages of custom hiring center.

- **Products and Services**

Write about the products and services the FPO is going to deal with. The details of the names of the products, why the customers will purchase these products from the FPO, what will be the benefits to the customers, and what will be the profit to the FPO? What services the FPO is going to provide to its members and what are the advantages to the members in getting these services. Write crop wise details.

- **Raw Materials**

Write about from where the FPO is going to buy the raw materials? Who are its suppliers and what benefits will the FPO get? What will be the benefits for the members? Explain if the supplier fails to supply the raw material on time to the FPO, are there any other suppliers from whom the raw materials can be purchased.

- **Value Addition**

Value addition is adding value to the existing produce and taking it to the next level for processing or simple words with every stage of value addition, the product value will increase and it fetches a higher price. It changes the form of the produce, its price and value. Value addition is made to the produce to get more income; to improve the produce; to enter into new market; to utilise the remains and make bye products; to reduce the post harvest losses; and to increase the shelf life. If a new product is created then do the research and test the product before it enters into the market.

- **Stock (Inventory)**

Write about the prevailing stock with the FPO and write its value. This will show that the FPO has capacity to pay back money in short period of time in case if it has taken loan and these stocks can be sold and money can be arranged to pay back loan amount. Write the total quantity available with the FPO, its cost per unit and the total amount.

- **Storage**

Storage unit will be required by the FPO and its capacity will be based on the type of produce it is dealing with and the quantity expected to keep in storage. There are two types of storages, dry warehouse and cold storage. If the FPO is dealing with grains then it needs a dry storage, if it is dealing with perishable items like fruits and vegetables, then it will need a cold storage.

- **Risk Management**

List out the possible risks that FPO could face and then write about how you will face it and how you are going to solve it. What steps you will take to minimise the risks or to avoid the risks in future. Examples include loss of produce, theft, goods damaged, reduced number of customers, suppliers not willing to supply anymore, not able to increase the share capital and so on.

- **Quality**

It is very important to keep good quality products or services offered by the FPO. The quality decides the permanent customers and new customers will also join when they come to know about the quality offered by the FPO. For example if good quality seeds are distributed it will give good yield and income for the farmers and if spurious seeds are distributed it will spoil the harvest and create a problem for the FPO.

The Production Planning describes the following:

- the complexity of the manufacturing
- the equipment and tools required
- the cost of raw materials and labour per unit
- the cost to produce a product or deliver a service
- the number of hours of production daily or weekly
- the number of units to be produced or the number of services to be delivered
- average selling price
- managing inventory levels

- forecast number of days stock is to be held
- cost control
- manufacturing staff requirements
- source and delivery partners and contract terms
- the time taken to produce the required stock levels
- environmental plans
- disposal of waste
- setting up custom hiring centre
- input shop
- After harvest, how procurement is taken? Benefits of procurement to the FPC and its members.
- Location of the procurement centre
- Requirement of storage place

Theme III Marketing Planning

Farmers get very low rates for their produce due to lack of marketing facilities and the dominance of middlemen especially in perishable goods. Therefore a producer company is expected to take care of all the marketing facilities by eliminating middlemen, and by reducing the transaction cost. The farmers can get better prices if the market linkages are well organized and the produce can be sold in the local market, national market as well as international market. Some producer companies are able to link to the market and sell their produce very quickly and in a more efficient way.

First the market should be studied and then focus should be made on who the customers will be and what are their preferences, why should they buy your products? How is your product different from other or what extra benefits you are going to provide to the customers? The marketing plan should have the details of its target market and its marketing strategies and how it is going to achieve it. Write about the competitors the FPO is likely to face and what measures the FPO will take.

The marketing plan is an important section of the business plan, as it demonstrates that you have done your homework and it is likely that your product or service will be accepted by customers. There's not much point in having a great product if you don't have a market.

Much research is involved: you'll need to understand who your customers will be, what will make them spend their money on your products or services, who your competitors are, what environmental factors could affect you, and how you are going to sell and promote your product or service.

It's crucial to understand the marketplace and your customers, whether they are likely to buy the FPCs' products or services, and possible ways to motivate them. There are two types of research you can do here, primary research, done by observing competitors, meeting with potential customers, or by survey; and secondary research, which is gathered from existing data. What you will research will depend on what your products and services are, who your customers are, where your market is, and the level of competition in the marketplace.

The market research planning includes the following:

- customer profiles and characteristics – age groups, gender, occupation, income, location, buying habits
- customer preferences, needs and expectations
- target markets
- the customer fit, and demand for products and services
- your fit, barriers to entry and influence on the market
- product specifications, acceptance and new opportunities
- product pricing and sales forecasts
- market size (units and value)
- market growth and trends
- market segmentation and definition
- competitor analysis
- advertising and promotional opportunities
- seasonal variations
- Methods of distribution.

Do not underestimate your competition. You need to understand and describe who your competitors are and the effects they will have on the FPC's business. Provide details of their market share, resources, products and target market, strategies, strengths and weaknesses. Explain where the FPC fits within the industry, what level of market share you expect, any barriers to entry and how you will address them. Also describe how the competitors are likely to react at your FPC's entry into the market and the FPC's response strategy. Describe what is different about your products or services compared to those of competitors. Explain why customers are likely to buy enough of your products or services to make the FPC sustainable.

- Do you have a different target market?
- Is there an unmet need in the target market you can fulfill?
- Do you offer something different or new?
- Does your product or service have superior quality or features?
- Will the FPCs advantage work for you?
- If your product or service is unique, describe difficulties competitors will have in copying it, giving a lead time from product launch to when a competitor can duplicate your product.

Determine your marketing strategies and activities for each month of the first year to create awareness and sales. This is your marketing mix, and relates to product, place, price, promotion, people and process.

Product strategy: consider the products' qualities, consistency, features, adaptability, packaging and design, how the customers will perceive the products' features, and how you will market them.

Place strategy: consider distribution channels, location of retail outlets, the geographic area your products will be available in.

Price strategy: consider the selling price to various customers and markets, including discounts for quantity and early payment.

Promotion strategy: consider what advertising, selling, sales promotion, trade shows, website, media and public relations activities you will undertake to differentiate your product and make consumers aware of your product or service.

People strategy: consider who will sell the product and deliver or distribute it. People may include staff, strategic partners and agents.

Process strategy: this is the strategy where you plan, target, cost, develop, implement, document and review the systems to attain the other aspects of the marketing plan. You'll plan to have the right product, in the right place, at the right price, in the right quantity, at the right time for the right customers.

Digital Marketing- ENAM

It was during 12th plan, the working group decided to form E-National Agriculture Market (e-NAM). National agriculture market (NAM) is a pan-India electronic trading portal where all agriculture produce market committee (APMC) are linked on a single platform. ENAM was launched by the Prime Minister Mr. Narendra Modi on 14th April 2016 on the eve of Dr. B R Ambedkar's birthday. Through this portal traders and buyers can do the e-marketing from anywhere in India. This network of APMC has created a market for agriculture commodities.(enam.gov.in) For promoting NAM, the central govt. created Agri-Tech Infrastructure Fund (ATIF) during 2014-15 and 2015-16 budget with an amount of Rs. 200 Crore. This budget was created to network all APMC markets first at the state level and then at national level. The government provided software free of cost to all markets and paid Rs. 30 lakh to each regulated agriculture market for infrastructure development. The Electronic bidding was introduced in various market yards as a pilot project. The procedure of electronic bidding is explained in the following steps: 1. when the farmer enters the Market yard with his stock, he will be asked to register with his unique identification number. Once he makes his id, his registration will be done and he can use this for any number of times he visits market and he can use this registration number that consists of all his details which will be valid through-out India as E-NAM is a PAN India concept. 2. Then the details of his produce will be recorded at the entry gate with the number of bags, name of the farmer, his village name, name of the commission agent & farmers' phone number. 3. Once the farmer details are entered, the farmer will receive the details on his cell phone. The bags generally contain 65 to 70 kg of produce. 4. When he reaches the market yard, his produce will be kept in a heap for grading. The Sample is removed and checked by a grader. Three ranges are given to the produce. Range I is superior quality, range II is good quality and range III is normal quality. Once the grading is over the electronic chit with the lot number and details of the farmer are kept on the heap. Then the trader

will come to inspect the heap and they will note down the lot ID number and will give his price for the lot in the computer through the passwords given to him. Once the traders quote their prices in the bidding, the best offered price is being sent to the farmer through message. 6. When the traders finish giving their prices, the winners list will be made ready by the afternoon 3 pm and message will be sent to the farmers to decide. 7. Once the farmer receives the best offered price, he will decide whether to accept or reject the offered price. If he accepts the price, the sale is done and bags are packed after electronic weighting, the money is then transferred to his bank account. If the farmer rejects the offered price, he should inform to the supervisor in writing to cancel the bid and then the bidding again takes place on the next day. 8. The farmer is supposed to pay 2 percent as commission charges to commission agent if he is going through him and no commission if he going without commission agents and they need not pay any amount to anybody but the farmer has to pay the weighting and lifting labour charges and the traders are supposed to pay one percent as market charges to the market yard on sale proceeds

How to register in E-NAM online

FPOs/FPCs can register on e-NAM Portal via website (www.enam.gov.in) or mobile app or providing following details at nearest e-NAM mandi:

- Name of FPOs/ FPCs
- Name, address, email Id and contact number of authorized person (MD/CEO /Manager)
- Bank account Details (Name of Bank, Branch, Account no. IFSC Code)

Benefits of E-NAM

FPOs/ FPCs can act as an aggregator for its member and sell through e-trading as one/ multiple lot depending upon requirement.

Payment will be done directly to the FPO/ FPCs bank account. In turn FPO/ FPCs can distribute among members.

Union budget 2017-18 made provision to install collection/ sorting/ grading/ packing facilities at their premises.

Provision is available for personalized dashboard and real time information on arrival, quality and price of commodities. About 2050 FPOs are already registered on the E-NAM portal in India.

Payment through E-NAM

The entire Payment will be credited to One Bank account of FPO/FPC.

- Post credit of Payment disbursement of amount to Individual members farmers has to be done by FPO/FPC
- FPOs/FPCs will be provided access to e-NAM Dashboard to see MIS and Reports related to the Trade executed by FPOs/FPCs

SWOT Analysis

SWOT analysis is an important part of the business development plan and this shows the internal strengths and weaknesses of the FPO and the external opportunities that FPO can take and external threats that FPO is likely to face. It also shows the important factors that may affect the future performance of the business

- **Strength**

The strength of the FPO will be with the number of members added in the FPO. More the number of members greater will be its strength. The FPO should frame its objectives that are in favor of its members considering social and environment objectives. The FPO's main strength lies with its customers, the quality it is going to produce and the service it is going to offer and its location that it can reach its customers easily and the uniqueness of its product or service. Its strength lies with its team and the professionals that run the FPO.

- **Weakness**

Some of the weakness can be producing similar type of product that is existing in the market with no value addition, or service. Another weakness can be appointment of staff without any training or experience. Similarly shortage of Capital when the members are less also becomes a weakness for the FPO as they will not have enough amounts to invest in the business. If the FPO does not make its internal and external systems properly and does not regulate things properly, then it becomes a weakness for the PFO. If the FPO is very new and does not have any experience to manage the business, also becomes a point of weakness.

- **Opportunities**

The FPO should always try to grab the opportunities and lead the business. If the FPO has initiated its business where there is no or very less competition, then it is an opportunity for the FPO to grow and increase its business. Sometimes when the new business enters the market and starts giving competition to the existing businesses with less prices or good quality, then some of the competitors may leave the market. This gives an opportunity for the FPO to grow. There may also be a case when the government is helping the farmers by giving crop money that improves their economic conditions so they can buy more and invest more in the market, this also gives an opportunity for the FPO to grow.

- **Threats**

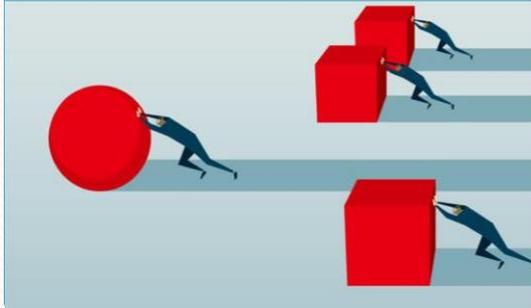
Some of the threats that the FPO are likely to face are strong competitors prevailing in the market who have similar business and have better options than these give a strong competition that becomes a threat to the FPO. When the government makes a policy that is not favorable for the farmers or FPO then it becomes a threat for the FPO. When new competitors or new FPOs enter into market in the same location, this becomes a threat to the FPO. If the FPO is exporting its produce and there is a change in the exchange rate then this becomes a threat for the FPO

SWOT analysis

STRENGTHS	WEAKNESSES
Examples: – Strong memberships – Well balanced social and commercial objectives – Great customer service – Excellent location – Unique product or service	Examples: – Common product or service – Undertrained staff – Lack of capital – Underdeveloped systems – Inexperience
OPPORTUNITIES	THREATS
Examples: – Lack of competition – Competitor leaving market – New government grant available – Improved economic conditions	Examples: – Strong competitors – New regulations – New competitor entering the market – Poor exchange rate

Source: [The co-operative model business plan – The Co-op Federation](#)

SWOT



Source: Prepared by Author for the training programme

Theme IV Financial Planning

- Finance is the heart of any business. Without finance it is very difficult to run the organization. The FPO needs to purchase assets, agriculture implements, pay expenses like salaries, rent, wages, electricity expenses, needs finance to purchase raw material and or inputs. A proper financial plan will fetch good income for the FPO. It should try to reduce expenditure and increase sales.
- Describe the amount needed for starting the FPO, How much amount will be collected from equity capital, how much shortage is there in the FPO? From where the FPO will get the amount? If any security has to be shown to get finance? What security will be kept? How much the FPO is expected to make profits? How much sales will get the expected profit to the FPO? How will the FPO reduce the costs and cut down costs and increase profit?

- The members of the FPO should know about the financial details of the FPO and therefore the FPO should explain and distribute a copy of its financial statements to the members in the general body meeting each year.
- The FPO should have sufficient working capital to do the business.
- The FPO should maintain all accounts accurately and follow all the principals of the accounting and its procedures. There should be transparency and accountability. The cash should be handled with utmost care. The CEO will be answerable for all transactions. The FPO is expected to maintain accounts and prepare profit and loss statement and balance sheet and after audit, submit to the Registrar of Companies. And also register for income tax if any.
- **Financial requirements**

If the FPO has planned to take some financial help from banks or financial institutions, explain from which bank the FPO is going to take the loans and or funding, write the name of the bank or financial institution, the rate of lending and how the FPO is going to do the repayment? Write about short term loans, long term loans and the repayment terms. Also mention if the PFO is able to provide any security for such loans.

The CEOs are expected to have knowledge of financial accounting and prepare accounts for their FPCs. The financial planning includes how to prepare the cash book, profit and loss account and balance sheet with ratio analysis to find out the performance of FPCs.

- **Current Performance**

If the FPO is in existence from past two to three years or more show its financial position, its trading profits for the past three years, its profit and loss situation for the past three years and its assets and liabilities position for the last three years. If the FPO is new and does not have any transactions for the past then prepare projections for the coming years and show the expected profits or loss for the coming three to five years. You can show a trend line here by drawing a graph.

- **What is a cash book and how it is prepared?**

A Cash Book is nothing but it is a receipts and payments statement that records all receipts and all payments. It is also called a cash account. An account is represented in a T form .i.e. the page is divided into two parts and the left side all receipts is entered and on the right side all payments are entered. The left side of an account in accounting terminology is called as debit side and the right side of an account is called is credit side. Let us enter some day to day transactions of a FPO business and prepare a cash book.

1.1.2022 Received a loan from Bank Rs. 15, 00,000

5.1.2022 Purchased tractor worth Rs. 5, 00,000

10.1.2022 Paid salary to CEO Rs. 20,000

15.1.2022 Purchased fertilizers Rs. 2, 00,000

16.1.2022 Sold fertilizers to farmers Rs. 2, 10,000

17.1.2022 Purchased pesticides Rs. 25,000

18.1.2022 Purchased seeds Rs. 20,000

Cash Book of FPO for the month ending January 2022

Date	Receipts	Amount	Date	Payments	Amount
1.1.22	To Loan from Bank	15,00,000	5.1.22	By Tractor	5,00,000
16.1.22	To Fertilizers sales	2,10,000	10.1.22	By Salary	20,000
			15.1.22	By Fertilizers Purchased	2,00,000
			17.1.22	By Pesticides	25,000
			18.1.22	By Seeds	20,000
			31.1.22	By Balance c/d	9,45,000
		17,10,000			17,10,000

In the above example we can see that all receipts are entered on the left side and all payments are entered on the right side of the cash book. Similarly all bank transaction amount received through cheque and amounts paid through cheque should be entered in the cash book in the same order on receipts and payments side.

Basic Concepts in Accounting

Asset: An asset is anything that business possesses. For example furniture, building, storage, stock, cash, bank balance etc. There are two types of assets, fixed assets and current assets. The fixed assets are building, machinery, tractors; agriculture implements etc. those that will stay for longer period of time. Current assets mean assets in cash form or those assets that can be easily converted into cash and cash receivable in short period of time.

Liabilities: Liability means the amount which the FPO has to pay back to others. For example if the FPO takes a loan from bank, then this amount has to be paid by the FPO in future based on the terms mentioned in the loan agreement. Therefore loan becomes a liability for the FPO.

Creditors: A creditor is a person from whom the FPO has purchased material on credit. For example if your FPO purchases fertilizers from IFCO Limited for Rs. 5,00,000 then your FPO is liable to pay back Rs. 5,00,000 to IFCO. Any supplier who supplies material on credit is called as a creditor

Debtor: A debtor is a person to whom the FPO has sold produce on credit so in future the customer has to pay back the amount to the FPO. Therefore he is called as a debtor. The debtor is a person who has to pay back money to the FPO. While pronouncing the word debtor, the alphabet 'b' is silent, so it should be called as 'deter'

Stock: FPOs are dealing with inputs such as fertilizers, pesticides, seeds etc. so if the FPO is selling these inputs to its farmers, and if any inputs are left with the FPO, it is called as stock. Similarly if the FPOs' business is to sell 100 quintals of paddy and after selling 80 quintals of paddy to FCI, it is left with 20 quintals of paddy. So these 20 quintals are called as stock. Stock at the beginning of the year is called as opening stock and stock left at the end of the year is called as closing stock.

Goods: In accounting terminology goods means the products your FPO. If your FPO is selling pulses, then pulses are called as goods, if you sell paddy, then paddy is called as goods.

Share Capital: It is very difficult to get money in large sums, so the amount required for the FPO business is divided into smaller units and these units are called as shares. For example if your FPO needs to invest Rs. 10,00,000 in FPO business, then this amount is divided into smaller units of Rs. 1000 each so this shows that the FPO has 1000 shares. There are two types of shares, preference shares and equity shares, the FPO being a private company can issue only equity shares. The equity share holders will get a share in the profit of the company after payment of all expenses.

Authorized Capital: Authorized capital is the maximum limit at which the FPO can issue its shares. For example if the authorized capital of your FPO is Rs. 20,00,000, then you can issue equity share only up to the value of Rs. 20,00,000. If your FPO has issued the total limit and it wants more capital for investment, then the FPO can increase its authorized capital by making an amendment to its articles of association by passing a resolution. This resolution should be signed by the directors and it should be mentioned in the general body meeting.

Paid up Capital: Paid up capital means the amount of share issued or sold to the farmers for example, if you received share capital of Rs. 1000 from 100 farmers, then your paid up capital will be Rs. 1,00,000.

Dividend: Dividend is the amount of profit that is distributed to the equity shareholders.

Long term liabilities: Long term liabilities means the amount that the FPO has to pay in long period of time .i.e. more than three years. For example if the FPO takes a loan for a period of 6 years it is called as long term loan.

Current liabilities: Current liabilities mean the amount that has to be paid in short period of time within one to three years by the FPO. For example creditors, short term loans etc.

Bank Overdraft: Bank overdraft is a facility given by banks to withdraw amount from bank account when the FPO does not have any balance. An amount of interest is charged by the banks for giving this facility. The limit of overdraft will be decided by the banks. It is like a short term loan taken from bank that has to be returned with interest.

Depreciation: Depreciation means decrease in the value of an asset. There are various reasons of depreciation it may be due to constant use or asset might have become obsolete. There are two methods of calculating depreciation on assets, first method is called as fixed installment method where same amount of depreciation is charged every year till the life of the asset. The second method is called as diminishing balance method where the depreciation is calculated on the balance each year. For example assume that the FPO has purchased a tractor for Rs. 6,00,000 and the FPO has decided to fix depreciation at 10 percent or as per the rules. So the depreciation value will be Rs. 60,000 each year. $(6,00,000 \times 10\% = \text{Rs. } 60,000)$

Trading Profit: To find out the trading profit of FPO, we need to prepare an account called as trading account. It is made as follows

Trading Account of FPO for the year ending 31.03.2022 (Format)

Date	Particulars	Amount	Date	Particulars	Amount
	To Opening Stock			By Sales	
				Less Sales Returns	
	To Purchases			By Closing Stock	
	Less Purchase Returns				
	To direct expenses or expenses on purchases			By Gross profit or Trading profit	
	To wages				
	To Gross Profit c/d				

Therefore the trading profit can be computed by taking the sales and adding the closing stock to it. Then deduct opening stock, purchases, all direct expenses and wages to get a gross profit. If the Sales and closing stock value is less than the left side then the FPO will get a gross loss instead of gross profit.

Net Profit: In order to find out the net profit of a FPO, we need to prepare a profit and loss account. This profit and loss account begins with trading profit or gross profit to be written on the right side or credit side of Profit and Loss Account (P&L A/C) and then right all expenses and losses on the left side and all incomes and gains on the right side of the P&L A/C.

In accounting there are three types of accounts, they are 1. Real account where the rule is Debit “What comes in’ and Credit “what goes out” and the second type of account is a “nominal account that says Debit – ‘all expenses and losses” and Credit “all incomes and gains” and the third type of account is a personal account and the rule is Debt “the receiver” and Credit “the giver”

The profit and loss account is the second type of account that is nominal account and thats why we need to write all expenses and loses on the debit or left side and all incomes and gains on the right side of the profit and loss account.

Profit and Loss Account of FPO for the year ending 31-03-2022 (Format)

Dr.

Cr.

Date	Particulars	Amount	Date	Particulars	Amount
	To salary			By gross profit or trading profit	
	To Printing and Stationery			By hiring charges (custom hiring centre)	
	To Selling and distribution expenses			By interest on fixed deposit	
	To depreciation on fixed assets			By commission received on sale of produce	
	To Rent of procurement centre and or office rent				
	To interest on loan				
	To Net Profit (if any)			By Net Loss (if any)	

If the FPO gets a net profit it has to be added to share capital in the Balance Sheet and if it gets a loss then it has to be deducted from capital in balance sheet.

Balance Sheet: Balance sheet is a statement that shows the entire picture of the FPO. Its assets and liabilities and capital invested in the business. With this statement anyone can see the financial position of your FPO. A balance sheet has two sides, liabilities are written on the left side and assets are written on the right side.

Balance Sheet of a FPO as on 31.03.2022 (Format)

Liabilities	Amount	Assets	Amount
Capital		Fixed Assets	
Authorised Capital		Building less depreciation	
Paid up Capital		Machinery less depreciation	
Reserves and Surplus		Tractor less depreciation	
Long term liabilities		Current Assets	
Long term loans		Cash balance	
Current Liabilities:		Bank balance	
Creditors		Debtors	
Outstanding expenses		Prepaid expenses	
Bank Overdraft		Loans and advances	
Short term loans		Amount Receivable	
Amount received in Advance		Closing Stock	

The Balance sheet of a FPO always gets tallied that means the liabilities side of the balance sheet will always be equal to assets side of balance sheet. Capital is written on the liabilities side of the balance sheet because this is the amount invested by farmers as shares and the FPO is liable to pay back this share capital amount to the farmers in case the FPO gets closed. Therefore the amount of capital has to be given back to shareholders so it is written on the liabilities side of balance sheet.

Outstanding Expenses: Outstanding expenses means the expenditure which falls in the current year but the FPO has not paid. For example assume that the CEO salary is Rs. 20,000 and the FPO has not paid CEO's salary for two months, then $\text{Rs. } 20,000 * 2 = \text{Rs. } 40,000$ will be called as outstanding salary and it has to be written on the liabilities side of balance sheet.

Prepaid Expenses: Expenses paid in advance are called as prepaid expenses. For example if the FPO pays procurement centre rent for one month in advance, it is called as prepaid rent and it will be written on the assets side of balance sheet as the FPO has paid in advance and it becomes as asset as it will not have to pay in future.

Loans: Loans taken are payable in future so it should be shown on the liabilities side of balance sheet. If loan is given by the FPO to someone then it becomes an asset. For example, assume that the FPO has given a loan of Rs. One lakh to a director for 6 months, then in this case the director has to pay back this amount to the FPO, so it becomes an asset. Amounts payable by FPO are liabilities and amounts receivable by FPO are assets.

Amounts Received in Advance: Any amount received in advance should be written on the liabilities side of the balance sheet as this amount has already been received and in future the FPO will not receive it therefore it should be written on the liabilities side of the balance sheet.

Note the transaction written above are not limited to the above formats, there can be many more transaction for a FPO.

Indicators for Financial Performance of Farmer Producer Companies			
S. No	Name of the Indicator	Method	Interpretation of the indicator
1	Total annual sales	The turnover of the FPC(As given in the Income statement)	Also called net revenue, and listed on the income statement, net sales is the income generated by the company selling its products and/or services with any sales returns, refunds, or allowances subtracted.
2	Gross margin	Income from sales – direct cost	The gross margin indicates how much profit the company makes after paying its cost of goods sold which are variable in nature. The efficiency of the company depends upon the higher gross margin ratio.
3	Net profit	The net margin indicates how much profit the company actually makes after deducting the expenses such as administration expense and selling and distribution expenses.	Higher net profit indicates the efficient management by the company
4	Current ratio	Current ratio = Current Assets /Current Liabilities Working Capital =Current Assets-Current Liabilities	The liquidity position of the company is assessed by the current ratio which is also called working capital ratio. The ratio of less than one shows that the company has less working capital and vice versa.
5	Debt equity ratio	Total liabilities/shareholders equity	A debt to equity ratio compares the capital invested by owners with the funds provided by funders. A ratio of 1 would mean that investors and creditors have an equal stake in the business assets.
6	Ratio of grants to turnover	Grants/Turnover	The contributions and grants ratio measures the composition of organization funds coming from these sources. Organizations can use this indicator to determine long and short-term trends in line with strategic funding goals that can change the organizational revenue composition in this area.
7	Break-even	Breakeven sales = total	Break-even sales is a situation at which the

Indicators for Financial Performance of Farmer Producer Companies			
S. No	Name of the Indicator	Method	Interpretation of the indicator
	sales	fixed expenses/1-(total variable expenses/total sales volume)	company covers its variable and fixed costs, such as rent, administrative salaries and advertising. Companies incur some level of fixed costs regardless of the sales volume.
8	Operating margin	Sales +closing stock- opening stock – direct cost	Operating margin shows the profitability of sales resulting from regular business. Operating income results from ordinary business operations and excludes other revenue or losses, extraordinary items, interest on long term liabilities and income taxes.
9	Inventory turnover ratio	Cost of goods sold/average inventory. Cost of goods sold = opening stock + purchase – closing stock; Average inventory = opening stock + closing stock/2	Inventory turnover ratio is a good indication of production and purchasing efficiency. A high ratio indicates inventory is selling quickly and that little unused inventory is being stored (or could also mean inventory shortage). If the ratio is low, it suggests overstocking, obsolete inventory or selling issues.
10	Operational self sufficiency	Business revenue/ total expenses. Business revenue should exclude any non-operating revenues or contributions. Total expenses should include all expenses. (Operating and non-operating)	Operating self sufficiency measures the degree to which the organization's expenses are covered by its core business and is able to function independent of grant support. A ratio of 1 means you do not depend on grant revenue or other funding.
11	Financial self sufficiency	Operating income (loans +investments)/operating costs +loan loss provisions +financial costs +adjusted cost of capital. Adjusted cost of capital = (inflation rate* (average equity – average fixed assets) + (average funding liabilities	Financial self-sufficiency indicates whether or not enough revenue has been earned to cover both, direct costs - including financing costs, provisions for loan losses, and operating expenses - and indirect costs, including the adjusted cost of capital. The adjusted cost of capital is considered to be the cost of maintaining the value of the equity relative to inflation (or the market

Indicators for Financial Performance of Farmer Producer Companies			
S. No	Name of the Indicator	Method	Interpretation of the indicator
		* market rate of debt) actual financing costs.)	rate of equity), and the cost of accessing commercial rate liabilities rather than concessional loans. Unless 100 percent Financial self-sufficiency is reached, the long-term provision of credit services will ultimately be undermined by the impact of inflation and the continued necessity to rely on donor funds.
12	Debt service coverage ratio	Net operating income/total debt service. Net operating income= Company's revenue – operating expenses. Total debt service = current debt obligations means any interest, principal, sinking fund and lease payments that are due in the coming year. On a balance sheet, this will include short term debt and the current portion of long term debt.	The debt-service coverage ratio (DSCR) is a measure of the cash flow available to pay current debt obligations. The ratio states net operating income as a multiple of debt obligations due within one year, including interest, principal, sinking-fund and lease payments.

Ratio Analysis

☒ **Gross Profit Ratio** =

Gross Profit/ Net Sales * 100 25,000/1,00,000*100 = 25%

Net Sales = Total Sales – Sales Returns

(1,00,000-5,000)+50,000+(50,000-2,000)

• **Net Profit Ratio** = Net Profit/ Net Sales* 100

20,000/1,00,000*100 =20%

Current Ratio

- ⊠ Fixed Assets, Current Assets
- ⊠ Cash, Bank, Debtors, Pre-paid expenses, stocks
- ⊠ Liabilities, Current Liabilities
- ⊠ **Current ratio = Current Assets /Current Liabilities**
- ⊠ **Working Capital =Current Assets-Current Liabilities**
- ⊠ **Current Liabilities = creditors, bank overdraft, short term loans, Outstanding expenses.**
- ⊠ Example: Current Assets = 2,00,000; Current Liabilities = 3,00,000
- ⊠ Current Ratio = 2,00,000/1,00,000=2
- ⊠ Working Capital = 2,00,000-3,00,000=-**1,00,000**

Debt Equity Ratio

- ⊠ Total liabilities/shareholders equity
- ⊠ A ratio of 1 would mean that investors and creditors have an equal stake in the business assets.
- ⊠ Example: Liabilities = 80,000; Equity Capital = 1,00,000
- ⊠ 80,000/1,00,000= 0.8

Break-Even Sales

- ⊠ Fixed Expenses = 1,00,000
- ⊠ Variable Expenses = 80 percent of Sales
- ⊠ Contribution margin = Sales – Variable Expenses
- ⊠ Contribution margin = 100-80=20 percent

☒ Break-even Sales = Fixed Expenses/Contribution margin

☒ Break-even Sales = $1,00,000/20 * 100 = 5,00,000$

☒ Variable cost = 80 percent of sales

☒ $5,00,000 * 80 \text{ percent} = 4,00,000$

☒ Fixed cost = 1,00,000; Variable cost = 4,00,000

☒ Total cost = $1,00,000 + 4,00,000 = 5,00,000$

☒ Sales = 5,00,000; Profit = Zero

Operation Self Sufficiency Ratio

☒ Business revenue/ total expenses. Business revenue should exclude any non-operating revenues or contributions. Total expenses should include all expenses. (Operating and non-operating)

☒ Operating self sufficiency measures the degree to which the organization's expenses are covered by its core business and is able to function independent of grant support. A ratio of 1 means you do not depend on grant revenue or other funding.

☒ Ex: Business Revenue = 5,00,000; Total Expenses = 5,00,000

☒ $5,00,000/5,00,000 = 1$

☒ Ex: Business Revenue = 5,00,000; Total Expenses = 7,00,000

☒ $5,00,000/7,00,000 = 0.71$

Inventory Turnover Ratio

- Cost of goods sold/average Stock
- Cost of goods sold = opening stock + purchase – closing stock
- Average stock = $(\text{opening stock} + \text{closing stock})/2$

- $5000+10,000=15,000/2= 7,500$
- A high ratio indicates inventory is selling quickly and that little unused inventory is being stored (or could also mean inventory shortage). If the ratio is low, it suggests overstocking, obsolete inventory or selling issues.
- Example: Opening stock = 1,00,000; purchase = 2,00,000; closing stock = 50,000
- $1,00,000+2,00,000-50,000= 2,50,000$
- $(1,00,000+50,000)/2= 75,000$
- $2,50,000/75,000 = 3.3$

V Executive Summary

The executive summary should be prepared after completion of the entire work but this should be placed at the start of the business plan. The executive summary is nothing but a short summary of the entire business plan. You need to write down the main points from each section of the business plan from management, to production to marketing and finance and it should give the reader the overview of your business plan.

The executive summary should contain the details about the FPO in a short statement with details of its promoters; sponsoring agency, the produce that FPO is going to produce, the geographical spread, the category of farmers, the social composition, the total area holding, the average area holding of farmers, the directors of the FPO, the main leaders and the number of members in each village. A summary of the backward linkages for raw materials, credit, equipment, machinery and funding should be provided with details of storage capacity, custom hiring centre, input shops and procurement centers. The executive summary should include the marketing aspects such as to whom the FPO is going to sell the produce and its pricing decisions, its advertising strategy, promotions, distribution and terms of payments. The summary of expected financial performance with important ratios, its expected profits, working capital, debts and its clearance, its assets and liabilities position should be shown here. This should clearly explain how the FPO is going to derive profits in the coming 3 to 5 years time. The FPO can showcase the expected expenditure and incomes with possible problems that may arise and

how the FPO is going to deal with it. Therefore the executive summary should be placed at the beginning of the business plan and it should be able to give an overall picture of how the FPO is going to do the business with its problems and possible solutions.

Important Points to be remembered while making a business plan

- ❖ Write about the vision, mission, purpose and values of the FPO
- ❖ Write about the promoters and the help extended by them for the promotion of FPO
- ❖ Write the details of product/s dealt by the FPO
- ❖ Write about total area of production by the farmers and the average yield and production by the members
- ❖ While writing about the existing directors, write about experiences, and focus on important skills they have.
- ❖ For employing persons, write already existing staff and then write about who you want to appoint, if you need any person with specific qualifications or experience and the salary payable
- ❖ First write about the present members in your FPO and then write about the number of expected members who will join your FPO. Write about the details of the nearby village members that expected to join.
- ❖ The number of active members in the FPO is very important as they are the members who not only contribute share capital but also actively takes part in the FPO business and takes part in the procurement process. More number of active members will lead to success of the FPO. For example if your FPO has taken an order from wholesale to supply 500 quintals of paddy and if you have only 40 percent active members who are able to provide about 300 quintals then your FPO will be in shortage to supply the required material. Therefore more percentage of active members will lead to FPOs success. Write about the percentage of active members in the FPO.
- ❖ Direct linkages with the suppliers for raw material purchase or for purchasing fertilizers, pesticides and seeds will be an advantage as the cost will be less than the market price. Write the existing linkages with the suppliers and if you are going to add any new suppliers to the list with advantages.

- ❖ While deciding the prices of inputs that you are going to supply to the farmers, make sure you purchase in bulk so that you will get it at lesser rate and fix a price in such a way where the farmers should be able to get it a price less than market. Here you need to make a table of prices of inputs with the suppliers, and the price of inputs with the FPO and the market price in the local villages where the members purchase.
- ❖ Supply raw materials or inputs to the farmers on time. If the inputs are not supplied on time, then the farmers will get it very difficult and they will be forced to purchase from outside market and at high rates. Show in the business plan the crop season with the supply of materials on time.
- ❖ Inputs should reach all the members. Prior to purchase of inputs, make sure how many members are interested to purchase from your input shop and also check if they agree to purchase at the price you have decided. Then make a list of your customers/farmers and see to it that you supply to the entire list. It was observed in some of the cases that FPOs were not able to supply inputs to all members. Once committed it is very important to provide inputs to everyone.
- ❖ Training and capacity building programmes should be conducted for the farmers on agriculture production, pests attack, insurance, environment, market linkages, understanding financial aspects, employment of professionals, and so on regularly. Write in the business plan the activities you have conducted before and then write about the activities that you have planned.
- ❖ Decentralization will lead to success. It is very difficult for a CEO to go to each and every member and explain the things of FPO. If village-wise leaders are made, this will make the flow of information smoothly and the local village leader will be able to express and explain the members about all issues. The village wise leaders can be made as a group of leaders and this group should meet every month to discuss the problems of their village members, and directors and the CEO can solve their problems. Easy flow of communication will solve problems and members will be happy. Show how you have decentralized your organizations and how it will work in the business plan. Write the responsibilities of each committee head or leader
- ❖ If the FPO is planning for a custom hiring center then first write about the existing equipment or agriculture equipments with the FPO, its cost and then write about the

required implements with costs price and the details of the suppliers. Write about how much finance is required to purchase these machinery or agriculture implements.

- ❖ Write about the existing input shop of your FPO. In case you do not have an input shop, then write about where you are planning to make the input shop, how much expenditure will be needed, if the place of input shop selected is approachable for farmers? How many kilometers on an average will the farmers have to come to take the inputs from the input shop
- ❖ Once you write about the input shop location, then write about the prevailing licenses with the FPO, the dates of renewal, and then write if you are going to take any new licenses for the FPO.
- ❖ Write about each objective of FPO and write how you are going to achieve it. Make a table with two columns and show your objectives on left side and how you are going to achieve it on the right side.
- ❖ Write about monitoring FPO and making reports (monthly and annually)
- ❖ Do a market survey before deciding a product. Find out the prevailing demand and supply for the produce you are going to deal. Its prices, fluctuations, risks, benefits and expected profits.

Enclosures to be made with the business plan

- Rules of the FPO
- Last three years financial statements
- List of directors, professionals and others engaged in running the FPO
- Photographs of location, storage, input shops, retail outlets, agriculture implements, etc.
- Sales forecast and how the amount will be received from the customers
- Purchase forecasts and how the amount will be paid to the suppliers
- About the promoters help to the FPO
- Any other document of importance

Annexure I

Basic Assumptions/Base line Information of the FPO

		2021	2022	2023	2024
Sl. No.	Activity	Year 1	Year 2	Year 3	Year 4
	FPO area of operation				
	Villages				
	Panchayats				
	Mandals/ Blocks				
1	No. of groups in FPO				
	Average number of members/Village				
	No. of Members in FPO				
2	Cumulative No. of Members in FPO				
3	Share capital per member				
	Total Share capital (During the year)				
	Cumulative Share Capital				
4	Membership fee per farmer				
	Membership fee (During the year)				
	Total membership fees				
5	Production Area (Acre)				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				
	Vegetables				
6	Yield per Acre in quintals				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				
	Vegetables				
7	Total Production in quintals				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				

	Vegetables				
8	Unit rate of procurement per quintals				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				
	Vegetables				
9	Transportation cost per quintals				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				
	Vegetables				
10	Handling cost per quintals				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				
	Vegetables				
11	Sales price per quintals				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				
	Vegetables				
12	Percentage available for sale to PC				
	Paddy				
	Red gram				
	Cotton				
	Maize				
	Groundnut				

	Vegetables				
13	Service fee per farmer for extension service				
	Seed Treatment				
	On-field Monitoring Support				
	Market Linkage				
14	No. of visits of experts to members fields				
	Expert's fee				
15	No. of Demo plots				
	Cost per demo plot				
16	Farmers exposure visits				
	Cost per visit				
17	Governance				
	No. of Board meetings				
	No. of Committee meetings				
	Annual General Body meetings				
	Staff orientation programs				
	Member education				
A	Member education				
	No.				
	Cost / training				
B	Board of Governors meeting				
	No.				
	Cost / training				
C	Committee meetings				
	No.				
	Cost / training				
D	Annual General Body meetings				
	No.				
	Cost / training				
E	Staff orientation programs				
	No.				
	Cost / training				

Fixed overheads of FPO

Fixed overheads	per month
Rents	
Electricity & water	
Repairs & maintenance	
stationery	
Telephone, internet & postal charges	
Travel expenses (TA/DA)	
Office expenses	
Other Miscellaneous overheads	

HR Plan

Category	Cost per month in Rs.			
CEO				
Secretary				
Procurement				
Procurement in-charge				
Cluster Coordinator				
Community Mobilizer				
Processing plant				
Processing in charge				
Supervisors				
Quality Control Officer				
Godown Keeper				
Time Keeper				
Watch & Ward				
Marketing				
Marketing in-charge				
Executives				
Finance & Accounts				
Accountant				

Details of Crops

Sl. No.	Name of the crop	
1	Area (Acre)	
2	Qty / Acre (kg/litre)	
3	Total qty (kg/litre)	
4	Purchase price/kg/litre	
5	Unit transportation cost/kg	
6	Storage & handling cost/kg	
7	Vaiable costs	
8	Procurement cost	
9	Transportation	
10	Storage & handling cost	
11	Total variable costs	
12	Sale price per kg	
13	Total sales	
14	Sales realization (9-7)	

Extension Activities of the FPO

S.No	Activity	Year 1	Year 2	Year 3	Year 4	Year 5
1	No. of members					
2	No. of visits of experts to members fields					
3	Expert's fee					
4	Total cost of visits					
5	No.Of Demo plots					
6	Cost per demo plot					
7	Total cost of demo plots					
8	Farmers exposure visits					
9	Cost per visit					
10	Total cost of EV					
	TOTAL (4+7+10)					

Source: NABARD/CSA Training – FPO Format

Annexure 2

Important Addresses for Direct Market Linkage

IFFCO Farmers Service Center and Bazaar Center Addresses (Telangana)

Sri Sudheer Fertilizers (Ba)-Ib1103

Office No-1-110,Relakunta,At-Warangal, Dist-Warangal,(Telangana)-506342-506349

9 Am To 5 Pm

Sai Krupa Fertilizers And Pesticides (Ba)-Ib1093

7-1-415,Ramgopal Street,At-Nizamabad ,Dist-Nizamabad, (Telangana)-503001-503001

9 Am To 5 Pm

Shri Manikanta Traders (BA)-IB1094

2/5/397,1st Floor,Burdarghavapuram,At-Khammam,Dist-Dist-Khammam (Telangana)-507003-507003

9 AM TO 5 PM

Sai Krishna Fertilizers & Pesticides (BA)-IB1164

D NO-2-25,Main Road,Gollapudi, Wyra Mandal,Dist-Khammam (Telangana)-507165.-507165

9 AM TO 5 PM

Yedpally-IB0238

Yedpally, Near Syndicate Bank,Dist.Nizamabad, Telangana State- 503202-503202

9 AM TO 5 PM

Peddakothapally-IB0557

H.No. 6-23/5 Main Road, Beside Essar Oil Pump, Pedda Kothapally, District Nagarkurnool, Telangana - 509412-509412

9 AM TO 5 PM

Sadasivpet-IB0173

3-8-23/1 Vikarabad Road Sadashivpet, District Medak, Telangana – 502291-502291

9 AM TO 5 PM

Daulathabad-IB0172

321/ 1 Near Bus Stand, Hathnoora Mandal, District Medak, Telangana State – 502296-502296

9 AM TO 5 PM

Gudeballur-IB0168

Shop No. 3,4,5, At Sy.No. 776/A, Venkatagiri Complex Tai Road, Village Gudebellur, Mandal Krishna Mandal, District , Mahabubnagar Telangana State 5093-509352

Thangallapally-IB0169

Opposite To Zp High School, Main Road, Thangallapally Village And Mandal, Rajanna Siricilla District, Telangana- 505405-505405

9 Am To 5 Pm

Kodad-IB0167

DOOR NO. 1-13/5/1/A, OPP. H.P. PETROL PUMP, SURYAPET ROAD, KODAD TOWN & MANDAL, SURYAPETA DIST. TELANGANA-508206

9 AM TO 5 PM

IFFCO Marketing Offices for Nutrients, Fertilizers, Organic and Bio-fertilizers, Nano Fertilizers and Micronutrients

TELANGANA

- Office No-1-110,Relakunta,At-Warangal, Dist-Warangal,(Telangana)-506342-506349
- 7-1-415,Ramgopal Street,At-Nizamabad ,Dist-Nizamabad, (Telangana)-503001-503001
- 2/5/397,1st Floor,Burdarghavapuram,At-Khammam,Dist-Dist-Khammam (Telangana)-507003-507003
- D No-2-25,Main Road,Gollapudi,Wyra Mandal,Dist-Khammam (Telangana)-507165.-507165
- Shop No. 721/5/1, Opposite RTC Bus Stand, Main Road, Nalgonda Road, Chandur, District Nalgonda, Telangana State - 508255-508255
- G M Kheny Building 2-3-53 Subhas Gunj Zaheerabad,District Medak, Telangana - 502220-502220
- Yedpally, Near Syndicate Bank,Dist.Nizamabad, Telangana State- 503202-503202
- Opposite To Zp High School, Main Road, Thangallapally Village And Mandal, Rajanna Siricilla District, Telangana- 505405-505405
- Door Number: 2-72 And 2-78 Village Bhupatipur, Garrepally Cross Road, Beside Highway, Mandal: Sulatanabad, District Karimnagar Telangana State- 505186-505186
- Door No. 1-13/5/1/A, Opp. H.P. Petrol Pump, Suryapet Road, Kodad Town & Mandal, Suryapeta Dist. Telangana-508206

- H.No. 6-23/5 Main Road, Beside Essar Oil Pump, Pedda Kothapally, District Nagarkurnool, T elangana - 509412-509412
- 3-8-23/1 Vikarabad Road Sadashivpet, District Medak, Telangana – 502291-502291
- 321/ 1 Near Bus Stand, Hathnoora Mandal, District Medak, Telangana State – 502296-502296
- Shop No. 3,4,5, At Sy.No. 776/A, Venkatagiri Complex Tai Road, Village Gudebellur, Mandala Krishna Mandal, District , Mahabubnagar Telangana State 5093-509352
- Shop No.1, 2 At H.No. 5-46 (Old), Near Sharda Nursing Home, Village Wyra, District Khammam, Telangana State – 507165-507165
- In Front Of Bus Stand, Kamlapur, Warangal Urban, Idst. Karimnagar, Telangana- 505425-506169
- 10-5-22, Masab Tank, Hyderabad, 500028
Zone - South
Fax - 040-23317916
Mail - Smm_Telangana@Iffco.In

For Seeds contact

Telangana Seed Development Corporation

5-10-193, II Floor, HACA Bhavan, Opposite Public Gardens, Hyderabad, 500004

Phone 040-23236088, 23292526 Email: tssdcltd@gmail.com

Telangana State Cooperative Marketing Federation Ltd (MARKFED)

D.No.5-2-68, 3rd Floor, Mahathma Gandhi Markfed Bhavan
Jambagh, Hyderabad – 500 095

Tel. No. : 040- 2460 7106/108, Tele Fax: 040-2460 7100

Annexure 3

Success Story E-NAM (taken from E-NAM website)

Better prices obtained by MPFSRPCL farmers through eNAM Mahakaushal Progressive Farmers Self Reliant Producer Company Ltd. (MPFSRPCL) is registered at Chikla village of Seoni district in Madhya Pradesh. It serves 3000 farmers from 29 villages in Seoni. eNAM mandi professional Shri Manoj Patle at Seoni attended Kisan Sammelan of MPFSRPCL to create awareness about eNAM & its benefits to farmers. The interaction developed interest amongst the MPFSRPCL members and they requested their officials to learn more about eNAM. MPFSRPCL mentor Shri Dibya Pandey, Project Director from Reliance Foundation, contacted eNAM marketing team at Delhi to get more insights about eNAM. After detailed discussions regarding operating process, quality assessment, transparent weighment and payments, he got keen to use eNAM for selling maize produced by their members. He discussed with their members that by selling through eNAM, they will realise competitive prices in better transparent way and payment will be credited in their Producer Company account online. This made the farmers happy that as compared to sale at village level, they would earn Rs 70-150 per quintal higher through eNAM mandi portal at Seoni. MPFSRPCL aggregated maize from their members, provided logistics & other handling support to bring produce to eNAM mandi for selling produce online through eNAM in a transparent way. Initially, they sold smaller quantities on eNAM for process familiarity. Once Producer Company's members understood the entire process of eNAM & have gained confidence in the eNAM system, they have brought more quantities of their produce for selling through eNAM Seoni mandi. During December 2018 to January 2019 maize season they sold 5000 quintals of maize valued at Rs 70.12 lakhs through eNAM mandi at Seoni, trade prices ranged between Rs 1325 to Rs 1510 per quintal on eNAM. As an appreciation for this trade which served small & marginal farmers, MPFSRPCL was awarded "appreciation letter" by Seoni collector Shri Pravin Singh on 26th January 2019.

Annexure 4

Successful Farmer Producer Companies in India

Indian Organic Farmers Producer Company, Kochi, Kerala: This was the first Producer Company established in India during September 2004. The Company defined its authorized capital as Rs. 50 Lakh which was divided into Rs. 1000 equity share each. It initiated with 10 shareholders who increased to 1356 within a span of 4 years and the company had a paid up capital of 13,56,000. The company had 8 Directors and 3 employees. The Producer Company has setup its patronage at Rs. 40,000 per share, where shareholders can sell their produce to the tune of Rs. 40,000 per year per share. The Company was dealing with Organic crops such as Pepper, Cardamom, Vanilla, Coffee, Cocoa and nutmeg etc. and the area used for cultivation was 12,793 acres if rain fed area. The Producer Company saw a tremendous increase in the turnover from zero to Rs. 5.52 Crores within 4 years time. For selling the produce, the company associated with other companies such as Hindustan Unilever, Cadbury and International Companies from Switzerland, Canada & Germany. The members were made aware of the farming practices through capacity building programmes. It has developed its internal control system by creating Common Interest groups of 10-15 members and the produce was collected from the doors of members and was sent to warehouses. The company maintained best practices of payment to members at the time of collecting produce and higher than the previous prices they used to get. The company benefitted by associating with Cadbury and could increase the procurement price from Rs. 70 to Rs. 96-100. The company associated with INDOCENT, Kochi for certification for its Organic Produce. Half of the certification amount of Rs. 150 per acre was given as subsidy by National Horticulture Mission. The Company's internal control system was functioning well. Among the crops offered by the company Cocoa beans were selected for processing and value addition for accessing international standards. Prior to this the export of Cocoa beans was rejected on the grounds of improper processing and quality. Therefore the company took over value-addition by processing it. The company found there is a huge demand for Cocoa beans export where they are unable to supply the total demand. Productivity of crops declined over the period of time for instance the pepper productivity reduced from 100 kg per acre to 200 kg per acre and the cause was related to foot Rot disease therefore the farmers of Producer Company opted for mixed farming consisting of Coffee, Pepper, Coconut, Areca nut trees, Vanilla Plants

and Banana Plants. The arrangements made for these mixed farming were, construction of wells and bore-wells and purchase of 2 cows per acre. The various advantages derived from mixed farming were increase in income per acre of land, risk coverage, pest control and use of Organic manure. It was observed that climate change and reduction in annual rainfall affected the crop productivity. Diversification was taking place in the region for instance Banana was fetching Rs. 120000 and Rice only Rs. 15000. So people were diversifying from rice to banana. The lower yield of pepper also diversified from pepper to coffee and Vanilla. The company faced shortage of working capital for which they took loan of Rs. 20 Lakh from bank at an interest of 13.75% and the members had to pledge their personal properties for obtaining loans. The members in the company belonged to small and medium category.

Bhangar Vegetable Producing Company, West Bengal: This initiative was taken over by State Department of Horticulture and Food Processing and Access Development Services (ADS). This company was successful in collectivising farmers which increased productivity and improved sales price which increased company's profits and in return benefitted members. There were 1750 members in the company who are marginal farmers below one hectare of land. The company witnessed a positive impact where a farmer could increase production from 7500 kg to more than 9500 kg. Their incomes were increased from Rs. 22,000 in 140 days to Rs. 85,000 in 120 days. Before joining the company, the farmers had lack of agriculture infrastructure, poor access to inputs and finance, lack of awareness regarding multi-cropping and inter-cropping and lack of access to marketing facilities. For tuning up the company, they formed common interest groups of 15-20 members each and created 117 FIGs taking members from 48 villages and the company came into existence in September 2012. The main objectives of the company were to reduce cost of cultivation of vegetables, use modern technology, improve infrastructure, promote direct market linkage, do value addition to the crops and promote Organic Farming. The paid up Capital of the Company was Rs. 730 thousand. The major crops grown were chilli, brinjal, capsicum, cucumber, cauliflower, tomato, cabbage, bitter gourd etc.. The Company provided inputs and convinced the members for construction of 92 poly houses. They associated with Indian Farmers Fertilizer Cooperative Limited (IFFICO) for purchase of fertilizers. The company associated with Krishi Vigyan Kendra for Soil testing. The company processed, graded and packed the vegetables which were supplied to various markets. The company tied up with Mother Dairy for supplying vegetables and also with Government of West Bengal. They also

attached with Retail and Wholesale Outlets like Metro Cash and Carry limited. And some of the hotels were linked for supplying vegetables. The Company had to face some challenges like convincing the members, opening bank accounts for Common Interest Groups, adoption of poly houses, decision to produce new variety and some marketing issues. Despite these challenges, the company was able to provide awareness and achieve success. They received a subsidy of Rs. 121.65 lakh in the form of FPO from West Bengal Government and now they have planned to construct cold storages. Thus Bhangar Vegetable Producer Company has set an example and can be taken as a model for the up-coming Producer Companies. The major points to be kept in intervention is give maximum knowledge and make the farmer aware during its initial stages, transparency and accountability to be maintained, resources should be pooled by all members, a common fund can be generated to avail bank loans. Markets to be linked up and a continuous research has to be taken up to find the demand and prices which need to be updated and prices which need to be updated and used in decision making.

Madhya Pradesh Woman Poultry Producers Company Private Limited: This Company is the first of its kind in India with all Woman belonging to SC & ST families from below poverty line. Tribals were dependent on forest based livelihood but deforestation in their area has pushed them into the stigma of poverty. The situation was worse for the woman as men had to migrate for jobs leaving behind woman and children. The tribal households were rearing birds in their backyards for consumption. This practice became the money earning concept for them when PRADAN influenced them to rear broiler chicken and become members of Producers Cooperative. PRADAN paid Rs. 30,000 to each member for construction of sheds in their backyard. The amount was arranged from loans and grants. The woman started rearing birds and it all began in 1994 with Poultry activity. The first poultry Co-operative was established in 2001 called Kesla Poultry Sahakari Society and similarly 8 Co-operatives were started where each women used to rear 400-800 birds. Most of the members were Gond Tribal Women who did not have any alternatives for livelihood and PRADAN tried with Poultry Intervention. The basic idea of promoting this company was to promote the small holder's women poultry producers & integrate them in Collectives that are working on market principles and generate wealth for their Socio-Economic upliftment. The Company is promoted by 8 Cooperatives; PRADAN (Professional Assistance for Development Action), Madhya Pradesh State Government, MPDPIP, Ministry of Rural Development through SGSY Program, FORD Foundation & RABO

Bank foundation who helped by providing soft loans, professional guidance, subsidy and seed money for establishment of MPWPCL. There are 4,050 SC and ST Woman members in 8 Cooperatives of 108 villages from 5 Districts of Madhya Pradesh which are Hoshangabad, Sidhi, Chattarpur, Dindori and Tikargarh. The Governance consisted of individuals producers who were added at village level then Self Help Groups were formed at Village level, board members were selected at Cooperative level and a CEO was appointed at Cooperative level. The Company is managed by highly professional team of CEO who is a veterinary doctor and now the company runs smoothly. Production Manager, Co-operative Manager and Marketing Manager were appointed under each Co-operative. The Company was able to reduce the cost of transaction through establishment of 4 feed Processing Units and one medicine manufacturing unit. This has led to inputs arrangement at their level at minimum cost and as the feed was manufactured by them the average cost of feed per kg was Rs. 17.36 whereas the average market price was Rs. 22.36, so they saved 22% on feed cost. The main purpose of collectivising the woman entrepreneurs was to have a common platform for marketing and sales in a better way and to face market volatility. The Company has linked to a market information service which gives daily information about prices prevailing across various markets in India. The daily price is assessed by the Cooperatives and price is fixed every day. A brand name “Sukhtawa chicken” was started and the company also established a Hatchery and Parent Farm at Itarsi for making affective sales. Generally the sales are made on cash basis however they give 3 days’ credit for dedicated customers. Because of these interventions there are now 31,52,868 shares of Rs. 10 each and the authorised capital of the Company is 3,50,00,000 and paid up Capital of 3,15,28,680. 51 % of the Company shares are held by Kesla Cooperative. The turnover of the Company during 2014-15 was Rs. 34,59,54,751 and the progress can be seen in each year. On success of this model it was replicated at Vidisha and Sagar and the funds were arranged from SGSY programme (Arifa Sultana, 2016)

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- *Sultana Arifa (2019) PhD thesis on Farmers Producer Companies – A study of Telangana State CESS/BR Ambedkar Open University*
- *Revathi and Arifa Sultana (2021) Report on ‘Performance and Impact of Farmer Producer Companies Promoted by NABARD in Telangana State’*
- www.enam.gov.in/web/
- www.iffco.in/en/corporate
- www.tssdcl.org
- www.tsmarkfed.com

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Annexure 2

Centre for Economic and Social Studies, Begumpet, Hyderabad

List of Participants for the ICSSR training programme for the CEOs/directors on Business Development planning

7th March to 11th March 2022

S. No	Name of the Participant	Name of the FPO	Phone Number
1	U Veeresham	Benishan Federation	7989274918
2	Golla Sunil Kumar	Lambasingi Tribal Products Farmers Producer Company, Vishakapatnam	8099999648
3	C H Raju	Talamadla Farmer Producer Company, Kamareddy	9491536133
4	Bhasker	Siddipet Kisan Agro Producer Company Limited, Siddipet	9502259868
5	M Hari Mohan Reddy	Maharaja Farmers Producer Company Limited, Rampur, R R Dist.	9948178439
6	K Mahesh	Ajeewa FPC, Bhongir, PEACE NGO	9848135479
7	Bala Goud	Veeramrajupally Farmer Producer Company Limited, Nagarkarnool	9491494595
8	Laxman	Issaipet Farmer Producer Company Limited, Kamareddy	9177933464
9	Nandipeta Narsimha	Thipparthy FPC, Nalgonda	7658971873
10	Nenavath Raju	Nalgidda FPO, Narayankhed, Sangareddy	9542025970
11	Ram Das	Zaheerabad FPCL, Sangareddy	9948039594
12	Joseph Rroy	Kollapur FPO	7416320349
13	V Uttarawamy	Director, Pentlavally FPO (Child care organization)	8498034884
14	M Chandrashekhar	Chalki FPO, Sangareddy	9948983155
15	M Hanmanthu	Panchagav FPO, Sangareddy	8309054053
16	P Vishali	Munipally FPO, Sangareddy	6304138820
17	M Sudhakar	Pudami FPC, Ghanpur, Jangaon	9666255144
18	Srinivas Reddy	TOFA Naturals FPC	9949409888
19	Pathale Raju	Sakeda Organic Agriculture FPC, Kerameri, Asifabad (Chetna)	9948782788
20	Ammu Srinivas	CEO, Muttaram Farmer Producer Company, Peddapalli, Karimnagar	9502336495
21	R Balagoud	Veeramrajupally FPC	8309521918
22	M Narsimha	CEO, Raythu Swayam Krishi FPO, Yacharam, Nalgonda	9398088950
23	K Anvesh	Thodellgadda FPCL	9701037689
24	M Ramakrishna	Mailaram FPCL	9390287875
25	PNDU Latha	Anakapalle Agri and Horticulture FPC, Vishakapatnam	6305055960
26	A Suribabu	Makavarapalem Agri and Horticulture FPC	833096938
27	G Vijaykumar	Ammapally FPCL	9985279027

28	L Bhaskar	Siddipet Kisan Agro Farmer Producer Company	9502259868
29	M Kranti Kumar	Athmakur Farmer Producer Company Limited	9573343324
30	M Swapna	Yatmathapur FPCL	9494844831



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ICSSR Sponsored Training and Capacity Building Programme for CEOs/Directors of Farmer Producer Companies in Telangana and Andhra Pradesh on Business Development Planning

Programme Schedule for training and capacity building programme for CEOs/Directors

Day	Theme	Sub-Theme	Resource Person
7th March 2022 10.00-11.30pm	Inauguration	Release of the Handbook on the training programme by the Chief Guest Shri Tapan Kumar Sahoo, Assistant General Manager, NABARD, Introduction of the participants and message by the Chief Guest	Chief Guest Shri. Tapan Kumar Sahoo, Assistant General Manager, NABARD
11.30-1.00pm	Introduction to FPCs concept and Awareness - Management Planning	Organizational set up; decentralisation; maintaining records; minutes of the meeting; appointment of staff; training and capacity building programmes	Dr. Arifa Sultana, Consultant, Centre for Economic and Social Studies, Hyderabad.
1.00-2.00 pm	LUNCH	LUNCH	LUNCH
2.00-3.30	Management Planning	Value Chain Development – Potential Interventions.	Ms. N Rajitha, Chief Operating Officer – Farm Livelihoods, SERP
3.30-4.00	TEA Break	TEA Break	TEA Break
4.00-5.30	Practical Session	Palamuru Raithula FPC – Sharing Experiences	Mr. R Venkatesh, CEO, Palamuru Raithula FPC, Wanaparthy
8th March 2022			
10.00-11.30	Introduction to financial Accounting	Preparation of Cash book and accounting concepts	Dr. Arifa Sultana, Consultant, CESS
11.30-1.00 pm	Insurance for FPOs	Crop Insurance Schemes that can be linked to the FPOs	Dr. Amulya Mala, General Manager, Top Spot Insurance Broking Pvt. Ltd.
1.00-2.00 pm	LUNCH	LUNCH	LUNCH
2.00-3.30	Farmer	Farmers Interaction with a successful	Deepak Patil, Lathur

	Interaction	farmer at Lathur FPC, Maharashtra	
3.30-4.00	Plantations and Trees	Carbon credit registration – The Pioneer Association – Social and Agro Forestry	Mr. Lakshmi Narayana GKF Agro Forestry
4.00-5.30	Private Market Linkage	How FPO can do business with Big Basket and Reliance	Dr. A Rajlakshmi, Senior Project Consultant, Ernst & Young
9th March 2022			
10.00-11.30pm	Marketing planning	Market survey; demand and supply; product pricing; distribution; forward linkages;	Dr. A Amarender Reddy, Principal Scientist ICAR
11.30-1.00pm	Marketing planning	Product value addition; processing; target market; competitors	Dr. A Amarender Reddy Principal Scientist ICAR
1.00-2.00 pm	LUNCH	LUNCH	LUNCH
2.00-3.30	Business Development Planning	Business Development planning concepts and Preparation of SWOT analysis	Dr. Arifa Sultana
3.30-4.00	TEA Break	TEA Break	TEA Break
4.00-5.30	Funding Sources for FPOs	Financial Aspects	Shri. Tapan Kumar Sahoo, Assistant Manager, NABARD
10th March 2022			
10.00-11.30pm	Value Chain Management	Value chain management for effective linkages	Mr. Purushottam Manager Agribusiness, ICRIASAT
11.30-1.00	Marketing	Sustainable market linkages	Mr. Purushottam Manager Agribusiness, ICRIASAT
1.00-2.00 pm	LUNCH	LUNCH	LUNCH
2.00-3.30	Crop Diversification	Crop diversification and interaction with participants	Prof. E Revathi, Director, CESS
3.30-4.00	TEA Break	TEA Break	TEA Break
4.00-5.30	Financial Accounting Practical Session	Cash book and trading account Practical Session	Dr. Arifa Sultana Consultant CESS

11th March 2022	Financial Management of FPOs		
10.00-11.30pm	Financial Accounting	Preparation of profit and loss account and balance sheet	Dr. Arifa Sultana Consultant CESS
11.30-12.30pm	Financial Accounting	Ratio Analysis	Dr. Arifa Sultana Consultant CESS
12.30-1.00 pm	Closing Ceremony	Feedback and distribution of certificates to the participants	Prof. E Revathi, Director, CESS
1.00 – 2.00 pm	LUNCH	LUNCH	LUNCH

Annexure 4

Problems raised and Recommendations by Participants and Resource Persons

Rapporteur Ms. Lavanya, Research Scholar, CESS.

Srinivas Reddy from TOFA Naturals FPC, discussed about the labour scarcity in villages especially in agriculture. He is appealing the government to remove NAREGA scheme. He also explained that the unity and importance of collectivity in FPCs. They have to become group to get benefits from the government and sell their produce continuously to the markets.

M. Chandrashekhar from Chalki FPO Sangareddy faced problem with wild animals in their agricultural lands. He need government support to safeguard his produce with solar fencing and other means. He also raised an issue that government has given good irrigation facilities but discouraging the farmers in cultivating paddy.

Nandipeta Narasimha from Thipparty FPC, Nalgonda said that customers and buyers enquiring about organic products but they are not purchasing in reality. Marketing problems are existing in organic produce. Due to cheque power the directors are holding all financial capacity with them and whatever decisions they take that should be simply accepted by the CEO. The decisions may not be beneficial to the farmers even though CEO has to support with them. He recommended that CEO also need cheque power to stop this injustice to farmers. The directors are also not paying the salary of CEO on time.

Golla Sunil Kumar from Lambasingi tribal products FPC Vishakhapatnam suggested that the only solution to develop FPC is to increase number of member farmers in the company.

M. Hari Mohan Reddy from Maharaja FPC limited Rampur expressed that the future generations and youth are not interested in agriculture. He want some government measures to motivate the youth to participate in agricultural activity. The strategies that government should follow is to inculcate the emergence of agricultural activity in youth.

Uttaraswamy from Pentlavelly FPO said that farmers do not follow the guidelines and suggestions given by the company. Heavy rains and weather conditions are not supporting them to diversify

the crops

PNDU Latha from Anakapalle agri and horticulture FPC Vishakhapatnam said about their activities to encourage farmers. The farmers don't want to take risk in cultivation and they are going only to paddy to minimize the risk. Their company is taking initiation to consult the agricultural officers to visits the crops and test the soil. They are also given five dairy animals to five members and asking them to give only two liters of milk to their FPC daily. They have created their own market for Sunhemp seeds and got good price in the market.

Recommendations from the Resource People:

FPC has to increase their members to get more benefits from the government

FPC has to become group with other FPCs from same districts or under the same NGO to get good support from the government

FPCs has to cultivate crops which have more demand in the market and take measures to get quality produce to face the competition in the market.

FPCs main objective is to make agricultural sector from unorganized to organized which is very important to farmers and also for their produce.

FPC has the responsibility to educate their members and farmers also should participate in this to shift towards organic farming.

Rapporteur MS. G Sangeetha, Research Scholar, CESS

March 8TH 2022

Value Chain Development – Potential Interventions: Rajitha N Chief Operating Officer – Farm Livelihoods, SERP

She explained about sequence of Activities under value chain development, factors explained about crop situation analysis, value chain analysis, two tire model of FPOs structure, approached followed by SRLM for promotion of FPOs, different services provided by FPOs , VLPC infrastructure. In detailed explanation about Customs Hiring centre, in this discussed about how

FPOs are poised to become game changer in new agriculture story, procurement and supply chain, support systems through public and private partnerships, private sector engagement and marketing initiative, state FPOs as a organized market entity production plan.

Issues raised by Participants:

1. Wild animals destroying the crop (**M. Chandrashekar, chalki FPO, Sangareddy**)

Crop Insurance: Amulya Mala General Manager, Top Spot Insurance Broking

Issues raised by Participants:

1. Pradhan Mantri Fasal Bima Yojana Scheme is the government sponsored crop insurance that integrates multiple stakeholders on a single platform. But this crop insurance not implementing and also lack of awareness about the programme. And also cattle insurance like Cows, Buffalos, Sheep's and Goats etc., are not implemented in villages. PMFBY scheme providing individual farmer wise implemented. If they implement unit-wise they won't get any composition (loss). If farmer received any crop loan from Banks, they won't provide any receipt form PMFBY. The farmers don't have any awareness about the Unit wise crop cut experiment. (**M. Chandrashekar, chalki FPO, Sangareddy**)

2. Government not claiming the insurance for Buffalos and cows, Goats and Sheep's and Poultry. Doctors won't take action, in case of unfortunate death caused for any cattle, the doctor has to do post-mortem and give death certificate. It's a time processing case so that this type of cases they are not getting any insurance on animals. So farmers are facing lot of problems. Some of the insurance people they inform that they going to claim the amount but they won't sanction, since it's happening from so many years. (**Srinivasa Reddy, TOFA Naturals FPC**)

3. In poultry high premium, high risk (**PNDU Latha, Anakapalle Agri and Horticulture FPC, vishakapatnam**)

4. In 2014-15 drought declared overall districts. They came and given some DD to us, but after one year they return same DD what they return and they are informing that Government is not sanctioning the amount, because there is no fund. On that we are not following any insurance policies because of there is lack of implementation. (**Hari Mohan Reddy M (Maharaja Farmers Producer Company Limited Rampur, R R Dist.)**) some of the problems raised in the session are procurement of Agri Commodities are not attached to FPCs on par with PACs., Marketing: there is considerable variance in MSP and market prices, allotment of fertilizer by marked: they have stopped supply of fertilize to FPCS. Delay in issue of licenses: seed, fertilizer, pesticides. Awareness of farmer: it is better group of farmers to undergo suitable explosive visits.

9th March 2022

Marketing Planning: Dr. A. Amarender Reddy Principal Scientist ICAR

He explored the topic on market maps are trade standards, tax tariff regime, finance policy business regulation, land registries consumer trades, enabling environment. Implement new Government policies and schemes are explain the modules different schemes are National Cooperative Schemes. Farmers Producers Co-operatives (FPOs) giving providing different schemes, there is a scope for introducing retailing marketing. Governance structure is type of linkage and un-coordinated transactions and more stable linkages. In detailed explanation about economic structure, value addition concept, distribution of value-added along the chain are primary producers, product makers, traders, consumers. How to identify the problem also explained in detailed.

1. Issue raised by (PNDU Latha, Anakapalle Agri and Horticulture FPC, vishakapatnam)

Board of Directors appointed CEOs people there is a lack of working together in work participations. They give work but they won't interfere in the field. There is a lack of planning controlling coordinating and organizing between Board of Directors and CEOs . There is a formal and informal contact between BODs and CEOs. FPOs main problem transportation. Main problem for CEOs they are not getting salaries properly. The main thing is lack of knowledge for CEOs, role of CEOs not upto the mark, most of FPO's companies registered under legal comprises. Overall CEOs not having proper knowledge about the field and they are facing problems.

2. Production problem are maize, cotton (Hari Mohan Reddy M (Maharaja Farmers Producer Company Limited Rampur, R R Dist.)

Amarender suggested that the procedure to involve the people and expose the people by using Fish Model discussing with BODs, FPOs, and CEOs. MGNREGA schemes allow this on farms owned by people of SC/ST communities for farmers they are not sanctioning the fund, dry land how to overcome this problem.

3. Dry Land Package what is solution. (M. Chandrashekar, chalki FPO, Sangareddy)

4. For introducing Oil Farms any schemes and Policies and any other programmes are there.

(Vijaya Kumar G Ammapally FPCL) and one more problem raised that they are not granting licenses, unable to provide ukeriya to the framers because of license not received. Farmers asking about dealership.

5. PNDU Latha, Anakapalle Agri and Horticulture FPC, vishakapatnam

Major Risks faced mostly in their FPOs: Producers lack individual and collective sense of ownership, Low member loyalty and ownership undercapitalized, Board members not aware of key functional aspects.

Observed problems on training: In Pradhan Mantri Fasal Bima Yojana unit wise we are facing problems. In Livestock insurance we are facing in poultry and cattle like buffalos, sheep's, goats etc., lack of awareness to farmers CEOs/Directors on Insurance Crops. Inputs Cost/supplying of inputs not able to meet FPOs requirement. Continuous drought declares for 4 months.

March 10th

Value Chain Management: Purushottam Manager Agribusiness, ICRISAT

In detailed explanation about sustainable management of value chain management for effective linkages, explained about objectives of value chain management explained about identification of leverage point to improve chain performance, analysis of agriculture industry linkage, profit distribution, research priority. Value chain analysis mainly expressed in the terms of finding the value chain actors, mapping, analyzing activities and performances, identifying opportunities and constraints, draft development planning. Farmers Producer Organizations (FPOs) to strength the sorghum/millet value chain. Sustainable FPOs vision, business plan, development, micro planning, value chain development plan. Potential Business Models for FPOs, discussed about input marketing, custom hiring centre, financial services, contract farming, output marketing. Business plan characteristics are timeline executive summary, mission statement, company background, product development, marketing plan, competitor analysis, product knowledge for sustainable market linkage.