

Role of NGOs

in transforming agri-business scenario in India

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Marketing being the key to enhancement of production and profitability, it becomes necessary to motivate small and marginal landholders to establish value chain and organise efficient marketing through grading, packaging, processing and direct marketing. Committed NGOs can play a very crucial role in organising small farmers, as an extended arm of the government in agri-business development and give a boost to the food production in the country.

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Problems of marketing agricultural produce

India is the second largest agricultural producer in the world, and over 55% of the population in the country is dependent on agriculture, sharing around 15% of the National GDP. The food production in India has increased phenomenally from 50 million tons in 1950 to 308.65 million tons in 2020-2021. However, marketing of agricultural commodities has been the weakest link in the agricultural value chain affecting the profit margins of the farmers. As marketing is the key to success of any industry, the Government of India took a policy decision of direct procurement of paddy and wheat at assured support prices, which covered several other crops as well. However, as about 87% farmers are small and marginal landholders, it is extremely difficult for these farmers to reach the market with their small surplus. In the absence of an efficient market linkage, neither will the farmers get a fair deal nor will the country be able to give a boost to the agricultural production to feed the growing population. Hence, problems of small farmers in marketing their produce must be addressed on priority.

Important problems of marketing faced by the small farmers are wide

variation in the quality of the produce due to cultivation of nondescript varieties; poor quality produce due to poor cultivation practices and lack of plant protection; poor post-harvest handling of the produce, causing huge wastage and damage, particularly affecting fruits and vegetables; absence of grading of the produce based on size, shape and colour; inadequate storage facilities to stock the produce to avoid glut in the market; low volume of produce which is uneconomical for transporting to the market yard and high handling charges; poor transport facilities and information about arrival and prevailing prices of the commodities; several intermediary middlemen and unfair trade practices.

Apart from these problems, many small farmers would have already pledged their harvest to moneylenders, by taking some advances before the harvest. As a result, they are compelled to sell their surplus at a distress price which threatens to make farming uneconomical. Such farmers will not have any interest in increasing the crop yields by investing in the required inputs. They are marginalised to such an extent that their voices are not heard at any forum. It is therefore necessary to

address their problems of marketing, which will not only help increase the total food production, but also ensure food security and poverty alleviation of the weaker sections of the rural communities in the country.

Scope for improving marketing system

Presently, most of the small farmers sell their surplus produce either in local weekly markets (*haats*) or to local traders. Many of these traders regularly visit the hamlets of small farmers during the harvesting season for purchasing their produce on cash payment or by exchanging with other products. However, most of them indulge in unfair trade practices. Cooperative marketing societies and e-Chaupals are the other options. A majority of the cooperatives are either non-functional or inefficient, due to outdated Acts and lack of committed leadership.

In the recent past, some new options have been introduced for supplying to retailers or to other private entrepreneurs under the contract farming agreement, although such facilities are confined to selected pockets. The Government of India has also introduced Model Laws on agricultural marketing to establish private market yards and direct purchase centres, such as e-chaupals and *Ryat Bazaars* and Public

Private Partnership in market yard management. Several marketing boards and federations have been established to support the growers. Provisions for establishment of terminal markets to promote marketing of fruits and vegetables with a proposed hub and spokes type network and collection and grading facilities with cold storages have also been made. However, these facilities have not been useful to small producers because of their inability to reach the market, ignorance about provisions available under the marketing acts and poor access to market information services.

Introduction of New Agricultural Marketing Acts

Recently, three Acts, namely Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, Farmers (Empowerment and Protection) Agreement of Price Assurance, Farm Services Act, 2020, and the Essential Commodities (Amendment) Act, 2020, passed by the Indian Parliament in 2020 have further benefitted the farmers in marketing their produce. The benefits of these Acts are presented below.

1. Farmers have the freedom to sell their produce outside the Agricultural Produce Market Committee (APMC) market and there will be no tax on such trade. This will give a higher price to the farmers.
2. Farmers can sell their produce anywhere in the country, wherever they get a higher price without any restriction.
3. There will be no need for any license for traders to purchase agricultural produce of farmers in the trade area outside the APMC mandi. Hence, there will be more buyers.
4. In case of any dispute arising in such business, the matter will be settled within 30 days by the Sub-Divisional Magistrate. There are also provisions of heavy penalty for violation of rules and regulations.

However in response to the new Acts, some sections of the farming communities have been expressing

the following fears:

1. The government may abolish the APMC mandis, which will force the farmers to sell the crop to corporate companies at a lower price.
2. With abolition of the mandi system, MSP may not be in force.
3. Inter-state trades will benefit the corporate and not the farmers.
4. Farmers will be cheated by unregistered traders.
5. In case of any dispute with corporate buyers, farmers will be suppressed.

Although these assumptions are baseless and there is no real reason to be worried about the adverse effects of the above Acts, small farmers cannot take direct benefits of these laws immediately because these Acts do not address all their problems, as listed earlier. Basically they need some hand-holding to organise themselves. Although the government has the will to help these small farmers, they do not have the required infrastructure and human resources to work at the micro-level. Thus, there is scope for civil society organisations to take the lead in supporting small farmers in developing the Agricultural Value Chain and getting their fair share of the profit, while giving a boost to agricultural production.

Role of NGOs in supporting Agri-Business Development

Non-Government Organisations committed to the welfare of small farmers, can introduce the following initiatives to help the marginal and small farmers and to strengthen the agricultural sector in the ways of given here.

Strengthening producers' groups: The biggest disadvantage of small farmers is the scale of operation, which is uneconomical. They are also not very active in carrying out the agricultural activities due to lack of motivation, basic resources and technologies required for optimising agricultural production. Hence, the first step is to organise very effective producers' groups, preferably farmers of homogenous socio-economic status to come together and act collectively.

Members of these groups can plan for procuring crop loans, buy required inputs in bulk, organise various services, collect the produce, grade and market them collectively to realise better price. NGOs can effectively organise such groups and provide them necessary support to develop forward and backward linkages.

Setting up of agri-business hubs: For small holders, apart from orienting them on good agricultural practices and providing them with infrastructural and financial support, there is also a need for hand holding as they neither have self-confidence nor access to reliable resource agencies. They should be an important part of the Value Chain to enjoy a fair deal. If farmers come together to procure their inputs in bulk, they can save at least 15-25% input costs. Similarly, if they aggregate their produce, grade and market in larger quantities, they can fetch over 25-30% higher price. This single initiative can give a boost to their income substantially.

For facilitating such services, agri-business hubs can be established in potential village clusters. These agri-business hub can have various services as presented in Fig. 1. To support small farmers, it is desirable to appoint village level field Business Coordinators/Managers, for facilitating backward and forward linkages. The manager based at the village or cluster level, depending on the volume of work, can coordinate the procurement of inputs, arrange for various services, facilitate credit from financial institutions, provide technical guidance and also help in grading, processing and marketing of the produce. Grading of the produce is based on standard colour, size, shape and quality to fetch better price. Such support can give a boost to the confidence of farmers while increasing the crop yield and income. The business hub can be operated by Farmers' Organisations or a Producer Company, under the supervision of the NGO. There is scope for setting up start-ups to train unemployed youth to work as service providers with special skills and kits, under the business hubs to ensure quality and

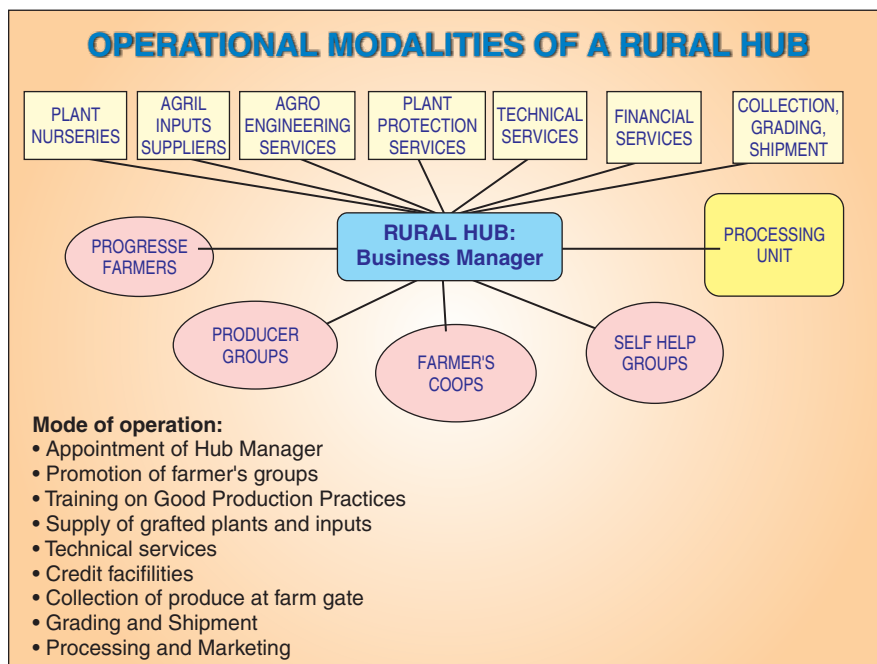


Fig. 1. Rural agri-business hub.

accountability.

Engagement of champion women farmers: As women have a major share in agricultural production among small holders, it will be advantageous to engage women motivators as Champion farmers in every village. This can be done by selecting women belonging to socio-economically weaker sections of the society, who have taken good initiatives in promoting agricultural production. The women selected for this role should have good leadership qualities and farming experience. These women should also have good communication skills and should be willing to interact with other women, particularly those belonging to poor and weaker sections of the society. Initially, a few outstanding women from every block in each district may be selected. Subsequently, the aim should be to select a few women

from each Gram Panchayat, who will motivate other women as well as male farmers to adopt good agricultural practices. NGOs working in the field can select these women champions based on their merits and train them in good agricultural practices and new technologies. They may be further supported with critical inputs and technical guidance to set up field demonstrations on their own farms and share their experiences with other farmers in the village. These women champions can be used as resource persons, while organising training for women farmers and field days. They can play a major role in transfer of new technologies among small farmers and strengthen forward and backward linkages.

Market information services: The NGOs can set up a regular market survey on daily and weekly

basis on demand, supply and price ranges and transmission through radio, TV, internet, mobile and newspapers, can help farmers to organise staggered sowing of crops to be harvested when demand for the produce is high and thereby bargain for higher price.

Management of producer companies: Establishment of producer companies is a new concept which is an alternative to a cooperative for providing various services to farmers. The producer companies can take the lead in coordinating the value chain. For effective functioning and inclusion of small farmers, producers' groups of 20-50 farmers, preferably belonging to a homogeneous land holding and socio-economic category, may be formed, for sharing inputs, technology, infrastructure, services and experiences. A field technician or a trained field guide can be appointed for providing hands-on technical guidance to farmers, under the supervision of an expert, while organising input distribution, credit facilitation, development of water resources, promotion of agro-engineering services and post harvest management of the produce and transportation of the produce to various destinations. With such an organisational set up either in the form of informal or registered groups or cooperatives, small farmers can sell the surplus produce without exploitation by moneylenders and middlemen. Leadership being the bottleneck, NGOs can manage such organisations very effectively.

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