

Farmer Producer Organization

– A new initiative to augment farmer's income

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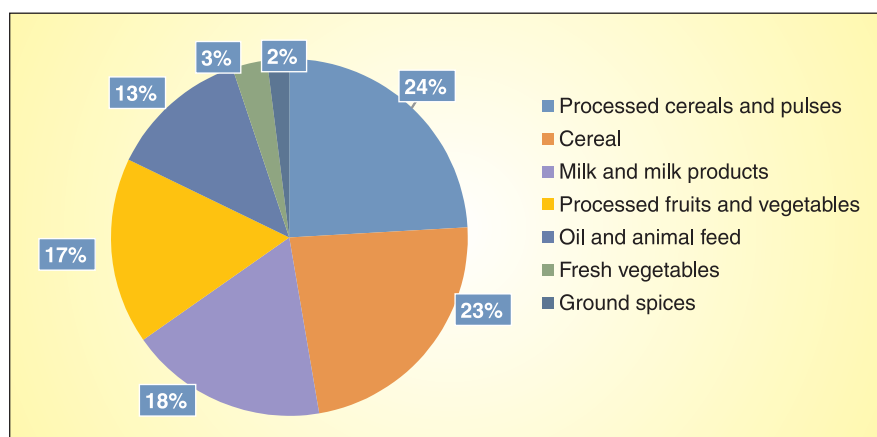
A small farmer, S. Jagmohan Singh from village Samadh Bhai with a hope to raise his living standard was looking for new opportunity to start some subsidiary occupation. He came in contact with Krishi Vigyan Kendra, Budh Singh Wala, Moga. He took vocational training from Krishi Vigyan Kendra, Moga on establishment of agro-processing complex (APC) in the year 2014 and he set-up one at his village for processing of mustard oil, grinding of wheat and rice shelling and polishing etc. to increase his income. After he got success in his APC venture, he started processing fruits and vegetables in collaboration with other farmers. He sold his produce through self-marketing. Under guidance of KVK Scientists, he along with his fellow farmers formed a self-help group (SHG) under the name of Best Kisan Club in the year 2016. They sold their produce under the brand name of BPI Organic and Herbs. This self-help group helped farmers increase their income and living standards. Experts from KVK, Moga suggested them to form a FPO to increase their efficiency. With this idea, self-help group members decided to convert their SHG to Farmers Producer Organisation (FPO). Finally, this resulted into the formation of 'Harjot Agro & Organic Farming Producer Company Ltd.' under Company Act, 1956.

Keywords: Agro-processing complex, FPO, Self-help group

PROGRESSIVE farmers of village Samadh Bhai block Bagha Purana of district Moga on 14 May, 2019 formed FPO. S. Jagmohan Singh of Village Samadh Bhai is CEO of this FPO named Harjot Agro & Organic Farming Producer Company Ltd. The main motive to form Harjot Agro & Organic Farming Producer Company Ltd. is to integrate the small farmers with agricultural market for remunerative prices with low transaction costs and to sell agriculture produce/any other produce in the local market directly to the consumers surpassing commission agents. The FPO is oriented with production, processing, packaging and marketing of processed products like pickle, chutney, jam, murabba, maize flour and gluten free wheat flour (Table 1) from organically produced crops. Krishi Vigyan Kendra, Moga provided trainings to farmers

regarding formation of FPO, technical know-how of agro-processing complex, preservation of fruits and vegetables and marketing of their produce effectively. To gain more knowledge about agriculture, S. Jagmohan Singh attends almost all the kisan melas with his fellow farmers. Along with this, he creates

awareness about the new varieties and other recommendations among his fellow farmers. He arranges agriculture related literature and subscribes to Changi Kheti, Kheti Sandesh, package of practice for *kharif, rabi*, fruits and vegetables for his fellow FPO members. The FPO always takes suggestions from KVK



Share of different products in annual turnover of the FPO

Table 1. Annual Production of major products of the FPO

Product	Rate (₹)	Annual production	Product	Rate	Annual production
Parmal rice	₹80 per kg	800 q	Amla candy	₹100/100 g	5 q
Dalia	₹75 per kg	400 q	Mix veg pickle	₹200/kg	150 q
Vermicelli	₹38/450 g	60 q	Murabba	₹250/kg	100 q
Amla pickle	₹200 per kg	15 q	Sauce	₹110/kg	500 L
Coriander powder	₹45/100 g	5 q	Red chilli powder	₹300/kg	45 q
Basmati rice	₹150 per kg	300 q	Turmeric powder	₹300/kg	45 q
Adrak pickle	₹250 per kg	15 q	Desi ghee	₹475/kg	650 q
Karela pickle	₹200 per kg	15 q	Makki atta (maize flour)	₹50/kg	650 q
Milk	₹50 per kg	20000 L	Animal feed	₹1250/50 kg	500 q
Mustard oil	₹150 per litre	10000 L	Fresh vegetables	Price varies	150 q
Besan	₹85 per kg	22 q	RJ 1482 wheat biscuits	₹150/500 gm	10 q

scientists to solve his problems. The members of FPO always show keen interest in new developed technologies and improved varieties.

Total membership and financial position and benefits sharing among farmers

Initially, farmers from Samadh Bhai, Moga came together and formed a self-help group named Best Kisan Club in the year 2016 and marketed their produce successfully under the brand name BPI Organic and Herbals. After seeing their progress, KVK scientists guided the members of SHG to come together and form FPO. NABARD financed the registration fees of ₹40000/- for formation of FPO. As this FPO is formed from SHG, no additional investment was made for infrastructure. Apart from this, no financial support was gathered from any institute. Total 10 members have been enrolled in Harjot Agro & Organic Farming Producer Company Ltd. Besides these, on contract, there are 500 farmers who are actively associated with this FPO who supply necessary raw materials from their farms for processing and are being benefitted from this FPO. They are

also involved in the processing and packaging of products for sale. Under this FPO, three agro-processing complexes are established in Samadh Bhai (Moga), Ferozpur, and Mukatsar cities. The marketing of the produce is done from different outlets opened in different districts, on phone and online through their website www.bestproductindia.in. In total, five outlets are there in different cities including Samadh Bhai (Moga), Amritsar, Ludhiana, Bathinda and Chandigarh from the beginning of self-help group to till date. These outlets' franchises are sold to the persons on contract basis for sale of the FPO's produce. These kind of self-marketing decisions are viable and a good option for selling and reaching to consumers. It helped the FPO to earn an annual turnover of ₹50,00,000. The FPO is also generating employment as it has appointed two persons as cashier and manager for proper working. After paying the staff, rest of the share is divided equally among all the members of the FPO. Different activities for the welfare of the association and two trainings to enhance the enterprise have been

conducted. Alongwith this, they are generating employment for the persons associated with the company for packaging, marketing, selling and delivery of the produce all over Punjab.

Role of KVKs in establishment of FPOs

KVK, Moga organized trainings on skill development. The KVK also provided counselling regarding various technical issues faced by members of the FPO in production, packaging and marketing of the produce as per university recommendation. KVK also helped with formation and registration of FPO. The KVK invites CEO of the FPO to interact with trainees of various skill development programmes. The KVK also provides them stalls during kisan melas and exhibitions of the university for display of their products and wider publicity of the FPO. KVK also provides technical support from time to time in production, processing and marketing.

Major problem faced by FPO/FPCs

Problems faced by the farmers of FPO are given here.

- The FPO has got registration fees from NABARD which was free for the farmers except that they haven't got any other financial assistance from any organisation. The CEO and other member of the organisation had invested their own savings in the establishment of FPO. Financial crunch among the members is the major problem. They are investing the amount from their profit which they are earning from the sale.
- The other problem faced by the farmers is the cooperation and trust between them.



CEO S. Jagmohan Singh at the selling point



Visit by NABARD officials at the Agro-processing complex of FPO



Exhibition of FPO at Kisan Mela



FPO Honoured by NABARD officials

- Young and educated farmers are not coming forward in joining hands as the trend to move out of country in Punjab is prevalent. Small and marginal farmers who are relatively younger, educated and more informed have a greater probability of participation.

Success indicators for the functioning of FPO/FPCs

- FPO members had developed forward linkages with marketing board for marketing, whereas, linkages with private sector were developed for storage, processing and value addition.
- FPO with the help of KVK, is now planning to link with other self-help groups in the district for supply of inputs and marketing of produce. This will help the FPO to expand its business and also this linkage will help SHGs to get additional income and new opportunities.
- It helps in improvement in income, consumption expenditure, investment on productive assets and a reduction in indebtedness.
- Member farmers had developed backward linkages with SAU and KVK's scientists for technical guidance, and with cooperative departments for getting loans.
- The FPO also planned to gain technical know-how through training from the KVK/other institutes, regarding production, processing and marketing technologies.
- Harjot Agro & Organic Farming Producer Company Ltd. under the technical guidance of Krishi Vigyan Kendra, Moga is continuously contacting NABARD for more financial help so that it can expand the business by adding more machinery for preparing of the product and packing of the produce.

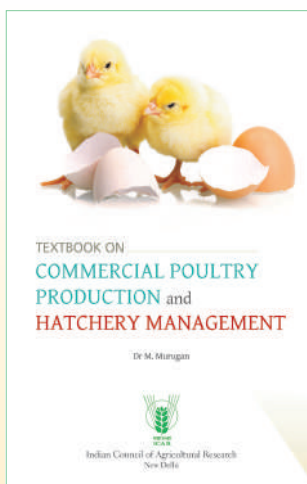
- The FPO is planning to open more outlets in other districts so that it can reach more consumers and can enhance its income from ₹50 lakh per annum to ₹1 crore per annum.

SUMMARY

The farmers who are active members and shareholder of the FPO are more gratified by marketing their produce to the final consumer and gaining more profit by saving the commission at different levels which was earlier given to the middlemen. Processing and value addition helps in enhancing the income of farmers that they generate earlier from traditional agricultural crops. This is a good beginning and we can anticipate the FPO to attain more success in future.

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TECHNICAL SPECIFICATIONS

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