

## BHOOMATHA Krishi Belegarara Souharda Sahakari Niyamitha - Gandasi Hobli, Arsikere Taluk, Hassan District, Karnataka State

### **1. It all started with Watershed:**

In Arsikere taluk of Hassan district, 11 NABARD funded watershed programmes were implemented since 2008-09, through 4 NGOs, viz., ORDER, ARDTS, Parinati, and NRDS. Of these, five micro watershed projects (Jobigenahalli, Chikkagandasi, G Mangalapura, Jakkanahalli & Gandasi) in Gandasi hobli were implemented through Organisation for Resource Development and Environment Rejuvenation (ORDER), NGO headquartered at Tumkur in Karnataka. The Capacity Building Phase was initiated covering 1250 acres of land, in 2008. ORDER had formed 35 SHGs in the project area. The project started with land based activities (viz., bunds, farm ponds) and tree plantations. The Full Implementation Phase work was completed in 2013-14. These 5 watersheds together covered little more than 5100 ha. benefitting 2464 families in 22 villages. All the 5 watershed projects after successful completion were handed over to respective Village Watershed Committees (VWC) with proper withdrawal strategies.

### **2. Formation of Maize FPO:**

2.1. During community interaction ORDER, the NGO observed the following:

- a) 80% of families are involved in agriculture under rainfed condition.
- b) Preponderance of small and marginal farmers.
- c) Very low Agricultural productivity due to uneven & scanty rainfall.
- d) Inability of farmers to hold on to their produce without resorting to distress sale and sell it at right/remunerative prices.
- e) No timely & adequate credit particularly, produce-pledge loans.
- f) Most of the farmers are selling their produce to middle men for low price.
- g) No proper services, support and marketing facilities to sell their produce.

2.2. In order to address these issues and to facilitate input supply, collection and marketing through FPO, was envisaged. Accordingly, NGO initiated formation of Farmers Producers Organization (FPO) in the watershed area in 2015, with the guidance & support of the then NABARD DDM Hassan. ORDER created awareness about FPO in all villages. A meeting of all 5 VWCs and active leaders was held at Gandasi Hand Post. A series of meetings were conducted thereafter to orient and understand the concepts and advantages of FPO. After detailed deliberations, it was decided to form a FPO in Gandasi hobli with NABARD support. Thus, ***successful implementation of watershed projects proved to be a watershed event for genesis of FPO.***



2.3. The objectives of FPO promotion are:

- a) To organise Maize growers for collective farming, production, value addition and marketing of maize crop products.
- b) Encourage farmers to take up improved maize crop cultivation & production & sale of value-added products viz., baby corn, popcorn, etc.
- c) Purchase and procurement of required crop input, services and techniques to farmers at right time.
- d) Capacity building and demonstration of activities to improve crop productivity.
- e) Promotion of Farmer Groups for collective farming, grading, processing and marketing of maize value-added products like seed, flour, feed, baby corn and popcorn through network of outlets in town and cities.

3. BHOOMATHA Krishi Belegarara Souharda Sahakari Niyamitha (BKBSSN) **AKA** BHOOMATHA Agriculture Crop Producers Organisation, was promoted through formation of crop producer groups in the 23 villages involving 200 farmers. BKBSSN was registered on 19 September 2016 under the Karnataka Souhardha Sahakari Act, 1997. BKBSSN which initially started with membership of 200 has gradually grown to 800 farmer-members from 23 villages (18 villages from 5 micro watersheds and another 5 surrounding villages). Each member has contributed ₹ 1000 each towards share capital besides, entrance fee of ₹ 100 and share fee of ₹ 25. The cumulative share capital collected, aggregated to ₹ 8 lakh. The Board of the Sangha comprises 13 Directors. Shri. Basavaraju C.M, was appointed as CEO in December 2016. His services are continued every year based on the performance. The Sangha has only one more employee, a Tractor driver.

4. NABARD, KRO vide its letter dated 31 December 2015 sanctioned a grant assistance of ₹ 9.06 lakh to ORDER NGO as Producer Organisation Promoting Institution (POPI) for formation and nurturing BKBSSN. The grant amount was towards registration of the organization, salary of CEO, assistance to POPI for handholding the FPO and training and capacity building. As part of the support, ORDER had to facilitate registration of FPO, develop sustainable organizational structure, draw up business plan for 3 years, provide training and capacity building support to different functionaries and nurture the FPO for a minimum period of 3 years. ORDER was also required to arrange Training-cum-Exposure visits of lead farmers and training of Board of Directors and CEO in group mode, depending on requirements. On completion of the 3 year period, further extension of 2 years was sought and granted for achieving all the project deliverables. Most of the project deliverables had been achieved except the membership. As against stipulated membership of 1000, the Sangha could enrol 800 members only. The entire grant assistance of ₹ 9.06 lakh had been released by the NABARD, KRO.



## 5. Services Offered to members:

### 5.1. Organising Maize growers for collective farming, production, value addition and marketing of value-added maize products:

BKBSSN is mainly engaged in procurement of Maize and Ragi (Finger Millet) from its members. Maize is procured at farm gate at rates on par with market rates by checking moisture content through moisture meter, dried and packed in 60 kg bags. **No commission is charged for procurement/aggregation & marketing.** Maize and Ragi procured/aggregated are marketed to Kargail Private Company Ltd., Nanjanagudu.

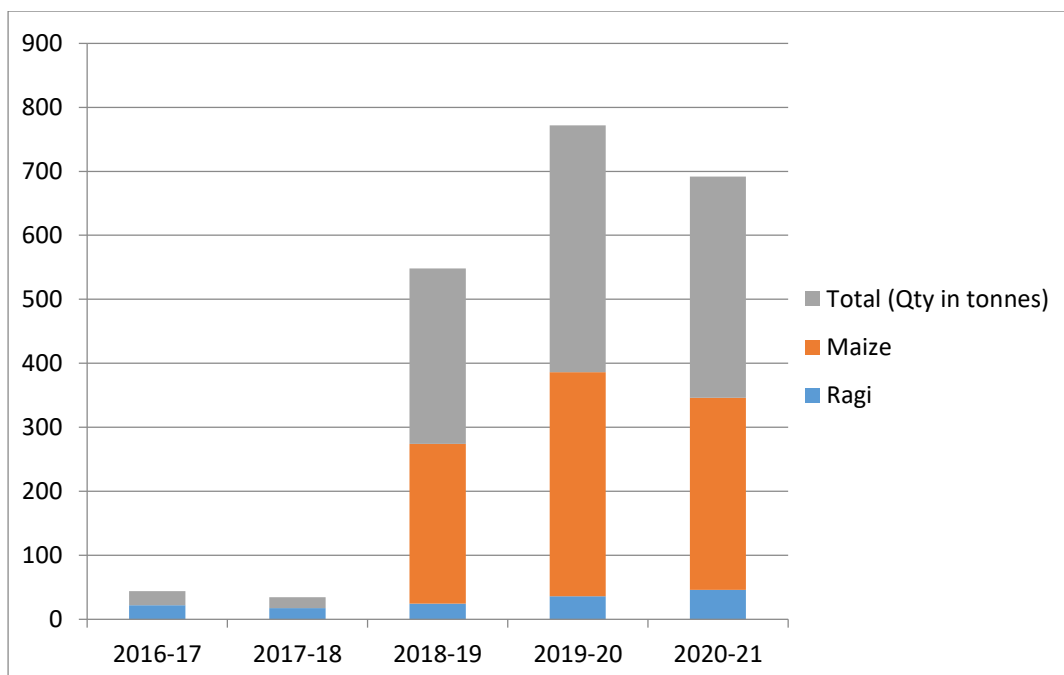




The quantity of Maize and Ragi procured aggregated to 900 tonnes and 145.40 tonnes (cumulative) valued at ₹ 162 lakh & ₹ 36.25 lakh respectively, the year-wise breakup of which is as under:

(Qty in tonnes)

Year	Maize	Ragi	Total
2016-17	-	22.00	22.00
2017-18	-	17.20	17.20
2018-19	250	24.20	274.20
2019-20	350	36.00	386.00
2020-21	300	46.00	346.00
<b>Total</b>	<b>900</b>	<b>145.40</b>	<b>1045.40</b>



BKBSSN has obtained license on 01 March 2019 from the Department of Agriculture Marketing, Govt. of Karnataka (GoK) to operate as a trader in any market yard in the State.

## 5.2. Procurement of Inputs – Seeds, fertilizers, pesticides, tarpaulin, etc., supplied to members

BKBSSN has obtained a license on 08 March 2017 from the Zilla Panchayath to carry on the fertilizers business. Cumulatively, the quantity of fertilizers dealt was 3150 bags (50 Kg) valued at ₹ 53 lakh. The Sangha also has obtained a license on 21 April 2017 from the Agriculture Department to carry on the business of dealing in seeds. Quality & certified Seeds are procured from the Mandya VC farm and KVKs at competitive rates and supplied to farmers.



**Fertilizer business by Bhoomatha FPO**

NABKISAN, a subsidiary of NABARD sanctioned credit facility of ₹ 25 lakh to BKBSSN as working capital loan assistance for purchase and sale of fertilizers, tarpaulins, procurement/aggregation and marketing of Maize and Ragi and on-lending to SHGs for income generating activities. The loan tenure was 15 months. BKBSSN had drawn only ₹ 15 lakh which was mainly used for on-lending to SHGs and FIGs. The entire loan amount drawn had been repaid.

The Sangha had also opened a Rural Mart at Gandasi in 2018-19 for selling seeds, fertilisers, pesticides, farm equipment, tarpaulins, etc. The cumulative business turnover was around ₹ 50 lakh.



### 5.3. Sale of Farm Equipment & Custom-hiring of tractors

The Sangha was selling minor farm equipment to members at competitive rates. The Sangha had also purchased Tractor with accessories like Rotovator, Cultivator, etc., which were custom-hired to farmers. Cumulatively, the value of sale of farm equipment was ₹ 13.49 lakh and tractor custom-hiring charges aggregated ₹ 7 lakh.

### 5.4. Providing training, demonstration and capacity building to improve crop productivity.

The Sangha had organised 15 trainings programs on seed treatment, compost preparation, Integrated Nutrient Management, Integrated Pest Management and Post harvesting techniques through Krishi Vignana Kendras (KVK), Raitha Samparka Kendras (RSK) and Experts. About 750 shareholder families were benefited by training.





Training on NFSM by RSK to Bhoomatha Shareholders



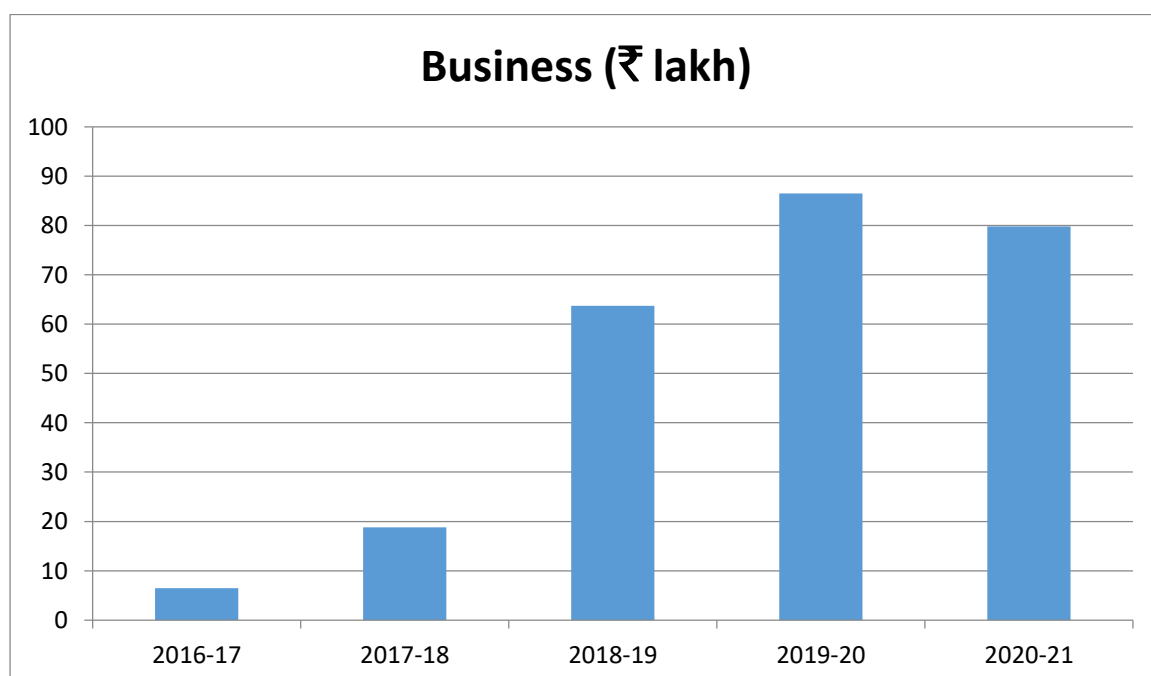
### 5.5. Promotion of Farmers' Interest Groups (FIG) for collective farming, grading, processing and marketing of maize crop products

ORDER/BKBSSN had formed 18 FIGs. These FIGs were expected to create awareness about quality of seeds, adopting good farming practices, avoiding middlemen in procurement of Maize & Ragi, check malpractices like faulty weighing scales, etc.

## 6. Year-wise business:

(₹ lakh)

Particulars/years	2016-17	2017-18	2018-19	2019-20	2020-21
No. of farmer-members	400	530	650	700	800
Share amount collected	4.00	5.30	6.50	7.00	8.00
<b>Business Turnover</b>					
<b>1) Procurement &amp; Marketing</b>					
a) Maize	-	-	45.00	63.00	54.00
b) Ragi	3.00	3.30	3.30	3.00	3.50
c) Millets	2.50	1.00	-	-	-
2) Inputs (Fertiliser, Agri. Equipments seeds, pesticides)	-	13.00	12.00	13.00	15.00
3) Tractor Custom-hiring charges	-	-	-	3.25	3.75
4) Other business (Tarapaulin, Cattle feed)	1.00	1.50	3.40	4.25	3.60
<b>Grand Total (1 to 4)</b>	<b>6.50</b>	<b>18.80</b>	<b>63.70</b>	<b>86.50</b>	<b>79.85</b>
Profit	0.80	0.22	0.32	1.33	0.76





**7. Factors contributing to successes achieved so far:**

- a) **Handholding by experienced POPI:** The NGO had successfully implemented 5 Micro-watersheds projects. Nearly 80% of BKBSSN's project villages are from these 5 watersheds. NGO had mobilized farmers in these villages into SHGs and farmers into FIGs. These grass root level institutions acted as stepping stones for villagers to organize themselves and come under the banner of BKBSSN. The NGO also did lot of ground work to create awareness about advantages of Farmers' collectives under the guidance of the then DDM, NABARD, Hassan. Farmers who were benefitted from the watershed projects formed the core group of FPO. The work done by the same NGO as POPI acted as catalyst in successful functioning of BKBSSN.
- b) **Convergence:** Effective coordination and convergence with other Govt. programmes enabled Farmer-members of BKBSSN getting certified seeds and Tarpaulin (Agriculture Department), Toilets (Panchayath) and with KVKs/RSKs for training on improved package of practices for increasing crop productivity.
- c) **NABARD support:** Grant support towards registration of the organization, salary of CEO, assistance to POPI for handholding the FPO and training & capacity building coupled with effective follow-up to ensure achievement of Project Deliverables.
- d) **NABKISAN's** financial support towards working capital loan assistance.
- e) Capacity building of stakeholders through series of training programmes organized through resource institutions viz., KVK/RSK/Experts.
- f) Timely technical guidance, continuous hand-holding and periodical monitoring of the progress in achieving Project Deliverables/Business Development Plan by ORDER (POPI), NABARD and NABKISAN.
- g) **Cross-learning:** The NGO also had promoted 7 other FPOs. Frequent inter-face and coordination with these 7 other FPOs helped in cross-learning of best practices in successful and sustainable running of BKBSSN.
- h) Ultimately, it's the people/stakeholders who realized that the only way for sustainable livelihood is through collectivization and embraced the concept wholeheartedly and worked for it. Hence, motivation and initiative of the stakeholders are behind the success of this FPO.

## 8. Way Forward:

Despite the success achieved so far, following challenges remain:

- a) To make Input (seeds, fertilizers, pesticides, tarpaulins), Farm/Agriculture Equipment and custom-hiring business viable and sustainable.
- b) Adequate and timely credit requirement of members for farming operations and produce-pledge loans.
- c) Creation of scientific Storage facilities viz., godowns, warehouses for storing produce procured.
- d) Challenges in marketing the produce overcoming the entrenched middlemen.
- e) Infrastructure for production of value added products of maize viz., seed, flour, feed, baby corn and popcorn.
- f) Improving overall business levels for sustainable functioning of FPO.

In order to upscale, FPO graduating to Farmers Producers Company (FPC) is a viable option. BKBSSN plans to convert as FPC during 2021-22.

## 9. Case Study:

This case study assumes importance as the successful functioning of FPO has following benefits for farmers:

- ✓ Quality inputs at competitive prices
- ✓ Saving in transportation time and cost
- ✓ Prompt payment to farmers at farm gate
- ✓ **Elimination of market intermediaries and commission charged by them**
- ✓ Better price discovery on account of collective marketing
- ✓ Elimination of middlemen

Realising these benefits, the development of FPO particularly for agriculture and allied activities through various agencies and interventions, is given importance and thrust by the GoI and NABARD. The successful and sustainable functioning of FPO, being one of the major aspects for aggregation of produce and price discovery mechanism, could lead to Government's vision of **Doubling farmers' income by 2022**. It is in this context that sustainable functioning of FPOs assumes added importance.

**10. Trainers Note for Case Study:**

Shri Deve Gowda, farmer and also the president of the BHOOMATHA Krishi Belegarara Souharda Sahakari Niyamitha (BKBSSN) is a worried man these days. His cause of concern is to make BKBSSN financially strong and sustainable.

**a) Target Group:** Bankers/NGOs/Farmer Clubs

**b) Task for participants:**

- i. Identify and concretise possible areas for expanding the role and services of BKBSSN
- ii. Identify means for improving financial viability and sustainability of BKBSSN

**c) Time required:**

For a batch of 25 to 30 participants, If discussed in groups of 5-6 participants, it may take 90 minutes and time frame will be as follows:

Sl. No.	Activity	Time (minutes)
1	Explaining the case & formation of groups	15
2	Reading the case individually	15
3	Discussion in Groups	15
4	Preparation by Groups	15
5	Presentation & discussion by individual Groups	20
6	Summing up	10
7	<b>Total time required</b>	<b>90</b>

**d) Learning from the case:**

- Understanding the entire gamut of the functioning of an FPO
- Identification of various problems faced by FPO and suggesting solutions
- Support needed from external Agencies to make FPO a viable & sustainable organization
- Interventions needed for improving viability & sustainability of the FPO