

Case Study

Empowerment to Self-reliance- Borbeel Farmer Producer Society formed by tribal farmers

Abstract

Collectivization and marketing of produce by forming farmers' organisations, helps in addressing many challenges of agriculture faced by small and marginal farmers, like access to investments, technology, inputs and markets. Farmer Producer Organisations (FPO) is regarded as the most appropriate institutional form to mobilize farmers and build their capacity to collectively leverage their production and marketing strength.

FPO is an entity formed by primary producers, namely, farmers, milk producers, fishermen, weavers, rural artisans, craftsmen etc. and can be a Producer Company, a Cooperative Society or any other legal form which provides for sharing of profits/benefits among the members. In Producer Companies, institutions formed of primary producers can also become members. The main aim of a FPO is to ensure better income for the producers through economies of scale in input procurement, availment of various services and marketing of produce. They will also have better bargaining power vis-à-vis the bulk buyers of produce and bulk suppliers of inputs. Besides, in agricultural marketing, there is a long chain of intermediaries who very often work non-transparently leading to a situation where the producer receives only a small part of the value that the ultimate consumer pays. A FPO helps to minimise this price spread in the value chain, thus ensuring maximum value realisation for the producer and optimum cost to the consumer.

1. Introduction

1.1 Borbeel area nestled in the border of Nagaon district and Karbi Anglong district of Assam was a no man's land. The inhabitants are of Bodo, Karbi, Rabha and Garo tribes who are traditionally engaged in primitive agriculture and gathering of forest produce. They found place in the developmental agenda of neither Nagaon where they were located nor Karbi Angalong where most of similar tribes lived and which had several developmental programmes for tribals. The village is just about 10 km from the Guwahati- Nagaon highway, but the dilapidated connecting road running a good part through forests; ensured that one spends two to three hours to reach the destination on deviating from the highway. People dared pass through the road only during broad daylight due to frequent encounter with wild animals.



PRE DEVELOPMENT BEFORE INTERRVENTION OF NABARD



1.2 The tribals possessed land, but did not have exposure and financial resources to take up economically sustainable livelihoods. Agriculture was never in the minds of the tribal inhabitants due to the difficult terrain and lack of water sources for irrigation. Annual rainfall was high, but due to undulating terrain and absence of a canal system in the watershed, most of the precipitation constituted runoff and also contributed to high soil erosion and loss of soil nutrients. Many of the tribal youth had to migrate to neighbouring urban areas for engaging themselves as manual labourers. Others who were compelled to stay back, relied on basic forest produce and gathered and sold firewood, thus harming the social and environmental interests.

2. Development planning for tribals

2.1 Tribals form one of the most vulnerable communities residing in inaccessible areas, and are devoid of community infrastructure facilities such as roads and communication, health, education and safe drinking water. These hamper their ability to absorb technology and financial facilities provided by Government. Tribal communities are mainly dependent on agriculture, forests and livestock for their livelihood. Dwindling forest resources and primitive agricultural practices adopted, have adversely affected the family incomes of tribals leading to rampant migration to peri-urban areas leaving their productive assets idle.

2.2 Efforts made by Government and NGOs in different parts of the country have made it possible to establish some demonstrative models. The “Wadi” approach adopted by BAIF Development Research Foundation, Pune (an NGO), stands out as a sustainable model suitable for replication in tribal areas. Tribal Development Project (TDF) of NABARD is a development programme to ensure livelihood and food security for tribals and environmental security, and envisages growing of horticulture fruit plants which generate income after 4-5 years, inter-cropping of short gestation crops such as seasonal fruits, pulses and vegetables and planting long duration high value timber species in the margin of wadi plot itself.



2.3 Planning strong forward linkages right in time with appropriate institutional arrangement is a robust part of the project. Systematic institutional arrangement is developed to ensure procurement and processing of fruit crops. Identification of markets for the products and selling arrangements together with publicity and value addition of produce are of particular advantage to wadi farmers, as it may not be possible for the farmers to individually market their produce gainfully at the best price. Therefore, the issue could be addressed to by organising farmers into societies, farmers clubs or by formation of Producers' Organisations.

3. Project Implementing Agency

3.1 Efforts of a few highly motivated youth in Dimoria block of Kamrup, was bringing about a 'blue revolution' in many backward areas of Assam. Members of Kalong Kapili, a registered NGO established in the year 2007, with the support from Fisheries Department, were successful in promoting composite fish farming, thus empowering a large number of poor people. They started their activities in Bagibari village of Kamrup Metro district, and over a period of time expanded work to Morigaon, Nagaon, Hojai, Karbi Anglong and Dimahasao districts. The NGO is now recognised as the brand ambassador of Fisheries Department of Assam

3.2 It was partly social commitment that prompted Kalong Kapili to undertake developmental efforts in Borbeel area with the support of NABARD under its Tribal Development Programme in the year 2015. A casual encounter with a tribal youth from the area, motivated Jyothish Talukdar, the Secretary of Kalong Kapili; and his friends in the NGO to expand their area of activity. The initial impressions from visiting the place was of a remote place caught in a time warp. The tribal people were mired in poverty and under development, and the land was barren and lacking soil fertility due to soil erosion and poor vegetative cover. The rivulet flowing through the village was silted and caused a flood in every rainy season. Subsistence farming practiced by tribals, was just sufficient for own consumption, and it was un-remunerative to sell the surplus as they had to travel for long distances to access a market. Malnutrition was rampant, and children studied not beyond the only government primary school they had access to. Borbeel had ample natural resources, but people had little knowledge about what they possessed. They were economically backward with no technical knowledge about farming.

4. Wadi Interventions

4.1 The initial efforts of Kalong Kapili was to sensitise the tribals about undertaking farming activity and settling down. On interaction with the inhabitant farmers, the NGO succeeded in convincing and motivating them to adopt wadi model for sustainable development. A Village Planning Committee (VPC) was established for each of the sixteen villages, and the women folk were organised into women SHGs covering the entire area.

4.2 For comprehensive development of the trial area, Kalong Kapili, the Project Implementing Agency (PIA) adopted an integrated approach, taking scientific wadi development concept as the core of the initiative. Short, intermediate and long term goals were set to develop income sources for the tribal families. The short term income planned was by developing crops like mustard and sesame cultivation which gives yield in a period of three months. Intermediate income was from fish farming, pig farming, goat farming and rearing of local poultry layer birds. For long term income generation, tree species like areca nut, Assam lemon, drumstick etc. were encouraged to be planted along with inter crops of turmeric and colocasia. The thorny Assam lemon along the boundaries of crop land help ward off elephants. This was an effective method of checking elephant movement into crop land.



Mustard crop



Areca plantation

4.3 The wadi model for the area was innovative by creating a pond-based ecosystem. Earlier, the elephants used to come to the area to frolic in the low-lying marshy water bodies interspersed with the cropland. The most effective remedy was to convert the swamps into fish ponds with steep banks. All the tribal beneficiaries developed a pond with interconnected water channels which facilitated a flow-through system. Water recharging during water-stressed periods was from common shallow tube wells, and all the ponds shared the water through gravity flow. Ponds served the purpose of good income generation from fish farming and also providing irrigation for the short and long term crops. Piggery and poultry units developed on the bunds and adjacent to the ponds provided nutrition for the fish through waste management promoting growth of natural food. In fact, the nutrient rich water from the ponds provided natural fertility for the plants, and the requirement of external inputs was minimal. An intrinsic organic farming system resulted from the integration of various agricultural activities. The most marked development from this model of wadi, was water resource development and irrigation of the area. Unlike during the earlier period, today the villages have access to water throughout the year for drinking and irrigation. The concept of kitchen gardening was also introduced for the first time in the area. Women took up cultivation of vegetables in their premises, which ensured a vitamin-rich diet for the household.

"I used to be a manual labourer in a coal mine in Meghalaya and struggled to make both ends meet- not to mention the associated health hazard. We had some land, but due to the frequent raids by elephant herds, almost abandoned farming. The area is relatively dry and not suitable for many crops without irrigation. Worse, we had none to look up to for guidance. The tribal development project of NABARD has given us a new lease of life" says Johnnyson Boro

4.4 The PIA also made efforts to empower the women by formation of women SHGs, imparting them training and facilitating credit from banks for taking up livelihood activities. As many as 40 SHGs have come up in the area bringing the women into the main stream of development and decision making process leading to gender equality. All the SHGs have taken to thrift and internal lending from the money they have saved. Most of the members have started kitchen gardens for raising vegetables for own consumption, and they plan to increase production and market the surplus in future. SHGs are also planning to undertake collective farming of vegetables and goat rearing in future. Better health consciousness in family and more enrolment among students

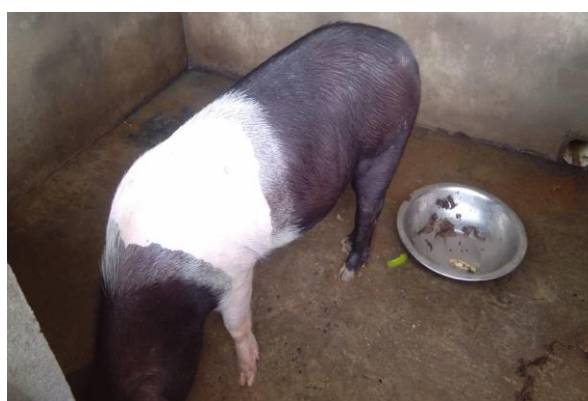
have been witnessed in Borbeel area. Purnima Marak, a tribal beneficiary and leader of an SHG says that the members were earning Rs. 50,000 annually from turmeric cultivation alone. “We are yet to grow crop on some plots, and once that happens, that would add to our earnings. We are living with dignity now”

5. Farmer Producer Society

5.1 Borbeel Producer Society was formed in 2018 to facilitate optimum price to farmers for their produce like Assam lemon, arecanut and turmeric. The society has eliminated almost all middlemen, and is marketing produce directly for the farmers. All the 400 wadi families who were involved in the Tribal Development Project have come under the umbrella of the Society. Administration of the Society is by a Governing Body, and a CEO has been appointed to take care of day-to day management.



Distribution of sprayers for farmers



Pig farming unit

5.2 The Producer Society aggregates produce of farmers for crops like turmeric, Assam lemon and arecanut and facilitates selling especially to Baithalangso and Rajagaon markets, where buyers regularly purchase produce. Inputs required for crop production are purchased by the FPO in bulk as per demand collected from the farmers, and is distributed so that inputs are available at the lowest available price. As regards sale of fish and animal products (piggery, goatery and poultry), the FPO maintains regular contact with large buyers who periodically visit the villages and makes the purchases. Price negotiation is done collectively by the FPO so that farmers get the optimum price. Markets in neighbouring Karbi Anglong district and Meghalaya state offer high demand for meat and eggs.

5.3 The Producer Society has drawn up a business plan for three years which includes collective purchase of inputs and aggregation and marketing of produce. The FPO intends to function only as a facilitator for the first two years. The services to farmers include training and capacity building of members/ CEO/Governing Body, collective procurement of inputs, hiring of agricultural machinery and aggregation of produce for collective marketing. Funds from members for capital is to be mobilised in a gradual way and as much required for the limited business interventions only. The emphasis for the present is on price maximisation for the farmers and income enhancement through facilitation interventions. The Society has mobilised funds for purchase of common assets like pump sets, sprayers and a tractor, and also for setting up FPO office cum store, through collection of membership fee of Rs. 1000 per member. Deposit account has been opened with Assam Vikas Gramin Bank, Nagaon.

5.4 The FPO plans to migrate into a Company during the third year by conversion of membership fee into share capital, issue of additional capital and induction of new members. The proposed capital structure is as follows:

No. of share holders	500 (including 400 wadi farmers)
Value per share	Rs. 200 per share (each member to subscribe minimum one share and maximum 10 shares)
Authorised share capital	Rs. 10,00,000 (5000 shares)
Paid-up share capital (initially)	Rs. 5,00,000 (2000 shares from conversion of membership fee and 500 shares to be issued)



Pond based ecosystem model



Harvesting of ponds

The proposed Company shall undertake collective purchase of inputs for all the activities assuming the role of a dealer. The Company will also purchase the produce from the farmers and sell to local and outside markets. The Company shall be mobilising share capital in addition to debt capital from Bank for funding the requirements of revised business plan to be implemented from third year onwards.

6. Impact

6.1 The major benefit to the tribal farmers is by way of higher price realisation for their produce. As there are no middle men or traders involved, the entire value is realised by the Producer Society on behalf of the farmers. The price advantage to farmers is as high as 40% on an average, and the Society only charges 5% of the sales turnover towards procurement, transportation and marketing expenses. The Society is now in a position to purchase inputs at dealers' price due to the large scale required, and the benefit of the same is being passed on entirely to the farmers. The major constraint of transporting produce by individual farmers through the forest roads has been overcome by the Society undertaking the responsibility of aggregating and selling to the markets. As a result of these measures, the income realisation for the farmers has considerably improved and risk to the farmers has been minimised. It is heartening to witness that the families which were earlier beset by myriad problems and were prone to migration of their male members, are now staying together and earning an average of Rs. 2 lakh per annum.

6.2 The social impact of TDF project has been profound. Health standards have considerably improved on account of better availability of medical assistance, and

more so due to safe drinking water made available from tube wells. Better standards of living achieved has resulted in awareness about hygiene, especially among the women. There has been a marked increase in the number of school going children and considerable reduction in school dropouts. Nilima Swargiyari, a 46 year old woman and a mother of three daughters is now getting a sustainable income by being part of the TDF project. There was a time when she was anxious about not being able to arrange marriage of her daughters. Now she could get two of her daughters married, and the youngest is studying in a degree college at Nagaon. Her family has a steady income from the wadi, and has access to sanitation and potable water throughout the year.



A proud wadi farmer



Smiles all the way.....

6.3 The successful implementation of the project and the goodwill achieved by tribal farmers on account of association with NABARD, is manifested in construction of a road linking Borbeel with Guwahati- Nagaon highway by the State Government under RIDF. This has resulted in improving mobility of people and materials, and has brought development closer to the doorsteps of tribal farmers of Borbeel.

7. Points/ issues for discussion

1. Factors hampering socio-economic development of tribals
2. Problems faced by small farmers in marketing their produce
3. People's participation and empowerment in NABARD's tribal development projects
4. Value chain and role of FPO in intervening the value chain
5. Formation of an FPO by a Promoting Institution
5. Graduation of livelihood development schemes into aggregation, processing and marketing through FPOs
6. Value chain financing by Banks

8. Trainers' Note

1. Objectives

Farmer Producer Organisations help the farmers in graduating to the level of aggregation and marketing so as to realise highest price for their produce. Since introduction of the concept in the year 2014-15, NABARD has been instrumental in promoting more than 2000 FPOs in the country. Many of such FPOs have been formed by nurturing and handholding the existing livelihood programmes and institutions like Farmers Clubs, SHGs, JLGs already promoted by NABARD.

The case has been documented to demonstrate the path and methodology through which an existing institution (Wadi beneficiaries formed into a society and women members of their families forming SHGs) can enter into aggregation and marketing so as to enhance the income of members and control the value chain. Success achieved in a relatively less developed area by an economically and socially deprived group of farmers, could give adequate confidence to farmers groups and bankers on the efficacy of the model.

The case would facilitate easy understanding of the process through which an informal group of farmers can be formed into a Producer Organisation and the factors which can ensure the success of the FPO concept.

2. Target Group

The case can be administered to trainee participants from NGOs, Community Based Organisations, FPOs and financing banks.

3. Session Plan and Time Required

a. Session Plan

The faculty member, after initial briefing, may give 10 minutes time for the participants to read and understand the case and clarify initial doubts raised by participants. Then groups may be formed. It is better to have not more 8 participants per group. The groups can be advised to discuss for about 30 minutes by keeping the following points in mind.

- How the informal groups of farmers are suitably motivated to form Farmer Producer Organisations
- Methodology to be adopted by a Producer Organisation Promoting Institution to promote POs
- Can Producer Organisation (Company) be a viable business model
- For which agricultural produces can FPOs be promoted

b. Time Required:

The time required for a batch of 25 to 30 participants, will be about 120 minutes. The tentative breakup is given below

Activity	Duration (in minutes)
Formation of Groups (3 to 4) after explaining the case by the faculty	15

Discussion in Groups	30
Preparation of Report and PPT if any	30
Presentation by individual groups followed by discussion	35
Summing up by faculty	10
Total	120

4. Trainers' inputs for discussion

- It is easier for a Promoting Institution to form a Producer Organisation out of an existing group/s like Farmers Clubs, SHGs, JLGs, Watershed/ Wadi beneficiaries etc. which has been promoted by them
- FPOs should be formed out of natural cluster of farmers of a particular primary produce and identification of such clusters in contiguous geographical units determines the success of such organisations
- It shall be desirable to initially organise farmers into easily manageable entities like Co-operatives and Societies. On gaining experience and after acquiring adequate financial and organisational strength, migration to more evolved entity like a Company can be attempted.
- Exposure visit of prospective members facilitate formation of FPOs and greater cohesion among members
- FPOs may rather facilitate aggregation and marketing of members' produce, than try to trade in the produce, so as to limit risks especially in the initial stages
- FPOs may syndicate individual loan for members from bank, rather than involve in on-lending.
- Loan for acquisition of common assets may be availed from banks by the FPO or be met out of membership fee/ share capital of members.
- Authorised capital of a Farmer Producer Company may be decided based on the proposed business plan for about 5 years.
- Handholding support of Promoting Institution at least for a period of 5 years is desirable so as to guide the FPO through the process of nurturing, growth and business development.

.....

Case documented by : K G Ranjit Kumar, DGM (Faculty Member), BIRD, Mangaluru
