

**Ramanar Millets Farmers Producer Company Limited,**  
**Savaspuram, Virudhunagar District, Tamilnadu**  
**– *Creating Positive Impacts***

**i. Introduction / Background:**

The Farmer Producer Company (FPC) “Ramanar Millets FPC Ltd.” derived its name from the revered South Indian Hindu Sage “Sri Ramana Maharishi” who was born on 30 December 1879 in Tiruchuli, a small village in Virudhunagar district of Tamilnadu.

The Tiruchuli block, where the FPC is operating is a rainfed area with major occupation being dryland agriculture and animal husbandry activities (mainly sheep and goat rearing). Millets and pulses are the major crops. Farmers engage in farm activities only during monsoon season (North East Monsoon) and during other seasons, they migrate and work in nearby stone quarries, brick kilns, cotton mills, paper and fireworks industries in adjoining Sivakasi block. The entire district is backward and this block is one of the most backward blocks where per capita income is the lowest in the district compared to other blocks. This block also shares boundary with Ramanathapuram district which is also a backward district with rainfed agriculture. Though this block is served by a seasonal river “Gundar”, due to low rainfall, encroachment and siltation, the drainage lines have been lost and even during good monsoon season, this block never gets its water. Main dependence for irrigation is monsoon rains and water from village tanks as and when they fill during normal monsoon years.

The agency, SEEDS, an NGO has been operating in this area for more than two decades and implementing watershed projects in the adjoining blocks of the district with NABARD’s assistance. The agency came forward to act as a Producer Company Promoting Institution to help the farmers of this block and brought them together under an institutional framework. That resulted in the birth of Ramanar Millets Farmer Producer Company Ltd. and the same was registered under the Companies Act 2013 on 22nd April 2016.

The shareholders are from 105 villages comprising 49 village Panchayats in the revenue blocks of Tiruchuli, Narikudi and Kariyapatti of Virudhunagar district and also from Kamuthi block of adjoining Ramanathapuram District.

**Membership:**

The Ramanar Millets Farmer Producer Company Limited issued one hundred shares each worth of Rs.10/- to each member farmer as their Share Capital investment. The agriculture land holding farmers as well as landless farmers were enrolled as members. As on 31st March 2020, 2943 farmers have been enrolled in the FPC as shareholders. This **FPC also has women farmers as majority shareholders with a share of 71.25% among total shareholders.** Small famers form the majority of the shareholders

at 63.40% whereas marginal farmers come next with 23.50%. The category-wise details are presented below.

	Male	Female	Total
	836 (28.75%)	2097 <b>(71.25%)</b>	2943
Category	Category	No. of Farmers	%
	Small farmer	1866	63.4%
	Marginal Farmer	694	23.5%
	Large Farmer	157	5.3%
	Landless	226	7.6%

### **Share Capital:**

The authorised share capital of the FPC is Rs.30,00,000/- and the FPC had already filed with RoC for increasing it to Rs. 100,00,000/-. As on 31 March 2020, the paid up share capital of the company is Rs.35,14,000/- including equity grant assistance of Rs. 10,00,000/- received from SFAC, New Delhi.

## **ii. The growth of the Company and its impacts**

### **Banking Scenario:**

The main operational area of the FPC was served by Tamilnadu Grama Bank (erstwhile Pandiyan Grama Bank), M.Reddiyapatti Primary Cooperative Credit Society and a branch of Bank of India. The credit flow from the Banking channels are meagre as many farmers are ineligible due to their existing defaults. They are mainly availing their credit needs through Gold loans and from non-institutional moneylenders. The NGO SEEDS has been promoting and nurturing about 120-130 Women SHGs in this area and was partly meeting some of the farm families' small credit needs.

### **Scenario of Agriculture Production and Marketing:**

For major agricultural production inputs and marketing their farm produce, farmers used to visit Aruppukottai and Virudhunagar which are the major farm market centres, dominated by commission agents and large traders. Incidentally Virudhunagar, the capital of Virudhunagar District and a birth place of Shri Kamaraj, ex-CM and a founder President of Indian Nation Congress, is a major processing centre of oil seeds and pulses. Some of the major oil and pulse processing brands have their operational centres here at Virudhunagar. Though APMCs are functional in Aruppukottai and Virudhunagar, like any other APMCs, the procurement of millets and pulses are negligible and farmers are mainly selling their produce to Commission agents and small traders who in turn sell it to major processors at Virudhunagar. Farmers are dependent on these middlemen, who visit the villages prior to the sowing season, supply them with seeds, fertilizers and other inputs including cash at very high cost and return during the harvesting season to collect their produce. Farmers rarely had their say in

fixing a right price for their produce. The price was fixed by traders on daily basis at Virudhunagar and farmers are at their mercy. There are no other options available to the farmers as there are no nearby markets which can fetch a better price. **In short, the markets are available for the farm produce but it is unfriendly, exploitative and non-remunerative.**

**The process of Coming Together – Self Help was the best help:**

Under these conditions, NABARD's PRODUCE Fund to promote Producer Organisations came as a blessing to the farmers of this area. Farmers who were already under pressure to find alternate survival opportunities and SEEDS, the NGO which looking to find a strategy to move beyond SHGs and already successfully implementing NABARD funded Watershed Projects, came together, to utilize the opportunity extended by NABARD.

Moving fast, the POPI, SEEDS, started forming small village level groups with the help of their existing SHG networks and few leading farmers started enrolling members for forming an Institution which will help solve their marketing problems. Every member has eagerly participated in all the meeting, training programmes, selection of initial board members, collection of farmer's profile etc. and it is heartening to see their non-diminishing motivation even today. Their efforts are paying off and the membership, business, the visibility of their Institution is growing where as their problems of getting easy, cheap and quick credit, cheaper farm inputs and marketing farm produce at remunerative price started reducing.

**Promoter remained a promoter and had an exit strategy:**

The success and the impact the FPC has created among the society is mainly driven by the POPI/NGO in enforcing a powerful message to the shareholders /members that POPI is only facilitating their growth process and the ultimate responsibility of growing out of problems from the opportunity given by NABARD entirely rests with members only. POPI/NGO has driven a strong message that it is not the owner of the Institution, that it has helped to create and shareholders are the real owners. It was also made clear that POPI may leave from day to day supporting role once the Institution reaches its defined shape and start moving. This continuous process of reinforcing the ownership of shareholders resulted in capacity building of the Board along with the responsibility sharing by Board and their members.

**Clear role definition by POPI & FPC and Transparency came along with delegation of powers:**

The POPI from the very beginning made a clear role difference between POPI's functions and its responsibility vis-à-vis that of the FPC and its Board. For example, input purchase and farm produce sales were facilitated by NGO but left the price fixing (with obvious service charge/margin above purchase price) to the Board at its members. The same is the case with loan intermediation. The Board discussed the process, interest rate, other

formalities etc. to the Board entirely. This made the Board to understand the process of availing loan, the associated cost and risks involved and enhanced their responsibility in servicing them besides carrying the same ownership to all other members. POPI also guided the FPC to delegate powers to various committees and employees to improve the efficiency and transparent functioning of the organization.

The FPC has 4 committees viz. Procurement, Marketing, Finance and Agri-Business with well-defined roles, responsibilities and delegated powers to handle various functions of the FPC.

**Stronger relationship with shareholders & stakeholders:**

The FPC developed a strong relationship with all the stakeholders who are important for their success and sustainability. The State line departments have picked them for identifying beneficiaries for various govt schemes. The selection of beneficiaries for extending assistance for farm machinery, horticultural schemes, seed multiplication plots, etc. were requested by the line Departments and identified by the FPC.

With the help of DDM, the FPC made regular presentations in BLBC and DCC meetings and presented the Bankers and various agencies the activities undertaken, the bottle necks and how various agencies of the State Administration and Banks can mitigate the problems and issues faced by the farmers. This resulted in building better relationship with various stakeholders in its operational area.

Their excellent relationship resulted in selection of FPC by

- District Administration: For providing relief, food, agri-inputs and reaching the lowest strata for special support during COVID-19.
- Agricultural Department: For Grant support to the tune of Rs. 20.00 lacs for establishing Pulse Processing Centre cum Common Facility Centre (Construction work completed and installation of machinery is on-going)
- Agricultural Marketing Department: For release of Special Concessional working capital loan of Rs. 10 lacs at 4% RoI repayable in a period of 5 years.

**Continuous capacity Building:**

The FPC has been regular in sending their members, Board of Director, CEO and other functionaries to various capacity building Programme organized by different agencies including NABARD. BODs, Staff and CEO of the FPC have attended about 39 major (more than one day) training programmes conducted by NABARD, BIRD-Mangalore, TNAU, IIT-Madras, Samunnati, Crop In Technologies, etc. The POPI/RSA also ensured that FPC members and functionaries attend various capacity building events organized by district level line departments.

### **Members are producers as well as consumers:**

Besides supporting the farmers for production and marketing of Agricultural producers, the FPC recognised the other needs of shareholders such as household consumables and extending social security. In addition to supplying the processed Millets and pulses derivatives to its members, the FPC also started supplying other household items like edible oils, kitchen accessories, toiletries etc. by making bulk purchase from wholesale traders in Madurai by establishing a Kirana Store at its premises. The members can buy either at the shop or home delivery is done on a weekly schedule based on the requirement. Normally, the shareholders who are in nearby villages go to nearby town Aruppukottai to purchase their household requirements. Now, they are able to buy the same from their own producer company at a much lower price besides saving time in commuting to nearby markets. This increased the faith of the shareholders towards their company besides increasing their bonding with the FPC. An item worth mentioning here is a “family pack” with all necessary spices, oil, masala etc. (kitchen cooking items) which normally cost for about Rs.1200 at market price is being supplied by the FPC at a cost of about Rs. 800/- due to bulk whole sale purchase and repacking them as family packs.

### **Ensuing social Security:**

The FPC also ensured that all their eligible shareholders are covered under the Social Security Schemes such as PMSBY and PMJJBY. Presently, about 85% of their shareholders are covered under these two schemes.

### **Important Impact Milestones:**

- Membership growth#**

Details	2016 (Prior to Registration)	2017	2018	2019	2020
Members @ the end of March every year	330	1259	2150	2646	2943

# Members have grown from 330 in the first year to 2943 during the fourth year of its operation. It added members every year gradually to reach this number. The FPC decided to stop further enrolling members for the present, as they have considered the current number and the spread of operational area as manageable and sustainable.

### **Financials: Growing with positive Impacts- Balance Sheet of 3 years**

The FPC has been able to expand their balance sheet size from Rs. 30.30 lac in the year 2017 to Rs. 6.32 crore as on 31 March 2019, a phenomenal growth in a period of just 3

years. Its long-term borrowing has increased from Rs. 30 lacs to Rs. 6.0 crore during the same period which indicates their faster growth and pent up demand supply scenario of farm produce and services at the ground level. The balance sheet is presented in Annexure-1.

### **Income & Revenue Growth - Profitability:**

The FPC's top line revenue has grown nearly 10 times from Rs 26.70 lacs during the year 2016-17 to Rs. 2.75 crore during 2018-19. The company also made consistent profits during these 3 years though not commensurate with increase in business turnover indicating the low margin operations of the company.

<b>S. No</b>	<b>Particulars</b>	<b>FY 2018-19</b>	<b>FY 2017-18</b>	<b>FY 2016-17</b>
<b>1</b>	Total Revenue	2,74,48,077	1,37,41,452	26,69,548
<b>2</b>	Total Expenses	2,73,39,257	1,32,46,591	26,08,850
	<b>Profit Before Tax</b>	108,820	4,94,861	60,698
	Tax	8,197	87	17,800
	<b>Net Profit</b>	<b>1,00,623</b>	<b>4,94,774</b>	<b>42,898</b>

### **Business Growth (Procurement & Marketing of Farm Produce):**

The FPC's revenues are mainly from farm produce procurement operations, credit intermediation (mainly for the purpose of farm operations, animal husbandry & allied activities and small business etc.) and agribusiness centre (mainly household/kitchen items, not agri-inputs). They are yet to get into the business of fertilizer and seeds.

The FPC had procured farm produce worth of Rs. 1,87,84,835/- in value terms from the start of their operations in 2016-2017 up to 31 October 2020, a quantum jump year on year. The year- wise details are given in Annexure-II. The procured produces (mainly millets and pulses) were stored for a short period of less than 3 months in their own rented godowns or at APMC / CWC godowns at Aruppukottai. The FPC was able to establish quick market linkage with large branded buyers mainly from Bangalore and did not face any problem in marketing, though there were price fluctuations. Further, as millet based foods gained popularity, they were getting advance procurement orders and hence, their business grown quickly without any major marketing bottlenecks. Further, they circumvented the influence of traditional traders from Virudhunagar as farmers were getting good price (higher price than offered by traders, at times even higher than prevailing market price due to advance orders from Bangalore based processors), digital scale weighing, home/farm gate pick up, within 2 days cash settlements for the produce sold besides getting other benefits from the FPC like Govt. Scheme related benefits due to quick handholding from FPC. In fact, few traders picked up some lots of farm produce from the FPC directly.

The FPO has extended credit to 2864 of its members, and the total amount as on 31 October 2020 was to the tune of Rs.1057.74 lakh. The credit includes loan for crop production activities to the tune of Rs. 232.28 lakh to 731 farmers, Rs.237.87 lakh to

581 farmers for cattle rearing, Rs.454.90 lakh to 1300 farmers for goat rearing by, Rs.79.69 lakh by 193 farmers for agricultural allied activities and 59 members for business to the tune of Rs.53 lakh.

### **Link with credit Institutions:**

The FPC's phenomenal increase in operations is mainly enabled by quick and easy credit availability from the NBFCs particularly Samunnati Financial Intermediation & Services. The FPC also availed financial support from Ananya Finance for Inclusive Growth Private Limited and NABKISAN Ltd. The FPC is unable to obtain credit from mainline Banking Institution such as Tamilnadu Grama Bank, Virudhunagar District Central Coop Bank (or from M Reddiyapatti PACS) or from any other Commercial Banks in the district. The major reason being the lack of awareness among bankers about FPC, lack of enforceable security with FPC, general risk averse nature of Banks etc. However, the FPC is making all efforts to obtain credit from Scheduled Commercial Banks with a help of DDM. NABARD for their long- term sustainability as well as to reduce the cost of funding.

S.No	Name of the Institution	Loan availed as on 30 June 2020 (cumulative total)	Amount Outstanding (Rs.) as on 31 March 2019
1	NABKISAN#	69,00,000	0
2	SAMUNNATI#	6,50,00,000	3,33,48,886
3	ANANYA#	5,75,00,000	2,64,43,078
4	Agri Marketing Dept – Special Working Capital Assistance – Unsecured	10,00,000	
	<b>TOTAL</b>	<b>13,04,00,000</b>	<b>5,97,91,964</b>

# MCA data accessed on 29 June 2020 for registered charges. Loan secured by way of floating charge on book debts, current assets (Annexure-IV).

**Own a premise:** After construction of an office building and a cattle feed processing centre, the FPC now operates from its own premises, a milestone achieved in a short time.

### **Awards, Recognition and Rewards:** (Photos at annexure-III)

- Best performing FPO:** NABARD recognized their contribution by presenting them the award at Mumbai on the occasion of NABARD's 37th Foundation Day on 13<sup>th</sup> July 2018.
- The Best Performer among small scale FPOs:** Livelihood Access India & RABO Bank presented them the award during their summit on 27<sup>th</sup> January 2019 at New Delhi
- The achiever Award for “Establishment of Successful Value in Tamil Nadu”** by ICAR NASF presented at AC & RI, Madurai on 27<sup>th</sup> September 2019.
- Samunnati & The Economic Times FPO SUMMIT Award** on 18<sup>th</sup> October 2019 for **Best Impact** in Southern Region.

### iii. Points / Issues for Discussion

- a. Significant exposure on extending credit to its members (**Are the FPCs becoming another Rural Lending Intermediaries?!!!** A major risk can bring the Company down!!!) and more energy and manpower spent on loan intermediation processes
- b. Even after such a growth, only NBFCs are servicing the FPOs. Even a successful FPC could get credit assistance only from NBFCs such as NABKISAN, SAMMUNNATI and ANANYA. How to bring Banking Institutions / RRBs and Cooperatives closer to FPOs??!!
- c. The FPC has decided not to further expand their membership for various reasons. What could be the optimum size of FPCs in dryland/rainfed areas?!!!
- d. Is it really possible for a POPI/ (Resource Support Agency (RSA) to keep an arm's length from the FPC it promoted? Now NABARD has sanctioned business development assistance, which will require the continued handholding by POPI/RSA. Can POPI/RSA become a service provider to FPC at a nominal cost?
- e. Whether the financial leverage, the risk the FPC has taken is inclusive of some safeguards or not and what could possibly be the safeguard mechanisms?
- f. What are the risk mitigation mechanisms available to FPC for credit risk/default risk considering the current outstanding loan amount is close to Rs 6.0 crore?

**Annexure – 1: Financials – Balance Sheet for 3 years**

<b>S. No</b>	<b>Particulars</b>	<b>As on 31 March 2019</b>	<b>As on 31 March 2018</b>	<b>As on 31 March 2017</b>
<b>I</b>	<b>Equities and Liabilities</b>			
<b>1</b>	<b>Shareholder's Funds</b>			
<b>a</b>	Share capital	25,14,000	15,14,000	1,00,000
<b>b</b>	Reserves and Surplus	6,38,295	5,37,672	42,898
<b>2</b>	Share Application money pending allotment			3,41,000
<b>3</b>	<b>Non-current liabilities</b>			
<b>a</b>	<b>Long Term Borrowings</b>	5,97,91,964	4,28,24,041	25,00,000
<b>4</b>	<b>Current Liabilities</b>	2,10,551	81,923	46,354
		<b>6,31,54,810</b>	<b>4,49,57,636</b>	<b>30,30,252</b>
<b>II</b>	<b>Assets</b>			
<b>1</b>	<b>Non-Current Assets</b>	83,419	99,168	3,091
<b>2</b>	<b>Current Assets</b>			
a	Inventories	41,057	7,17,843	
b	Trade Receivables	1,01,93,663	52,54,832	26,66,466
c	Cash and Cash Equivalents	54,42,474	73,33,885	1,80,014
d	Short Term Loans and Advances	4,72,41,349	3,15,33,727	1,80,682
e	Other current assets	1,52,847	18,182	
		<b>6,31,54,810</b>	<b>4,49,57,636</b>	<b>30,30,252</b>

Annexure-II

**Details of year-wise procurement of Farm Produce**

<b>Year</b>	<b>Commodity</b>	<b>Quantity, Tonnes</b>	<b>Amount, Rs</b>	<b>Total Amount Rs.</b>
2016-17	Black Gram	33.2	2556500	2967271
	Green Gram	1.652	85904	
	Ragi	0.1745	4013	
	Banyard Millet	6.805	202978	
	Maize	6.822	95508	
	Thinai	0.932	22368	
2017-18	Maize	313.919	4583217	6736442
	Black Gram	15.051	1204080	
	Chilly	9.9991	949145	
2018-19	Chilly	22	2420000	4680500
	Paddy	3.25	98000	
	Black Gram	41.5	2075000	
	Green Gram	17.5	87500	
2019-20	Green Gram	1.777	92430	4400622
	Black Gram	71.14	3770420	
	Coriander	6.939	537772	
<b>Total</b>				<b>18784835</b>

### **Annexures -III**



**Village level Meeting with Shareholders**



**Meeting of Board members**



**Distributing food/household items during COVID-19 support event to weaker sections of the society**



**Procurement operations using digital balance.**

### Photos of FPC Team receiving awards



Receiving award at NABARD's foundation day Ceremony, Mumbai



Receiving award at Livelihood Summit, New Delhi



Receiving award at Economic Times – Samunnati FPO Summit

## Annexure- IV

Charges Registered

<http://www.mca.gov.in/mcafoportal/viewIndexOfCharges.do>

### Charges Registered

Company CIN/FCRN/LLPIN/FLLPIN U01100TN2016PTC110005  
 Company / LLP Name RAMANAR MILLETS FARMERS PRODUCER COMPANYLIMITED

<b>Charges Registered</b>								
<b>SNo</b>	<b>SRN</b>	<b>Charge Id</b>	<b>Charge Holder Name</b>	<b>Date of Creation</b>	<b>Date of Modification</b>	<b>Date of Satisfaction</b>	<b>Amount</b>	<b>Address</b>
1	R38973558	100335885	NABKISAN FINANCE LIMITED	04/05/2020	-	-	6000000.0	3RD FLOOR, NANARD REGIONAL OFFICE BUILDING,NO.48 MAHATMA GANDHI ROAD, NUNGAMBAKKAM,CHENNAI 600034Ta600034IN
2	R23174832	100307501	SAMUNNATI FINANCIAL INTERMEDIATION & SERVICES PRIVATE LIMITED	04/12/2019	-	-	60000000.0	Baid Hi Tech Park, 8th Floor, No 129 B,East Coast Road, ThiruvanmiyurChennaiTa600041IN
3	H42743096	100233303	SAMUNNATI FINANCIAL INTERMEDIATION & SERVICES PRIVATE LIMITED	05/12/2018	-	-	5000000.0	BAID HIGH TECH PARK, NO. 129 B, 8TH FLOOR, MUTTUKADU ROAD (EAST COST ROAD), THIRUVANMIYURCHENNAITa600041IN
4	H14194419	100202508	ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED	28/08/2018	-	-	40000000.0	101, SAKAR 1 BUILDINGNR. GANDHIGRAM STATION, ASHRAM ROADAHMEDABADGu380009IN
5	G55466866	100126224	ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED	26/09/2017	-	-	12500000.0	101, SAKAR 1 BUILDINGNR. GANDHIGRAM STATION, ASHRAM ROADAHMEDABADGu380009IN
6	G43584234	100096657	NABKISAN FINANCE LIMITED	20/04/2017	-	-	900000.0	3RD FLOOR, NANARD REGIONAL OFFICE BUILDING,NO.48 MAHATMA GANDHI ROAD, NUNGAMBAKKAM,CHENNAI 600034Ta600034IN
7	G36499028	100078902	ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED	01/02/2017	-	-	5000000.0	101, SAKAR 1 BUILDINGNR. GANDHIGRAM STATION, ASHRAM ROADAHMEDABADGu380009IN

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**Case documented by : V S Balasubramanian, DGM / Faculty Member, BIRD, Mangaluru**

## **Trainer's Note**

### **I. Objectives:**

This case study is about a NABARD promoted “Ramanar Millets Farmers Producer Company Limited” (FPC) in the backward Tiruchuli block of Virudhunagar district in Tamilnadu which has grown into a strong organization serving 2943 shareholders in a short period of 3 years and achieved an asset size of Rs. 6.37 crore. They were able to mobilise credit, both long term and short term working capital loans mainly from NBFCs such as NABKISAN, SAMMUNNATI and ANANYA to carry out their business operations. This case study was mainly to analyse and appreciate the strategies followed by the Producer Organisation Promoting Institution (POPI), the NGO “SEEDS” based at Aruppukottai and the Ramanar Millets FPC Ltd. to reach this stage creating positive impacts among the farmers in the operational area and has become an example of a model FPC in the district.

### **Major Objectives:**

- Appreciate factors necessary for an FPC to become successful and create sustainable impacts.
- Understand how an POPI/RSA can formulate strategies to create ownership of shareholders
- Importance of having role clarity between FPC promoting Institution and FPC
- Understand relevance and roles of producer groups, line departments and credit Institutions
- Positive effect of building strong relationship with various stakeholders viz. the line departments, District administration, Bankers and other agencies
- Positive effects of FPC serving shareholders one step ahead by facilitating them in getting Govt promotional, livelihood and social security schemes
- Understand the challenges and opportunities during the process of growth

### **ii. Target Group**

1. CEOs
2. BODs of FPOs
3. NGOs/Agencies/Institutions who are already acting as or intend to become POPIs / RSAs  
(Above three can be part of mixed group)
4. Farmers / Bankers (as Independent groups)

### III. Session Plan & Time required

<b>Topic</b>	<b>Ramanar Millets Farmers Producer Company, Virudhunagar District, Tamilnadu</b> <b>– Creating Positive Impacts</b>	
<b>Objective</b>	The groups are expected to analyse the case, appreciate the factors such as role definition, stakeholder relations, challenges, opportunities, etc. necessary for an FPC to become successful and create sustainable impacts.	
<b>Groups</b>	5-6 groups with 5-6 member each	
<b>Duration</b>	90 min	
<b>Activities and Duration</b>	<ul style="list-style-type: none"> <li>• Group Formation</li> <li>• Group Discussion</li> <li>• Making Points in Flip Charts</li> <li>• Presentation by group members</li> <li>• Analysis of group presentation</li> <li>• Questions / clarification by other groups</li> <li>• Summary by the Programme Director</li> </ul>	<ul style="list-style-type: none"> <li>• 5 min</li> <li>• 15 min</li> <li>• 10 min</li> </ul>
<b>Resources</b>	<ul style="list-style-type: none"> <li>• Flip Chart, Marker Pens, Colour Charts</li> </ul>	

### iv. Trainers' input for discussion: What made them click/succeed?

#### I. Promoting Institution:

- Freedom given to FPO to decide on issues, allowing them to take responsibility
- Putting the right CEO with adequate powers in place
- Be as a facilitator not an owner
- Loan availing decision left entirely to the Board.
- Board to clear all doubts with lender (NABKISAN, Ananya, Samunnati etc) directly.
- Clearly defined roles and responsibilities of Promoting Institution and FPC

#### II. NABARD Support

- Updating NABARD about progress, issues regularly.
- Seeking guidance whenever necessary.
- Submitting returns, information on time
- Records, data etc. maintained up to date.
- Participating in NABARD / NABARD supported subsidiaries regularly
- Presenting the FPO activities in the District forum of Govt and Bankers as & when arranged / invited by NABARD.
- Participating in BLCC on invitation by NABARD and presentation of their activities to the Bankers

### **III. FPC**

- Continuous skill / capacity building of their members
- Regular meetings and sharing of developments with the Board members.
- Board members are regularly involved in all purchase of farm produce from the farmers (instilling confidence and ownership development)
- Sharing the financial information regularly.
- Transparency in all decisions, activities, Govt/Bank/Financial Institution interactions etc.
- Engaging with Govt agencies positively irrespective of system deficiencies
- Connecting/networking with all Bankers in operating area.
- Participating in buyers/seller meet, farmer related events organized by various agencies (irrespective of the outcome)
- Helping Govt. agencies especially Agriculture, Agricultural Engineering and Horticulture Department in identifying beneficiaries for Govt. schemes.
- On-boarding all farmer shareholders and their family members in Social Security Schemes of Govt. (PMJJY, PMSBY etc.). Almost 85% of their entire shareholders are covered, verified, followed up for renewal within the cut-off period. Policy lapse was considered a serious lapse.

### **IV. Issues for discussion:**

- a. Significant exposure on extending credit to its members (**Are the FPCs becoming another Rural Lending Intermediaries?!!!** A major risk can bring the Company down!!!) and more energy and manpower spent on loan intermediation processes
- b. Even after such a growth, only NBFCs are servicing the FPOs. Even a successful FPC could get credit assistance only from NBFCs such as NABKISAN, SAMMUNNATI and ANANYA. How to bring Banking Institutions / RRBs and Cooperatives closer to FPOs?!!!
- c. The FPC has decided not to further expand their membership for various reasons. What could be the optimum size of FPCs in dryland/rainfed areas?!!!
- d. Is it really possible for a POPI/Resource Support Agency (RSA) to keep an arm's length from the FPC it promoted? Now NABARD has sanctioned business development assistance, which will require the continued handholding by POPI/RSA. Can POPI/RSA become a service provider to FPC at a nominal cost?
- e. Whether the financial leverage, the risk the FPC has taken is inclusive of some safeguards or not and what could possibly be the safeguard mechanisms?
- f. What are the risk mitigation mechanisms available to FPC for credit risk/default risk considering the current outstanding loan amount is close to Rs. 6.0 crore?

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