Supporting & Strengthening Women Farmer Producer Organisations

"Farmer Producer Organizations spend about 25,000 to 40,000, just on registration fees and financial accounting costs annually since the companies' law has cumbersome processes. Women farmers producer organisations require incentives, administrative and management support for at least five to seven years to stabilise. This support must come from government as small and marginal women farmers are amongst the most vulnerable"- Ms. Nayna Ben, District Navsari, Gujarat[i]

Given the many challenges that marginal and smallholder women farmers, livestock-rearing women farmers and forest-dependent women farmers face, at all stages of their individual enterprises (pre-production, production and marketing), large scale investments are needed to collectivise these women farmers, so that aggregation, skill- and knowledge-sharing and complementarity, and joint infrastructure and management of the entrepreneurial activity can provide them with certain advantages that don't exist in their individual micro-agri-enterprises; and increase participation in the post-harvest value chain.

A Producer Organization is a generic name that represents different forms of community organizations/enterprises such as large cooperatives, PACS (Primary Agricultural Cooperative Societies), SHGs (Self Help Groups), Federation of SHGs, CIGs (Common Interest Groups), Farmers' Clubs, Producer Company etc. This discussion policy note seeks to include Joint Liability Groups (JLGs) as one more possible option within Farmer Producer Organisations (FPOs).

Current situation

While FPOs is the recent terminology given to farmers' collectives, especially in the realm of marketing and to convey the concept of a fully-farmer-controlled institution, farmers' cooperatives (mainly for support at the input end or back end of agricultural production) have existed in India for decades, with different kinds of institutional and statutory rules and guidelines in different states.

By March 2014, there were 93,000 primary agricultural cooperative societies in the country, with 13 crore membership[ii]. It appears that little or no data exists on membership of women. There are an estimated 75,000 dairy cooperatives in India, with a cumulative membership of 16 million milk producers. Of these, all-women dairy cooperatives are about 32,000 in number, and women's membership in the dairy cooperatives was 5 million in 2015-16[iii].

As per NABARD, as on 31 March 2017, 2157 FPOs comprising about 7 lakh farmers, spread over 29 states, have been formed with its support, of which 1922 FPOs have been registered. Grant assistance of INR 193.15 crore was sanctioned for three years, of which INR 63.58 crore has been disbursed as on 31 March 2017.

Government's Small Farmers Agri Business Consortium (SFAC), set up as a society in 1994 to facilitate agri-ventures by small farmers' collectives, tries to mobilise venture capital assistance for such enterprises, and to provide a matching equity grant to members' equity in FPOs. SFAC also provides credit guarantee to loans (up to 85%) extended by banks to Farmer Producer Companies (FPCs), without the need for collateral. SFAC, under venture capital assistance, financed 1674 projects so far worth INR 495 crores, in addition to providing matching equity grant to 127 FPCs.

"NABARD board approved a gender and an environment policy, and accordingly, all the approved projects under NABARD have to mainstream gender and environment concerns in their outcomes. However, currently out of 130 existent FPOs in Maharashtra, only 20 are women FPOs"- Dr. Ushamani P., Deputy General Manager, NABARD- Maharashtra[iv]

Women Farmers & FPOs

While most rural women's SHGs in various forms (informal groups, federations, cooperatives, unions etc.) are actually FPOs, and most members would be women farmers, there has been no explicit recognition of the members' farming enterprises or joint efforts at strengthening agricultural outcomes, for women's empowerment and greater profitability in the enterprise. To that extent, ***a special focus on Women Farmers' Producer Organisations is a way by which women farmers who become members of these FPOs can gain greater identity and recognition as Farmers.*** An expansive view of such FPOs will also ensure that women farmers associated with livestock rearing and forest-gathering, and landless agricultural workers, gain a rightful status as Farmers.

The opportunities to gain economies of scale, complementarity of skills and roles, collective ethos and cooperation, continuous skill share, direct marketing opportunities to end customers as well as possibilities of increasing the producer share in the retail price are all greater with organizing of women farmers into FPOs.

Two possibilities exist – (a) women farmers form exclusive all-women FPOs between themselves; (b) women farmers find equal spaces in existing FPOs, at all levels including governance structures.

Reccomendations

1. There be a rule for all registered FPOs that at least 50% membership should be of women farmers. Here, the definition of a Farmer should not be linked to land title ownership, but of

a self-declaration as a Farmer. Such an affirmative policy of at least 50% space for women farmers should also be made mandatory for the governance structure of the FPO.

2. The overall target for FPO creation, hand-holding and enterprise development should become much more ambitious than the current levels, as the initiatives led by NABARD and SFAC show. A specific and ambitious target for women farmers' FPOs should be laid down and met, along with sub-sector targets (forestry, livestock etc.).
3. Through the FPO & JLG routes women farmers can be issued identity cards as farmers.
4. NABARD and SFAC should maintain gender disaggregated information for all FPOs (both on women membership and leadership in FPOs, as well as all-women FPOs separately, including the coverage, outlays, credit extended etc.). The current picture should emerge by the end of 2017 and new data systems should be built to be maintained in future.
5. Women farmers' FPOs engaging in ecological agriculture (input production, production, marketing) should be given special priority and incentivized.
6. Special priorities, targets and incentives should be provided to dalit/adivasi/minority women FPOs.
7. Producer companies should be allowed to accept equity capital (may be non-voting or preferential) from non-members / financial institutions.
8. There should be complete exemption from Income Tax for all forms of FPOs. When agriculture itself is income-tax-exempt, there is no reason why collectives of farmers should be taxed.

"The government is providing tax break to big companies for 10 years, but the producer companies/ organisations of small farmers/ weavers are liable to pay the tax from the very beginning which puts them in a very disadvantaged position. Small Producers organisations deserve more government financial and infrastructure support to sustain considering their contribution in developing a self-reliant local economy" - Ms. Sunita Kumari, Uttarakhand[iv]

9. FPOs must get all the tax holidays, as applicable to Societies, Cooperatives, SHGs and individual farmers and start-ups for first 10 years.
10. The registration/processing fee for registering a women FPO should be borne out of special budgets in the agriculture departments. They should be waived for members, and completely subsidized by the state.
11. The current Equity Grant scheme of the Ministry of Agriculture has a matching grant scheme to the equity of FPO with the maximum limit of INR 10 lacs. This should be incentivised further for women FPO's. Women FPO's including Women Women farmer producer groups from marginal communities and poorest districts also require that working capital need be made available without collateral or bank guarantee for the sanctioned limits, as done with Self Help Groups by issuing appropriate guidelines
12. It is seen that beyond grants for capacity building and initial hand holding for 3 years including in terms of support for POPIs, the existing NABARD scheme has no grant component for physical infrastructure for office space, storage, drying yard, basic

processing facility etc. These have to be provided by State Governments, or the NABARD scheme has to be re-designed to include these.

" Mahila Kisan Sashkatikaran Pariyojana (MKSP), NABARD are providing credit and other support services to the small and marginal farmers for establishing their enterprises in the first three years of the FPO formation; however, no enterprise comprising small and marginal farmers can be established within three years. NABARD and other agencies should extend the support period to at least seven -eight years which is the minimum requirement for establishment of any enterprise." Dr. Amiya Sharma, Rashtriya Grammeen Vikas Nidhi, Assam[vi]

13. SFAC Guarantee cover and matching Equity Grant should be extended to all registered FPOs should to begin with at least all Women FPO's.
14. Government should notify that specific sub-allocations of CSR Funds by companies should be made mandatory to promote and stabilise FPOs/FPCs based anywhere in the respective states where the operations of a company are located.
15. Like the services of medical doctors passing out of subsidised medical educational institutions are enlisted for rural postings compulsorily for at least one year, services of business management professionals are to be conscripted to incubate, grow and stabilise young FPOs.
16. GST-influenced recent changes would need to be reviewed as it does impact on the economic health of the FPO. ***The impact of GST on Producer companies should be revenue neutral.*** For instance, increased GST on jams and pickles seems to be unreasonable as this is the first viable option available to farmer collectives for adding value to their farm produce. Similar hand made products such as hand knitted products which many hill women farmers produce and have formed all women producers' companies to enter the markets have also been affected. While the tax burden can be passed to the consumer it may be worth mentioning that this rise has an impact on the MRPs and net realisation for primary stakeholders.
17. Producer companies may be exempted from the provisions of the GST. If this is not possible on a general basis, we propose that exemption limit may be increased to INR 2 crore with the provisions that GST will be payable on the incremental turnover.
18. In the event the GST is to be implemented in the larger national interest with minimal exemptions, we suggest that the government should consider a lower rate of direct tax for Farmer producer companies and targeted subsidy to women farmers to incentivize them to become agri-entrepreneurs.
19. FPOs should be included as water users/members in water-related institutions created in watershed and surface irrigation projects. This would ensure assured access to protective irrigation for members.
20. FPOs can be recognized as an entity for land leasing (this also applies to the JLG discussion below).

Joint Liability Groups

1. Bhoomiheen Kisan Credit JLGs have to have ambitious targets, including specific allocations for women farmers' JLGs. Landless women farmers should be given the highest priority for accessing this scheme.
2. The outlays for promotion of JLGs are minuscule, and at INR 25000/- per JLG (which usually the commercial banks take).
3. JLGs should not be seen as one-season institutions; this is where bankers' confidence gets eroded. JLGs should be seen as stable FPOs, as primary institutions for women farmers' producer groups. The approach by Kudumbashree in Kerala, which has the support of local Panchayat, is a promising model that needs to be multiplied.
4. JLGs should be brought on par with all other SHGs and should have all the benefits of agricultural credit under priority sector lending including interest subvention, insurance coverage (crop/personal/group) as well as a consumption loan component.

"Joint Liability Group demands a lot of documentation process including identification documents which often become difficult for the women farmers to produce. As women farmers can access to higher loan amount for livelihood as JLG, it is essential to make the process easier and also ensure that these loans receive the same benefits of interest and risk coverage as agricultural loans." - Ms. Anamika, NIDAN, Bihar

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[i] Ms. Nayna Ben, board member of Prakiti Producer Company, Gujarat presented her testimony in the Western Regional Consultation on 9-10 May, 2017 at YMCA, Pune, Maharashtra

[ii] http://www.mospi.gov.in/statistical-year-book-india/2016/213

[iii] http://dahd.nic.in/sites/default/files/NDDB%20AR%202015-16.pdf

[iv] Dr. Ushamani .P , Deputy General Manager, NABARD responded to the women farmers concerns in the Western Regional Consultation on 9-10 May, 2017 at YMCA, Pune, Maharashtra

[v] Ms. Sunita Kumari, Umang Producer Company, Uttarakhand presented her testimony on Challenges and Opportunities for Women Farmer Producer Organisation in the Hill Regional Consultation on 2-3 August, 2017 at RLEK, Dehradun, Uttarakhand

[vi] Dr. Amiya Sharma, Rashtriya Grammen Vikas Nidhi (RGVN), Assam shared his expert opinion on "women farmers and weavers access to credit and other support services" in the North-Eastern Regional Consultation on 15-16 March, 2017 in Guwahati, Assam.