



Study Report on “Learnings and experience of FPOs’ in Exports”

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Learnings and experiences of FPOs' in Exports

An assessment of FPOs to understand their capabilities to participate in exports to European markets



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Executive Summary

In India, Farmers' Producer Organisations (FPOs) in various collective institutional forms, be it cooperatives, producer companies (FPCs) or any other forms are being promoted on the principle of aggregation with objectives of increased income and better participation in value chains. Traditionally, in India, there have been farmers' cooperative at the primary level and have been active in all the areas of production, marketing, credit, and allied activities across the sectors (including handloom, artisan etc.) in rural India. It has also been highlighted that the cooperatives have reach to almost 100% of India's villages and have covered 80% of rural population. To facilitate the formation of FPCs and for registration, the Companies Act 1956 was amended appropriately in 2003 (amendment of Section 581). The FPCs are seen as a hybrid of cooperatives and of private limited company. There are over 7900 registered FPCs (till 2020) in India.

The Indo-German Cooperation on Agricultural Market Development project is a part of bilateral cooperation programme of Federal Ministry of Food and Agriculture (BMEL), Germany and is intended to contribute to the sustainable economic growth of India's agricultural sector and improve livelihoods in rural regions through modernising agricultural markets. As part of this project, one key result area is to integrate Farmers Producer Organisations (FPOs) into a sustainable and market-based value chains. For this, it is imperative to identify the key learnings, drivers, and barriers that the Farmer's Producer Organizations (FPOs) have experienced in agricultural produce exports by compiling empirical evidence and developing suitable strategy by undertaking a study.

The Agricultural exports accounts for approximately 10.24% of the country's total exports. The total value of agricultural commodities exported was approximately USD 20.67 Billion for the period 2020-21. The growth in agricultural exports in recent years, has been primarily driven by the government's policy-level interventions as well as the expansion of products into new markets. Exports to European markets from India have been growing consistently during last decade. Major markets for Indian exports have been United Kingdom, Netherlands, Germany, Belgium and Spain etc. Important products, exported to European markets are Basmati Rice; Fresh Grapes; Processed Vegetables; Processed fruits, juice & nuts; Cashew kernels, guar gums, cereal preparation, cucumber & gherkins (preserved), fresh vegetables and spices (pepper, mint, fenugreek, Chilli, cumin) etc.

For FPOs, targeting European markets for agricultural export can be a good opportunity, provided they can develop their supply chain (starting from production, aggregation, packaging, transportation, logistics etc.) as per the market requirement. Given that stringent quality norms and traceability are two critical criteria, FPOs need to strengthen their production processes, develop modern infrastructure, and train their manpower to align with the requirement.

For assessing the potential of FPOs to participate in the agricultural export businesses, specifically to European market, interaction was held with different stakeholders, including representatives of FPOs in different part of the country, regional officials of APEDA, officials from state agriculture department, marketing board, exporters and start-up. APEDA facilitated these discussions by providing introducing the project team to many of these stakeholders. Key findings of these discussions are as under -

- FPOs are at different stages of maturity and therefore need customised strategy to make them capable for exports.
- Need to increasing business patronage amongst FPC members for increasing business volumes.
- Most FPCs do not have business risk bearing capacities and therefore are interested in doing low risk/ risk-free businesses
- FPCs lack in exposure and experience of export businesses, leading to low level of confidence, which is becoming one of the major hurdles in taking business initiatives.
- Limited access to fund and infrastructure is also one major barrier at the level of FPCs.

There are many other challenges, which can be categorised into FPO management and governance related; Production planning and back-end aggregation; quality control, advisory and input supply; awareness of quality parameters, understanding of logistics, operation (sorting, grading, packaging etc.); business finance and accounts etc.

Based on review of secondary literature on FPOs functioning in India and analysis of inputs received from primary discussion, specific strategy and recommendations have been devised, which can be implemented under the Indo-German Cooperation on Agricultural Market Development project. Approach for interventions for strengthening the FPOs to make them export capable shall be customized as per the maturity level, financial capabilities, governance structure and other variables. For taking-up activities, there shall be a FPO selection process, which also categorises the FPO to accommodate it in relevant intervention segment. FPO shall be selected on various parameters such as –

- Members producing or willing to produce export market-led crops / products
- Capable leadership at the helm
- Potential for scalability
- Willingness for adoption to change

Once selected, the FPOs shall be provided operational and/or institutional support. Operational support shall be for improving exportability through interventions in the supply chain activities, starting from production, aggregation, value addition and export; and Institutional support shall be providing parallel support for convergence, partnerships and business facilitations.

Operation interventions –

Strategy for enhancing export capability of FPO will need support along with the export supply chain of the product. The interventions for supporting FPOs for strengthening them for export shall be complementing the efforts of existing agencies working with the FPOs (as sponsoring agency or promoting agency). Also, the interventions shall explore convergence with initiatives of various agencies providing technical and financial support. Given this background, the focus of operation related interventions shall be focused more on production and post-harvest level.

- Strengthening Farmers Engagement (Enhancing scale and sustainability)
- Promotion and adoption of GAP and other improved production practices
- Creation of Export-oriented infrastructure
- Market Exposure

For implementation of operational interventions, services of qualified technical agencies (from Europe as well as from India) shall be hired and medium-term (from 2-5 years) projects shall be conceptualised.

Institutional Interventions –

Institutional interventions and strategies are required to further strengthen and ensure sustainability of operational interventions. The focus of institutional interventions shall be developing institutional mechanisms, which, once facilitated, are sustainable in nature and can bring continuity of the work. Three specific interventions under this category are, multistakeholder partnerships, market development activity and FPO trade facilitation.

Under the Indo-German Cooperation on Agricultural Market Development project, different strategies and sub-projects can be prepared for a time-period ranging from two – five years. Conceptualization and implementation of these projects shall be in close collaboration with some of the important agencies including APEDA, SFAC, NABARD, NCDC and other state government agencies.

1. FPOs background and status in India

Indian agriculture system has been known for its small holdings and resource starved farmers, and having insubstantial capacities to be player the market and play any vital role across the value chains. Further, there are challenges of increased transaction costs, limited and high-cost access to finance to farmers, uncertain market prices for outputs as well as increasing market risks due to direct exposure and reducing government participation at market ends. Therefore, for becoming market competitive, small holders need to create economies of scale through suitable institutional means, which are not only able to reduce cost of transaction but also able to enhance bargaining power of the small farmers. World over, there are examples establishing that farmers' organizations have led to 50% increase in profit of small farmers from the crops handled by these organization (Sukhpal Singh, 2013).

In India, Farmers' Producer Organisations (FPOs) in various collective institutional forms, be it cooperatives, producer companies (FPCs) or any other forms are being promoted on the principle of aggregation with objectives of increased income and better participation in value chains.

Traditionally, in India, there have been farmers' cooperative at the primary level and have been active in all the areas of production, marketing, credit, and allied activities across the sectors (including handloom, artisan etc.) in rural India. It has also been highlighted that the cooperatives have reach to almost 100% of India's villages and have covered 80% of rural population. However, due to various challenges being faced by cooperative in terms of their functioning, interferences of government in day-to-day businesses and other inefficiencies, promotion of Farmers' Producer Company (FPCs) was proposed. To facilitate the formation of FPCs and for registration, the Companies Act 1956 was amended appropriately in 2003 (amendment of Section 581). The FPCs are seen as a hybrid of cooperatives and of private limited company. FPOs, in general are expected to reduce the intermediaries in agricultural supply chains (both for inputs and outputs). As FPOs (both Cooperatives and Producer companies) mature, gain operation and financial strength, they are expected to play much bigger roles agribusiness and agricultural markets.

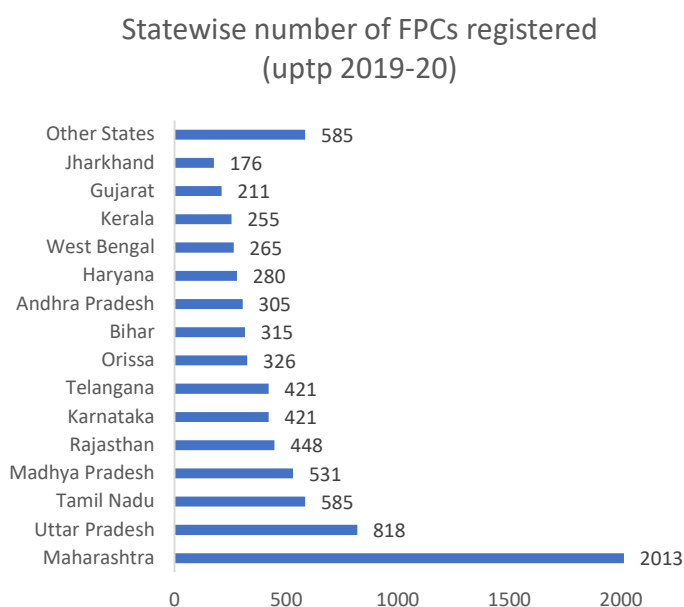
The promotion of FPCs was initially started with the State Government support. In Madhya Pradesh, under District Poverty Initiative Project (DPIP), a World Bank funded project, 14 FPCs were registered in the year 2005. Thereafter, various State and Central Government agencies and private sector organizations have been involved in promotion of FPCs across India. In addition to Small Farmers Agribusiness Consortium (SFAC), National Bank for Agriculture and Rural Development (NABARD), National Agricultural Cooperative Marketing Federation of India (NAFED), National Cooperative Development Corporation (NCDC), other agencies like North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC), NDDDB Services Pvt. Ltd., Coconut Development Board, state Agriculture and Horticulture departments and state rural livelihood missions are also engaged in promotion of FPCs. Government of India, in the annual budget of year 2019, has also announced a Central Sector Scheme of "Formation and Promotion of Farmer Produce Organizations (FPOs)", wherein it has been targeted to promote (additional) 10000 FPOs in five years with budgetary provision of Rs 6865 crore (approx. 93 million USD).

Key objectives of an FPO –

- Ensuring better income for the member farmers by eliminating inefficiencies in the production and marketing;
- Helping farmers in increasing production by ensuring availability of quality inputs, technologies and knowledge;
- Better negotiation for small and marginal farmers by aggregating the input demand;
- Bringing efficiencies and reducing unit cost of transactions by achieving economies of scale in output marketing;
- Developing required common infrastructure for post-harvest management, marketing and value addition;
- Ensuring better share of realisation for small holders in consumer price of a product.
- Accessing distant markets and creating alternate marketing models to provide better options to the farmers;
- Developing network and partnerships with research institutions, financial institutions, government agencies and corporate.
- Promoting mutual assistance, welfare measures, financial services, insurance of producers or their primary produce;
- Organising training and capacity building of members on various aspects of production, post-harvest, marketing, processing and value addition.

Number of FPCs in India has grown from 156 in the year 2011 (Sukhpal Singh) to around 7900 in year 2020 (C. Sambhu Prasaad). In case of cooperatives, there are around 8.60 lakh cooperatives in India, out of which approximately 63,000 are primary agricultural cooperatives (PACs). There are 340 multistate agro (including sugar mills and spinning mills) and dairy based cooperative societies in India.

FPOs, as institution and ecosystem, is still an evolving phenomenon in India, however looking at over one and half decade of progress, there are wide range of FPOs, depending on various parameters, such as membership and shareholder base, business types, equity base, business turnover, organisational structure etc. These variations are basically driven by multiple factors, including



influence and support of FPO promoting agency, social and cultural background of the members, progressiveness, product types, state government policies and support and other factors. However, in general perception and in various research papers, it has been found that, most newly formed FPOs are surviving with government support through various schemes, and it is going to be a long arduous journey until they sustain themselves financially to be strong link in value chain. The current state of affair is, absence of technical skill and manpower with the FPOs, lack of access to credit and finance, poor

availability to infrastructure and access to market information and intelligence.

2. Learning and experience of FPOs' in export – Objectives and approach

India has aggressive targets of exporting agricultural commodities worth USD 100 billion in next few years. Although India has wide production base and is a leading producer of some of the major agricultural commodities in the world, however, share of India in global agricultural trade is insignificant, a little over 2% of share of global trade. With current policy focus, there are huge potential and possibilities of .

There are multiple challenges in export, which make Indian commodities uncompetitive in the global markets. These challenges exist across supply chain, starting from production (quality and varietal suitability of crop), logistics, infrastructure (inefficiencies, high costs, quality control in transit), export financing, market intelligence and access etc¹. Given the continuous thrust on agricultural production, India is becoming a surplus producer of many commodities and products and therefore, it is expected that the agricultural export is going to see major growth in coming years.

Agriculture exports in India are in hands of big corporate, export houses, high value individual entrepreneurs, and exporters. There has been hardly any direct participation of farmers in exports, except from few farmers in some of the most export-oriented production districts (such as Nashik in Maharashtra, where progressive grape farmers own the pack-houses and have active partnerships with the exporters). Farmers Producer Organisations (FPOs) have also started finding their space in the export value chains.

FPOs, with current thrust and financial support from the government, are emerging as important institutions in agri value chains in India. However, many studies and individuals have highlighted various challenges and weakness of FPOs, which are mostly relating to absence of required business skill of FPOs, such as frail governance, poor financial capabilities, and lack of vision for growth. Government, through its agencies, is trying to address some of these challenges. For example, SFAC has schemes like, matching equity grant, credit guarantee scheme and venture capital assistance for the FPOs to address their financial challenge. In various other schemes of Department of Agriculture and Farmers Welfare (GoI), of other associated ministries and departments, separate financial provisions have been made for supporting FPOs. Although there are some inherent issues in FPOs ecosystem in India, however, it is expected that over period their role in agriculture will gain prominence, including role in export of agricultural commodities from India.

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Under this study of "learnings and experience of FPOs' in exports", FPOs which are exploring the export markets have been targeted to understand their learnings. Efforts have been made to assess specific expertise that these FPOs have acquired for becoming exporters of agricultural and food products as well as highlight the specific activities, roles & responsibilities played by the FPOs. The

¹ Indian Agri Exports: Study on difficulties faced by the exporters in the supply chain of agricultural products (APEDA)

study has also attempted to reveal relationships with various value chain actors and their specific contribution in process (from production to export markets) has also be captured to analyse their involvement and influence in enabling access to export markets.

Approach and Methodology -

For conducting the study, mixed approach of secondary and primary research was adopted. Secondary research for the study included analysis of current agricultural export portfolio and trend analysis. In addition to analysis of data, various reports and documents available in public domain were reviewed to understand the perspective of Indian agricultural and allied sector export. This also included review of some of the studies conducted by APEDA and export policy documents of the Government of India and of state governments.

For conducting primary survey, five FPOs were selected, with help of APEDA, from different parts of the country (Uttar Pradesh, Maharashtra and Tamil Nadu). In addition to interaction with representatives of preidentified FPOs, various other stakeholders, including regional officials of APEDA, government officials, exporters, pack-houses and logistic services providers were also contacted for taking their inputs.

For purpose of interaction and recording inputs, structured questionnaire (for FPOs) and semi-structured interview guides (for other stakeholders) were prepared.

Study team visited different locations (Varanasi and Bhadoi (in Uttar Pradesh), Nagpur, Warud, Pune and Pandharpur (Maharashtra), Chennai, Tiruchirappalli and Theni (Tamil Nadu)) in different part of the country for interaction as well as to assess the ground realities of FPOs engagement in exports. List of representatives of FPOs and other stakeholders, with whom interactions were held during the study period is enclosed in Annexure to this report.

Analysis of data and evaluation of qualitative inputs received from various stakeholders was done and report has been prepared. The report includes analysis of activities, roles, processes, challenges, capabilities, and specific recommendations for actionable interventions for AMD project.

Limitation of the study –

Indian agricultural and allied sector export is vast and diverse. Given the assortment of the products, geography, activities, and type of stakeholders involved, this study had some limitations, which have been discussed as under –

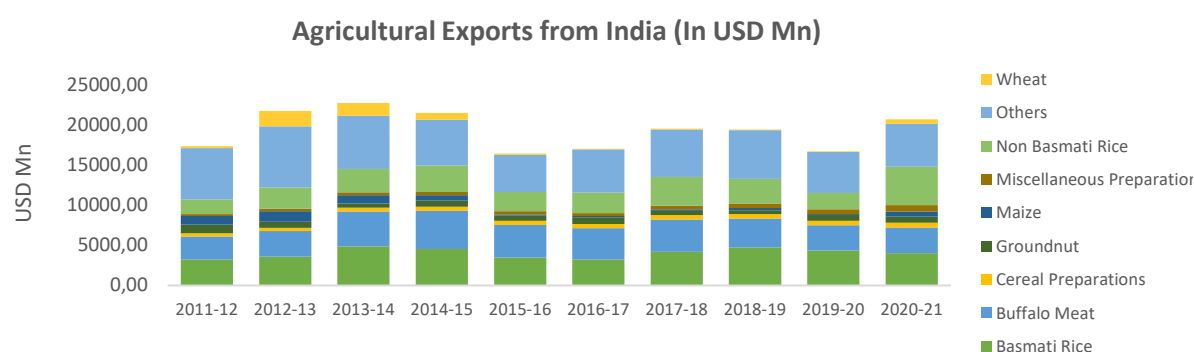
- There are not many FPOs / FPCs having direct experience of export, therefore, the outcome and recommendations are based on the discussion with the limited number of respondents only.
- Given the period of pandemic, primary interactions were held with limited stakeholders, and it was not possible to organise group discussions with mixed audience.
- Export value chain stakeholders and service providers have limited experience of working with the FPOs, therefore, their responses were mainly based on their limited experience of dealing with collective institutions.

3. India's agricultural export

The agriculture sector in India is the primary source of livelihood for about 70%² of India's population. It is the world's largest producer of milk, pulses, and spices, and the second largest producer of rice, wheat, cotton, sugarcane, farmed fish, sheep and goat, vegetables, and tea. Post Green Revolution, the Indian agriculture has undergone transformational changes. Between the early-1970s and the late-nineties, India's annual farm Gross Domestic Product (GDP) expanded from about USD 25 Billion to over USD 100 Billion. During this initial period, the growth was focused on cereals, limited to wheat and rice. However, between 2000 and 2014, the country's agricultural production increased from USD 101 Billion to about USD 367 billion, fuelled mainly by horticulture, dairy, poultry, and inland aquaculture³.

Government of India and its various agencies have been working on promoting agricultural exports from the country. Ministry of Commerce and industries Government of India has introduced agricultural export policy 2018 which aims to double the agricultural export from India by 2022. Export policy has also identified 47 product districts clusters promoting export-oriented production. This policy also targets increasing income of Indian farmers by harnessing export potentials. Fifteen states have also prepared agriculture export plans.

The Agricultural exports accounts for approximately 10.24%⁴ of the country's total exports. The total value of agricultural commodities exported was approximately USD 20.67 Billion for the period 2020-21. The growth in agricultural exports in recent years, has been primarily driven by the government's policy-level interventions as well as the expansion of products into new markets. With this, India is witnessing growth in the export of agricultural commodities like cereals, non-basmati rice, wheat, millets, maize, and other coarse grains.



Source: Agricultural & Processed Food Products Export Development Authority (APEDA)

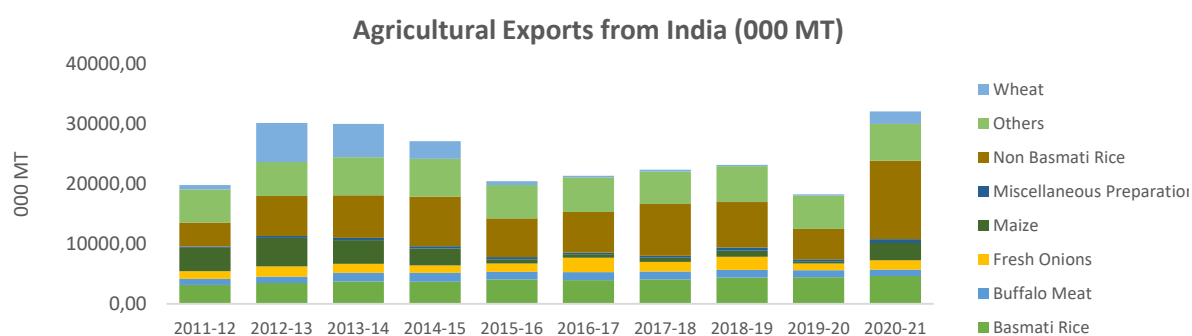
In volume terms, 32.11 Mn MT of agricultural commodities were exported from India for the year 2020-21. This excludes spices and tea etc. India is also one of the major exporters of spices, spices oils, oleoresins to the world. During year 2019-20, India exported 1208 thousand MT of spices worth USD 3110.63 million⁵.

² Food and Agricultural Organisation of the United Nations (FAO)

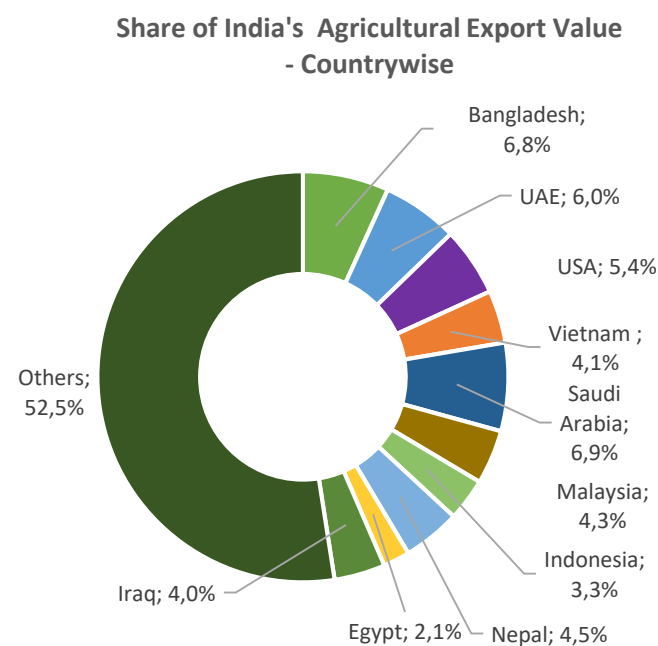
³ Department of Commerce Ministry of Commerce and Industry Government of India

⁴ Agricultural & Processed Food Products Export Development Authority (APEDA)

⁵ Spices Board of India



Source: Agricultural & Processed Food Products Export Development Authority (APEDA)



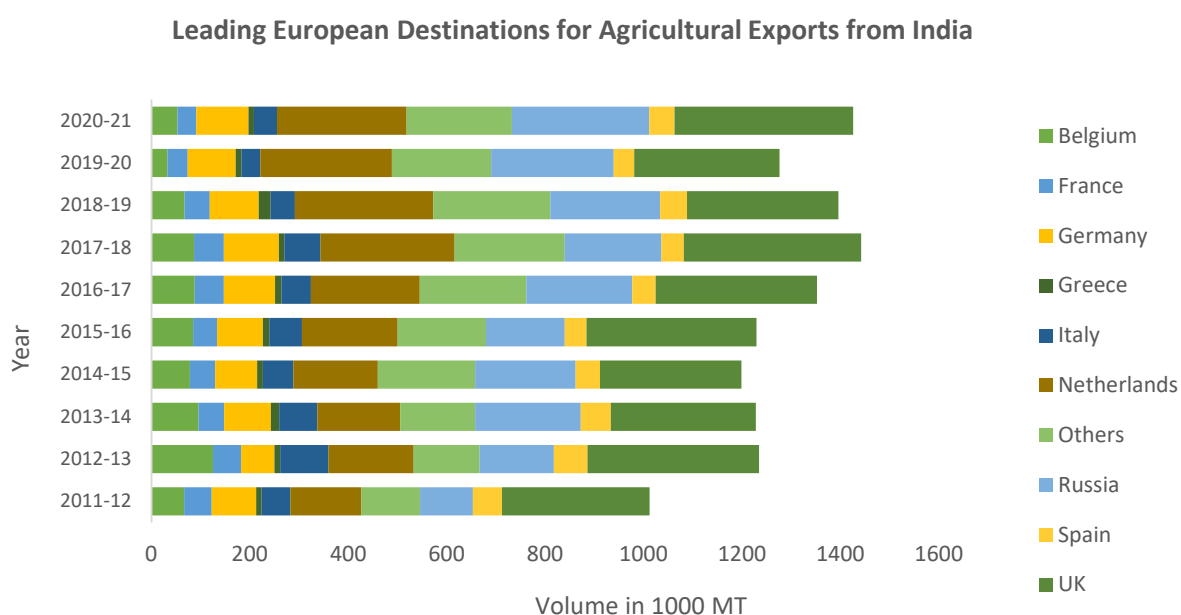
India exports its agricultural and processed food products to over 200 countries globally. The largest markets for India's agricultural products are Bangladesh, UAE, USA, Vietnam, Saudi Arabia, Malaysia, Indonesia, Nepal, Egypt and Iraq. As per industry sources, there was a robust demand for Indian cereals in 2020-21, with shipments sent to several countries for the first time, such as rice to countries like Timor-Leste, Puerto Rico, and Brazil. Similarly, wheat was despatched to countries such as Yemen, Indonesia, and Bhutan, and other cereals have been exported to Sudan, Poland, and Bolivia among others. One of the main reasons for large quantities of exports from India to

Gulf and other South-east Asian countries is lesser restriction compared to the European countries. Additionally, India also has advantages of vicinity to these markets. European countries have stringent quality norms, such as strict norms on acceptable level of pesticide residue and frequently changing quality parameters. Any export to most European countries require detail documentation, traceability, quality testing, food safety regulations etc.

Agricultural Exports to European Countries

Europe is also an attractive market for agricultural exports from India. From rice and buffalo meat to perishables, such as grapes, India has been exporting major agricultural produce to different countries in Europe. In 2020-21, the Indian agricultural exports to the European region were 1.42 Mn MT, with a value of approximately USD 1.68 Billion.

Exports to European markets from India have been growing consistently during last decade. Major markets for Indian exports have been United Kingdom, Netherlands, Germany, Belgium and Spain etc. Important products, exported to European markets are Basmati Rice; Fresh Grapes; Processed Vegetables; Processed fruits, juice & nuts; Cashew kernels, guar gums, cereal preparation, cucumber & gherkins (preserved), fresh vegetables and spices (pepper, mint, fenugreek, Chilli, cumin) etc.



For FPOs, targeting European markets for agricultural export can be a good opportunity, provided they can develop their supply chain (starting from production, aggregation, packaging, transportation, logistics etc.) as per the market requirement. Given that stringent quality norms and traceability are two critical criteria, FPOs need to strengthen their production processes, develop modern infrastructure, and train their manpower to align with the requirement. In following chapter, experiences of FPCs, who have either exported or are planning to export to European markets will be discussed and based on analysis of their learnings, recommendations shall be proposed for developing strategy to make more FPCs export ready to cater to European markets.

4. Findings and Observations

For understanding the functioning of FPOs working domain in export segment, five different FPOs were selected from different parts of the country, representing North, West and South India. Interaction with a FPOs were coordinated with the help of local APEDA officials in different states. As discussed in the approach in addition to interactions with the representatives of FPOs, Discussions were also held with other stakeholders including local APEDA officials, Infrastructure services providers i.e. pack house operators, logistic partners and packing materials suppliers, local government officials from different departments, airport officials handling cargo and other concern stakeholders engaged in export value chain.

Uttar Pradesh -

Uttar Pradesh is a landlocked state and traditionally is not known as major exporter of agricultural commodities. With the efforts of APEDA local office at Varanasi, which has been set-up recently, export activities have been initiated and within a year total export of 10000 MT is done with consignments of fresh vegetables (1250 MT) and rice (approx. 8750 MT) have been exported in last one year (mostly to UAE, Nepal, Bangladesh, Qatar and some sample consignments to UK and Australia).

During field visit to Varanasi interactions were held with the APEDA officials, representatives from Mother Dairy (coordinating with FPOs), in-charge of export pack-house operated by ITC, in-charge of cargo centre at LBSI airport and management of three FPCs and their member farmers. Some of the highlights of these interactions have been mentioned as under –

Interaction with the FPCs -

In Varanasi region, different FPOs have been promoted by various agencies as well as there are self-promoted FPOs. Originally selected two FPOs, namely Ishani Agro Producer Company Limited (IAPCL) and Jaya Seed Producer Company Limited (JSPCL) are promoted by Foundation for Advancement of Agriculture and Rural Development (FAARD Foundation). Both FPOs were registered in year 2015-16. IAPCL has 1000 shareholders with paid up capital of Rs. 15,95,000, and is engaged in business of agri input marketing, mainly seed marketing and trading of Paddy. Company procures paddy from farmers and sell it to the millers. IAPCL has also installed infrastructure such as warehousing (10,000 MT) and seed processing plant. IAPCL had exported three quintals of green peas through an exporter based out of Mumbai. This export was done to UAE. JSPCL has 400 members as a shareholder. Seed processing and marketing is the main business of the JSPCL. Company has invested in setting up its own seed processing plant with assistance from state government under DRISHTI scheme. JSPCL Also has licenses for trading of seed, pesticide, fertiliser and has also got import export code opened. Company facilitated export of three containers of mango and around 4 MT of green peas to UAE. Mango was procured from a single orchard / single farmer only. Export was done by the exporters from the Mumbai. Both the companies have been able to achieve turnover of approximately INR 25 - 30 lakh during last financial year. Brief description of discussion with the representatives of FPCs have been provided in the Annexure - 5.



Interaction with FPO representatives



In addition to above these two FPCs, which were selected for interaction, a third FPC by name of Trisagar Farmer Producer Company was also approached for discussion. Trisagar is self-promoted producer company without any help from any support agency. Trisagar is the main FPC engaged in facilitation of export from the region. As of now Trisagar has been able to organise export of around eight containers of chili to UAE. However, even **Triagar is also not engaged directly in the export**, current export is done through an exporter based out of Mumbai. Trisagar FPC organise all the back-end activities of aggregating the produce, sorting-grading, packing and transportation of produce to JNPT, Mumbai. Custom sealing of container is done at JNPT itself.

Some of the important points highlighted by the representatives of FPCs regarding participation in export of agricultural commodities and specific, export to European markets, are as under –

- Current production practices in the region are mostly traditional and are not aligned to exports led production system. Because of this, most produce from the region does not qualify export criteria, specifically to European markets.
- During recent export activities, FPCs organised empty containers from Mumbai, for which they had to bear extra cost for one side transportation of empty container. This high cost of transportation put them at a disadvantageous position compared to farmers exporting from states such as Maharashtra and Karnataka.
- Availability of required infrastructure for handling product is poor. Back-end infrastructure starting from aggregation of produce at the farm, logistic infrastructure e.g. transportation from field to pack-houses and pack-houses are almost absent in the area.
- For some of the selected local crop / varieties, such as local rice, which needs specialized processing facilities are not available locally and this gap restricts exports.
- Amongst farmers and farmers' producer companies, there is lack of awareness of certification requirement and export documentation for participating in the export trade.
- FPCs lack availability of trained main power who can handle export operations, starting from quality control, packaging, logistic, negotiation and documentation and follow-up.
- Although APEDA has organised many buyer-seller meets in the area, FPCs Have not been able to establish any significant market linkages in major export markets.

- FPC's are not in position to take market risks, associated with export markets including price fluctuation, currency fluctuation and payments related risks. This is one of the main reasons wherein FPC management would prefer to sell their produce at site on a fixed price basis to the exporters, instead of they themselves participating in the export trade.
- Lack of availability of funds with FPCs and poor response from banks and other financial institutions, for providing loan or access to credit is also a limiting factor for the FPCs to target export-oriented activities.

Key observations on FPCs –

- FPC formed in the area in general, do not have much idea on their roles and responsibilities towards members, business prospective, long term vision and clarity on way forward.
- Most of these FPCs are being run by part-time employed team members or management, who are otherwise engaged in other income activities such as full-time job with other companies / enterprise, working at their own farm or running their individual businesses.
- Participation and business patronage amongst FPC members is limited. Generally, the FPC's are being run by individual or a small group of family relatives.
- FPC management lacks training on business planning, financial management, compliance and statutory regulations.
- Due to lack of access to credit and finance, FPC's are unable to scale up their business to the extent, where they can become financially sustainable and compete in the market.
- FPC's have very limited or no access to technical manpower for value addition, processing and accessing export markets.
- In absence of exposure to modern businesses practices and technologies; FPC management in most cases is unable to envision growth prospect for the FPC.
- Government has extended its support to the FPCs by providing subsidies for setting up processing plants such as seed processing and warehousing, now for making these FPCs viable, technical training, hand holding and marketing linkages support, in form of access to market information, intelligence and market access is the key for their growth.

APEDA -

As per officials from APEDA, there were no activities of export before 2019 from Varanasi region. Once APEDA office was started, coordination was initiated with various agencies for facilitating export



activities from the region. These initiatives included introduction of exporters to FPOs in the Varanasi region, opening up of bottlenecks at the airport for export facilitation, including initiating custom clearance facility and quarantine clearance facility at the airport. APEDA has been able to register 15 FPOs with them for exports of agricultural commodities and has organised various training programs in the Varanasi region (More than 15 trainings have been conducted by APEDA for sensitisation and capacity building of FPOs and exporters). APEDA has also organised

seven International and domestic buyer-seller meets have also been organised in physical and virtual

form which has facilitated more than 5000 farmers and FPOs to get first-hand exposure of international markets. The current export destinations for exports from Varanasi and the surrounding areas are UK, UAE, Bangladesh, Vietnam, and Nepal etc.

Some of the important observations of APEDA officials, with regards to promotion of export through FPOs from this region, are as below –

- Most of the FPOs are new in the business and they have limited understanding of agricultural trade in general and export in particular;
- FPOs have very small capital base and have limited access to capital therefore they face major financial crunch to handle large export orders which require huge working capital;
- Most farmers and representatives of FPOs are not aware of export quality requirements for different global markets. Farmers are not following Global GAP certification or any other suitable package of practices for production, which can help them in complying to the export requirements.
- Required infrastructure is not available at the back end for aggregating the products from farm and packing as per the norms of various buyers.
- Varanasi region being landlocked area, transportation from here to any nearest seaport makes

Specific activities of APEDA (Varanasi) for promoting export through FPOs –

- Seven International and domestic buyers-seller meets to provide exposure to more than 5000 farmers associated with the FPOs;
- Over 15 trainings for sensitization of FPOs and local entrepreneurs to get into exports of agricultural products
- 15 FPOs have been registered as exporter with the FPOs and have got license for exporting agricultural commodities
- Registration of 10 more FPOs with APEDA for export is under process.
- Introduced exporters from different parts of country to initiate export oriented trade from the region.
- 50 farmers, growing Mangoes and Fresh Vegetables, have been registered under Hortinet.
- Brought various government agencies on board to clear the export bottleneck, a quarantine clearance facility and a custom clearance facility established at LBSI Airport.

product uncompetitive in the market.

With these above observations, it was highlighted that the region has wide range of products which can be exported to different global markets, however promotion of export will need special focus from the government in terms of building capacity of farmers and FPOs for export competitive production system, infrastructure for handling export and financial support for logistic competitiveness.

Other stakeholders –

During field visit to Varanasi, interactions were also held with other stakeholders facilitating the agricultural exports. Some of the important stakeholders amongst these are charge of perishable cargo centre at Raja Talab, Cargo centre in charge at Lal Bahadur Shastri International (LBSI) Airport Varanasi and officials from mother dairy.

Perishable Cargo centre is being operated by the ITC (e-chaupal), a major private sector player engaged in agribusinesses. The facility has four cold storages chambers of 100 metric ton each, automated grading machine and space for sorting, grading, packing and loading. This facility is available to farmers, Farmer Producer Companies and other enterprises on utilization charges basis. Farmers can avail cold storage and other facilities at PCC on per day basis wherein, they need to pay Rs. 0.10 per kg per day, up to 10 days of storage. From 11th day onwards charges are Rs. 1.00 per kg for one month. In case of entrepreneur, there is charge of ₹ 1 per kg per month. As of now, PCC has been able to handle one container of mango and two containers of chilli for the export. ITC, under its CSR activities, is also working with the farmers for promoting good agricultural practices and adoption

of modern production technologies at farm. Company has organised various demonstrations of tomato (20 acre), chilli (20 acre), cauliflower (20 acre) and carrot (20 acre) in the area, wherein, it has provided quality seed, mulching materials and support of technical team in the field. Company also provides marketing support to farmers for better market access.

As per the representative of ITC, export activities from this region have started just recently. Although the potential for agricultural exports exists in the area, however, it has not been fully exploited due to lack of awareness about export markets and logistics challenges of the area. It is expected that, as the awareness about quality production, better production practices and adoption of modern production technologies will improve in the area, exportable marketable surplus will also increase. These increased volumes of exportable products will help in achieving economies of scale, reducing the costs of product handling, transportation and logistics and will make the region export competitive.



Visit to Perishable Cargo Centre at Centre

At LBSI Airport (Varanasi), in addition to the cargo facility, support infrastructure for plant quarantine and custom clearance has also been established. Currently there is only one international flight going to Sharjah from Varanasi, however, it is expected that after COVID-19 restrictions are over, a greater number of international flights will be added. Other airline operators also provide cargo facility through their transit cargo facilities at major airports. Agricultural products are being exported as belly cargo in the flights, instead of Unit Load Devices (ULDs). For facilitating export of fresh produce, such as fruits and vegetables, a facility of transit cold storage of a 5 MT capacity has also been established at the cargo. Airport Authority of India charges ₹3.26 plus GST per Kg of cargo handling, this includes terminal storage charge, processing, and X-ray charges. generally, C&F agents handle documentation part at airport cargo on behalf of the exporters.

As per the officials at airport, creating additional infrastructure at the airport is not a major issue however utilization is a big challenge. Current export volumes are very low because of lack of general awareness about agricultural exports amongst entrepreneurs, farmers and farmer producer companies in the area.

Mother Dairy, which is one of the major players in trade of fresh fruits and vegetables in Varanasi also works with Farmer Producer Organizations. Company is also engaged in exports of processed vegetables such as peas, cauliflower, cabbage etc. from its processing facility at Ranchi. While discussing with the local representative of Mother Dairy, it was highlighted that currently they are fulfilling their local requirement by bringing material from other parts of the country and from mandi. Highlighting the local challenges, Mother Dairy representative mentioned, the farmers in the region are not following modern production practices, are also not using quality inputs and the production system is not aligned with the market demand. Most of the farmer producer companies working in the area have limited resources to develop deep engagement with their member farmers for improving production practices and increase productivity. Small and marginal holdings is another



Visit to LBS International Cargo Centre, Varanasi

major challenge for the Farmers Producer Companies to raise required equity or convince their member farmers to invest at farm. He also highlighted that most companies have very weak management system and governance. Therefore, they lack leadership and vision for the growth.

Maharashtra –

Maharashtra is one of the leading states in country in terms of progress of agriculture, in general and agricultural export, in particular. Many products from Maharashtra have been established in export markets Gulf and Europe. State, a leading exporter of grapes to Europe Bangladesh and Gulf, is also major exporter of pomegranate, onion and numerous other agricultural commodities. In addition to advantage of agro-climatic conditions of the state, which is suitable for production of wide variety of agricultural crops, Maharashtra also has locational advantage by having direct access to sea-port, which gives it a competitive advantage over various other states. Maharashtra has also remained at forefront when it comes to experimenting various institutional frameworks for farmers collectives. State has some of the largest and successful sugar cooperatives running in the country. In case of formation of FPOs / FPCs, Maharashtra is again a leading state in the country. In addition to the FPCs being promoted under various central sector schemes, state government, through its various departments, agencies and projects, has created schemes, not only for promotion of FPCs but for strengthening the FPCs, by providing them technical training, providing financial support and by creating an eco-system for collective based enterprises.

In case of engagement of FPCs in export, Maharashtra is again leading the path from front. Sahyadri Farmers Producer Co. Ltd (SFPCL), which is one of the leading exporters of grapes to the Europe from India is from Maharashtra. Although Sahyadri is an exceptional case, there are other smaller FPC's state, which are engaged in export activities and doing it successfully.

Farmers Producer Organisations (FPOs) –

For this assignment two farmers producer companies selected namely, Shramjivi Nagpur Orange growers Company Limited (Warud, Amaravati) and Farmer's Delight Agro Producer Company Limited, Pandharpur (Pune). In addition to these two farmer producer companies, a third company by name of Yeoti Agro Producer Company Limited was also contacted for taking its input for the assignment.

Shramjivi Nagpur Orange growers Company Limited (SNOGCL) was registered in year 2015 by TCS under Convergence for Agriculture Interventions in Maharashtra (CAIM) Project. Company has 470 equity shareholders spread across 60 - 65 villages in Amravati district. Main business activity of the company is trading of oranges. Company is also engaged in input marketing which is a very small business for the company. It deals in neem-powder, Trichoderma and other growth promoting inputs for the agriculture. FPC has set-up its own pack-house with all modern machinery for washing, sorting, and grading of oranges. FPC has invested Rs. 1.6 Cr. (approx. USD 225 thousand) for setting up the sorting and grading plant. Out of this FPC has received subsidy of ₹ 93.00 lakh (approx. USD 130 thousand) from the state government. Directors of FPC have given a lone of ₹30 lakh to the FPC.

During last four years, SNOGCL has increased its turnover from ₹ 34.33 lakh (approx. USD 47.00 thousand) in year 2017-18 to ₹ 4.17 Crore (approx. USD 580.00 thousand) in year 2020-21. Company has got two types of business model, 1) it facilitates buyers in purchasing oranges (as orchard) from its member farmers and charges for its services of harvesting, sorting, grading and packaging and 2) it has its own brand of Orange (Snoco Orange), which it sells in different wholesale markets. Company has supplied oranges to almost all big organised retailers and new-age agri start-ups such as Big Basket, More Retails, HOPCOM, GoFresh, StarBazar, Citrus India, Taj Fruits and MKC Agrofresh etc. Company has exported only one container of citrus to Bangladesh and that too is through Taj Fruits Co., not directly as an exporter. One of the main reasons for the success of SNOGCL, is experienced leadership and efficient FPC management. Company has got a full time CEO, who has been working with the FPC since last six years and has overall 35 years of experience in the same sector.

Farmer's Delight Agro Producer Company Limited, Pandharpur (Pune) was another FPC, which was contacted for the assignment. However, after meeting the representatives of the FPC, it emerged that the FPC has not yet started any business activity. The registration process has been completed and the FPC has got a layout prepared for setting-up of a pack-house for handling fruits such as pomegranates and grapes for domestic as well as export markets.



Visit to Shramjivi Nagpur Orange growers Producer Company Limited (Warud), Nagpur

In addition to the above two FPCs, interaction was also held with another FPC, by name of Yeoti Agro Producer Company Limited (YAPCL), which has got some experience of export. YAPCL has 870 members and paid-up capital of ₹ 8.70 lakhs. Before COVID-19 lockdown and movement restrictions, YAPCL has been working with various organisations such as Shayadri Farmer Producer Company Limited, INI Farms and NextOn etc. FPC also has a banana pack-house along with two ripening chambers. YAPCL has been working in crops such as banana, pomegranate and corn. For corn, YAPCL had also organised contract farming on behalf of NextOn, wherein it had facilitated corn cultivation

on 600 acre in its catchment area. However, most farmers did not remain loyal to the FPC and large quantity of corn was sold in open market out of the contract agreement. Similarly, FPC also had a bad experience of organising pomegranate supply to another large company for export, wherein, uncertainty of prices and irregularities in orders affected its relation with the farmers. FPC management is again in the revival mode after COVID-19 impact.

Based on these discussions with FPCs in Maharashtra, some of the key observations, which are emerging out, are as under –

- Overall, there are wide variation in the characteristics and business capabilities of FPCs in Maharashtra.
- FPCs, having mature leadership and clear vision, are doing good business and are also trying to participate in the export markets.
- In Maharashtra, state government, under various schemes and program, is helping FPCs in setting up infrastructure such as pack-houses. This infrastructure is helping FPC's in developing engaging linkages with its member farmers, as well as, has helped in creating business proposition for forward market linkages.
- Based on discussions with different FPCs' management and understanding of their priorities, it has emerged very clearly that FPC's are more interested in taking up activities, which have lesser financial risks.
- Lack of exposure of export markets, such as quality requirement, negotiations, market intelligence and market linkages are also limiting factor for FPCs to participate in the export activities.
- For expanding the business, availability of working capital is the serious and major concern for the FPCs.



Interaction with FPC representatives at Pandharpur (Pune)

Visit to Orange Export Facility Centre (Warud) –

Maharashtra State Agriculture Marketing Board (MSAMB) is promoting exports of selected fresh produce by setting-up Export Facilitation Center for these products at identified clusters. One such export facilitation centre has been established at Warud for facilitation of export of orange. The facility has mechanical sorting & grading line, covered area for packaging, cold storages and dispatch dock etc. From perspective of quality of infrastructure, this is one of the best facilities available in the cluster. However, utilization of this facility is almost negligible because of various technical as well as administrative reasons. While discussing with the local traders in the Warud market, it was highlighted that, if the Board would have conceptualised this facility in consultation with local traders and in partnership with exporters, there would have been a different scenario of use of this facility. It was observed that any kind of public-private partnership model for operation of such post-harvest infrastructure, if possible, only if these infrastructures are designed and installed as per market trends.



Orange Export Facilitation Centre (MSAMB), Warud (Nagpur)

Maharashtra State Agricultural Marketing Board (MSAMB) –

Maharashtra State Agricultural Marketing Board is headquartered at Pune. Board is the nodal agency for developing agricultural markets and administrating Agricultural Produce Marketing Committees (APMCs) at the state level. MSAMB is also the nodal agency for implementation of agriculture export policy in the state of Maharashtra. Under this policy various initiatives have been undertaken, such as creation of export-oriented infrastructure, establishment of forward and backward value chain linkages for export, capacity building of growers to comply with international quality standard by implementation of good agricultural practices (GAP). Board also facilitates export by providing market information and intelligence to farmers and is working in close coordination with APEDA and NPPO for protocol finalization. For promoting export board also organise training courses, take up trail consignments and participate in various international exhibitions.

MSAMB has also taken initiatives under the World Bank funded State of Maharashtra Agribusiness and Rural Transformation (SMART) project and Asian Development Bank assistant Maharashtra Agri. Network (MagNET) project for agricultural value chain development. Under both of these projects, special emphasis has been given to bring at FPCs on board, to make them active partner in developing marketing and post-harvest infrastructure in the state as well as for making these FPCs to take lead role in developing domestic and export market linkages.

As per MSAMB officials, intensive handholding of FPC is required for developing competitive market linkages. This need adoption of market practices by FPCs in a manner in which the markets function. Traceability of produce is one area, where FPCs can play an important role. Already, APEDA has promoted HortiNET, in manner GrapeNET was promoted. This is facilitating traceability and has made the work easy for any institution, who would like to participate in the export. MSAMB is promoting HortiNET amongst the farmers and FPCs. Through HortiNET, buyers are also given access of detail of a product, and they can also know the source of product. Another major issue is use of spurious / non-labelled pesticides in the horticultural crops. FPCs can be conduit in creating awareness about use of label-claimed pesticides, which can effectively control pesticide residue level in the product and will lead to reduced risk of product rejection at importing port (specifically for Europe) for MRL related issues. FPCs shall be facilitated for direct interaction and collaboration with the potential buyers, in this manner, FPC officials can get direct exposure of market and can learn from real time trade negotiation.

In many of the export markets, specifically in Europe, buyers have specific choice and preference for specific varieties. FPCs shall be made aware of these varieties and thereafter the FPC shall work with the farmers in promoting these varieties for production by the member farmers.

Various infrastructure created by the MSAMB and initiatives taken for export facilitation have also been described in Annexure.

Interaction with Private entrepreneur and Exporters –

In addition to representatives of FPCs and government officials, interactions were also held with enterprises, including start-ups (working with the farmers and FPCs) and exporter. One start-up based out of Nagpur, engaged in production planning, farm-advisory, contract farming and marketing of fresh produce, shared that it is very challenging to work at backend with the farmers and FPCs due to variety of uncertainties (lack of commitment, no loyalty for working together during production period, poor quality assurance, price commitment), . Another start-up, working with multiple FPCs in Nashik district for onion procurement, highlighted that the FPCs have not become mature enough, wherein an enterprise can trust them 4 continuous supply and a dependable partnership. Therefore, as of now they have been procuring from FPCs as one of the many suppliers. Representatives of start-up highlighted that as the FPCs have got subsidy from the government and they can create collection centre / aggregation centre, these infrastructures are one of the key attractions for the private sector to partner with the FPCs. According to him FPC's are yet to achieve scale wherein they can optimise their operational costs and become effective aggregators of output, compared to other aggregators in the market. Similar opinion was also shared by one of leading exporter of pomegranate from India. Exporter, who has been exporting pomegranates since last 15 years, has now shifted his procurement base for pomegranate from Maharashtra to Gujarat. According to him, if FPCs would like to get into exports, they shall understand the market dynamics with a broad perspective and shall be knowing what is happening in other production clusters of same crops. According to him, FPC representative need exposure of market to understand the competition.

Tamil Nadu –

Tamil Nadu is known as one of India's major export-hub for all types of products starting from agricultural commodities to automobile and other consumer goods product. State is ranked at 3rd position in Niti Aayog's export preparedness index 2020. The Tamil Nadu State Agricultural Marketing Board (TNSAMB) has been designated as the nodal agency for Agro-Export promotion in the State. Twenty-three commodity clusters from agriculture, horticulture, animal husbandry, and fisheries sector along with potential districts have been identified for promotion of Agri exports in the State.

In its Export Promotion Strategy 2021, state has identified Food Processing as one of the champion sectors for the export. Special focus has been given on promoting exports of marine products to developed markets including Europe. It has been highlighted in the report that the European nations viz. the UK, Germany, Italy, France, Spain, and the Netherlands account for 30% of the global imports in the prepared marine food products segment. Prepared products of tuna, shrimp, salmon, cuttlefish, squids, etc. are some of the topmost exported items globally. Another important identified product category for the export under food sector is breakfast cereal.

Tamil Nadu also has strategic locational advantage wherein; it has got access to some of the finest ports and export infrastructure. Chennai, Kattupalli, Kamarajar and VOCPT are the main ports in Tamil Nadu, all of which cater to various sectors. Six Inland Container Depots (ICDs) in Coimbatore, Madurai, Chennai (2), Tirupur, and Thoothukudi; four Agri export zones in Dharmapuri, Krishnagiri, Nilgiris, Theni, and Cuddalore districts are important export facilitating infrastructure.

Farmers' Producer Organisations (FPOs)-

In Tamil Nadu, there are more than 350 FPOs have been registered by various promoting agencies including SFAC Delhi, Tamil Nadu Small Farmers Agri-business Consortium (TNSFAC), Coconut Board

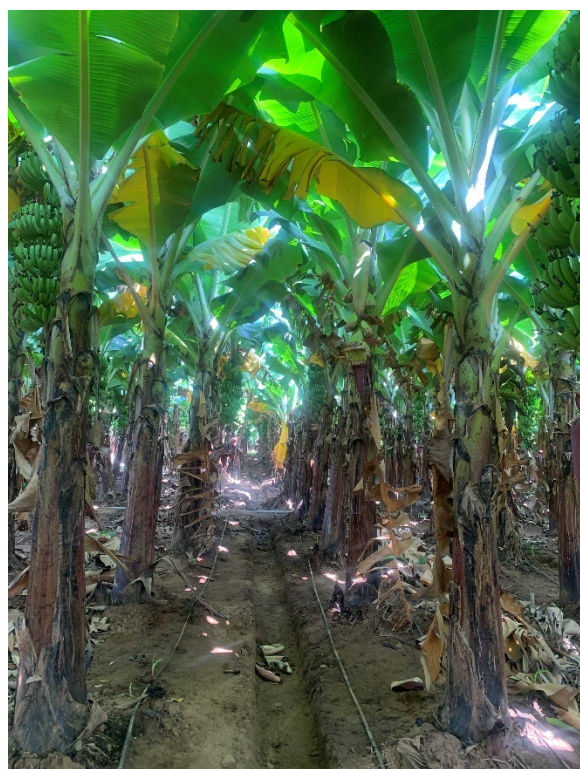
etc. These FPOs have anchor products such as pulses & millets, maize, paddy, groundnut, tamarind, coconut, banana, milk, honey, jackfruits, vegetables, tea etc.

Western Ghats Banana Producer Group (Cumbum) is part of Tamil Nadu Banana Producer Company Limited. Group and the FPC have been engaged in marketing of banana both in domestic as well as for export markets. For exports, FPC has done multiple arrangements with various exporters in the past, including Desai Fruits, which is one of the major exporters. Through these arrangements, banana has been exported mainly to gulf countries only. Tamil Nadu state agricultural marketing board has provided state of art banana pack-house to the FPC for facilitating banana export. However, in recent years there is very small quantities of export due to unviable prices offers from the buyers. During discussion with the FPC representatives, it was highlighted that during last few years there have been issues relating to prices in the export markets. Companies, like Desai Fruits, had done tie-ups with the FPC for procuring banana for exports, but these arrangements could not last long. One of the main reasons for discontinuation of this tie-up was also because farmers did not supply Banana on pre-fixed price, as prices in domestic market had gone up.

Secondly, farmers in the area have started opting for production of local varieties (such as Yelki, Nalipovam, Red Banana) compared to Grand Nain variety, which is preferable in the export.

For promotion of exports through FPCs, the management highlighted that long term planning is must for preparing crop for export. Production practices at farm need to be started at least six months before harvesting for preparing export quality banana. This also requires extra input and manpower which adds to the production cost. Therefore, banana export is only viable, if the purchase prices from farmers, for exports are at least Rs. 1 – 2/- higher than the domestic prices.

For targeting European markets, FPC representatives also demanded that market development activities shall be initiated for promoting and establishing local varieties. Some small experimentation had been done in past for market-testing of Red Banana in Austria. Similar experimentations are required at large scale for promoting exports of local varieties.



Interaction with Tamilnadu Banana Producer Company Limited and field visit

APEDA (Chennai) –

During discussion with APEDA officials, Banana is one of the key agricultural products for export from Tamil Nadu. Currently, Grand Nain (G-9) is the most common variety in export. Under the Agri Export Policy three major clusters have been identified, namely Thenni, Trichi and Polachi (near Coimbatore). In Thenni cluster, good area has been covered under the G-9 variety, but in other clusters, local varieties are grown predominantly. From export perspectives, local varieties have two major concerns, One, there is limited market acceptance for local varieties in Europe and other export markets and Two) the shelf life of local varieties are shorter and it becomes difficult to export these varieties.

As per APEDA officials, training and adoption of Good Agricultural Practices (GAP) is one of the important areas for intervention to ensure quality of production, which can be accepted in the markets. For promotion of GAP at ground level, there is need for active cooperation from the Department of Agriculture at the district level and by the field officials. Field officials of the Department also need awareness about the export requirements, their role in facilitating the export as well as for smooth documentation at the field level. APEDA has facilitated development of a modal banana farm of 100 acre in Thenni cluster for promotion of GAP certification and production.

Need has been highlighted for developing demand in European markets for local varieties. Given that area under G-9 varieties is decreasing due to various reasons, including spread and vulnerability of G-9 variety for TR-4 disease, which has become a global concern amongst banana producers. APEDA is planning a proposal for conducting a trial consignment of Nandrin variety of banana to Austria. For this particular consignment, buyer has already been identified who has given his consent for trying a new variety in Austrian market.



Visit to APEDA office, Chennai



Visit to TABIF, Tiruchirappalli

Tiruchirappalli Agribusiness Incubation Forum (TABIF)–

In Tamil Nadu, Tamil Nadu Agricultural University (TNAU) has promoted Agribusiness Incubation Forum at Madurai and at Tiruchirappalli. These incubation forums are working with agri-startups, entrepreneurs as well as with the FPOs in the state. Visit was made at TABIF to meet CEO and to understand its role in promoting FPOs for export was explored. TABIF has been helping FPOs in developing marketing strategy, branding and provides support for developing value added and processed product, if any FPO would like to explore these areas.

TABIF has been organising regular training programmes and interaction events between FPOs and start-ups in the area. These events also include meetings with officials of various departments including APEDA.

Conclusion:

From interaction with FPCs in different parts of the country, agencies engaged in promotion of exports as well as supporting promotion and development of FPOs and other stakeholders in the export value chains, some key observations have emerged. There are few general observations and others, highlighting driver for FPOs to get into export and Barriers.

- Different FPCs have different organisational, financial, marketing and business capabilities. For example, amongst all the FPCs visited, Sharmjivi Orange (Warud) has relatively better organisational structure (permanent staff) and access to finance (Credit from bank) and Trisagar has good marketing and business capabilities (professional approach and qualified BoD).
- Capabilities of FPCs are directly correlated with few factors, important amongst these factors are involvement of member farmers in FPCs business activities, FPCs' governance structure, leadership team, exposure of FPC's leaders (BoDs and CEOs).
- There is wide scope for increasing member farmers engagement in the FPC' business activities. While interaction with all the FPCs, it has emerged very clearly that the patronage level amongst all the FPCs is very less. This is one of the most important factors, due to which the FPCs are unable to achieve desired economies of scale as well are incapable to bring operational efficiencies and needed business margins.
- Most FPCs are interested in doing risk-free business. In case of exports also, FPCs which are engaged in export value chain are more interested in selling the produce at a fix price at their pack-house / aggregation centre to the buyers / exporters, which reduces the logistics and market risks.
- Most FPCs, either do not have or have only limited exposure and understanding of market functioning (be it domestic or of export markets). They are not very well trained in negotiation, accurately calculating marketing costs (limited knowledge of costs involved in marketing, such as time cost, capital cost, arbitrage, discounts etc.) and considering factors in determining pricing.
- Lack of confidence amongst FPC management / leadership brings hesitation in exploring new markets and business avenues.
- In addition to lack of availability of disposable funds and capital for business activities, complex governance structure, lack of experience of FPC promoting agencies in dealing with financial institutions restricts the FPCs in availing finance through market mechanisms.
- Most FPCs management are not aware of quality parameters, preferences for crop varieties, documentation processes and other prerequisites for participating in the export markets.
- While visiting the FPCs, one common thing which emerged is that no FPC, except Sharmjivi Orange (Warud) are able to afford any permanent manpower on their parole. In absences of dedicated manpower for handling operation, marketing and business development etc., it cannot be imagined that FPCs will be able to develop or serve the market demand, be it for domestic or export markets.

Drivers for getting into export:

Following are the key drivers for FPCs to explore opportunities in export markets -

- For maximum number of FPCs, major driver for getting into export is for realisation of better prices for their produce.
- There has been special drive from APEDA to sensitize FPCs to get into exports and due to this sensitization also, some of the FPCs have started exploring avenues in export.
- Availability and access to quality infrastructure for facilitating export is also one key facilitator for FPOs to enter into export business.

Barriers for FPOs to get into exports:

Although, some of the FPOs are trying to export agricultural commodities and explore better marketing options for their member farmers, however, at this stage, FPOs are facing multiple challenges.

- One of the major challenge and barriers to export is limited knowledge of export markets, quality parameters and export processes amongst the FPOs' management and employees.
- As the FPOs have limited financial strength, they have limited ability to take marketing risk and therefore are generally afraid of getting into uncertain markets.
- Most FPCs do not have access and availability to quality infrastructure for taking-up exports. For targeting exports, specifically to European markets, it requires APEDA certified pack-house facility. However, people involved in FPC management are not aware of these requirements.

With this background, the recommendations proposed in this study will try to address some of these issues highlighted here as well as issues and challenges emerging out of analysis of export value chains from FPCs perspective.

5. Challenges and key learnings

Department of Commerce, Ministry of Commerce and Industry, Government of India has come up with an agriculture export policy. The Policy has been framed with a focus on agriculture export-oriented production, export promotion, better price realization to farmer and synchronization within policies and programmes of Government of India. Under the new agriculture export policy, there are two categories of recommendations, namely strategic and operational have been proposed. Under the strategic recommendations, thrust has been given on Stable trade policy regime, reform in APMC Act and streamlining of regulated markets. Other strategic recommendation includes robust infrastructure and logistics; holistic approach to export, greater involvement of state governments in export promotion etc. Under the operational recommendations, thrust has been given on cluster approach; promotion of export of value-added products, including value addition in indigenous commodities, organic, research & development activities and skill development; marketing and promotion of “Brand India”; attraction of private sector investment in export infrastructure; focus on quality regime and various other recommendations.

Now, if FPOs are analysed from perspective of recommendations made under the agriculture export policy, there seems a certain extent of alignment for promotion of agricultural exports through the FPOs as enterprises. However, based on the current study and interactions with various stakeholders across export value chains, it has also emerged, that the FPOs may need support beyond the recommendations of agricultural export policy or at least some of the recommendations may need customisation for the FPOs. Additionally, there are areas, where interventions from other agencies can contribute in making FPOs export ready. Table below, is an attempt to capture the involvement of FPOs in export value chains and challenges being faced by these FPOs in active participation in export markets. Some of the areas highlighted in the table are directly linked to the exports and others are indirectly impacting the export capabilities of the FPOs.

S. No.	Activity / Stage	Current Status	Challenge	Recommendation area
1	FPO management and governance	Although, the FPOs have BoD in place, however most FPOs do not have any permanent staff and technical manpower to run the FPOs' business on full-time basis (except for Shramjivi Nagpur Orange growers Producer Company Ltd.).	In absence of paid permanent staff, most FPOs are unable to conduct their business in full time manner. It restricts in conducting regular meetings (of BoD and members) and fulfilling regulatory and compliance related requirements. This impacts business planning and execution activities of the FPCs.	In current government scheme of promoting new FPOs, provision has been made for salary of CEO and accounts manager. Similar support mechanism is needed for existing FPOs to bring them at a level of financial sustainability.
2	Production planning	No FPO was found engaged with its member farmers in production planning related activities, such as selection of crops, fixing of crop cycles, selection of crop varieties, working on scheduling the crop as per market inputs etc.	FPOs do not have inhouse technical expertise to guide member farmers on crop planning and selection. Further, selection of crops and production plan for exports, need specialized knowledge as per the market requirement, which, in general is not available even with local institutions such as KVKs etc.	FPOs need to be introduced and collaborated with institutions (such as KVKs, ARS) and private sector companies (providing online crop planning and extension services). These collaborations, initially, can be project based and thereafter can be on service charges based.
3.	Production advisory	Production advisory, from export perspective need advice on GAP practices, which are some codes, standards, regulation followed in Farm Practices. In general, FPOs do not have capability and trained manpower to support farmers on adapting to improved production practices as well As for the GAP. FPOs, those who are striving to participate in export markets expressed their limitations in this regard and others were just not aware of the requirement of GAP and its processes.	<ul style="list-style-type: none"> – Lack of awareness and knowledge about GAP is a big challenge at the field level. – Secondly, not many agencies and institutions are present in field, who can support FPOs in adoption and training on the GAP practices. – Thirdly, as it was highlighted by the other stakeholders, adoption of GAP and certification involves cost, which is relatively higher for small and marginal farmers to afford. 	New age start-ups in area of digital farm advisory, need to be brought on board for partnering with the FPCs. These types of partnerships can also help FPCs in bringing individual members' farms on traceability platforms (e.g. HortiNet, Peanut.net, TraceNet, Basmati.net etc.)

S. No.	Activity / Stage	Current Status	Challenge	Recommendation area
3.	Input supply	<p>Out of five selected FPOs, three are engaged in agri-input supplies, such as seed, biofertilizer and growth promoters to their member farmers.</p> <p>However, the input supply business of these FPOs is very small. In most cases, these are trading of unbranded, locally packed input (e.g. OP variety seeds, growth promoters etc.) which are not famous brands and are manufactured by local suppliers.</p> <p>For targeting exports, quality input for crop production is a prerequisite.</p>	<ul style="list-style-type: none"> – FPOs need to get dealership / distributors license from major input companies (seed, pesticides, fertilizers). In major markets, there is competition for getting dealer / distributor license for good brands and quality product manufacturing companies; – Input business, with a complete product basket needs good amount of working capital, for advance booking of the products for season and long credit period at farmers' end. However, most FPOs have highlighted issue of finance and availability of working capital. – Due to poor financial management, FPOs are unable to compete with the Private input retailers / dealers, who give huge discounts and longer credit periods to the farmers. 	<ul style="list-style-type: none"> – Technical training on knowledge of agri-inputs (validity, quality parameters, basic knowledge of molecules), permitted and banned chemicals for exports, scientific manner of input usage etc. to add to advisory to the farmers and enabling in taking informed purchase decision. – Training and capacity building on running the input businesses (credit management, negotiations, availing discounts).
4.	Output Aggregation	<p>This is one area, where all the FPOs have been performing relatively in better manner. Most private sector enterprises, traders and exporters also would like to work with the FPOs for getting product collected and for FPOs' reach to the farmers for aggregation.</p> <p>Procurement through FPOs provide a big advantage to buyers / exporter, as local</p>	<ul style="list-style-type: none"> – Lack of understanding of quality of product leads to high level of rejections by the buyers / exporters. – FPO procures all grades / quality (mixed lot) of products from farmers, however, exporters want only the selected quality (A grade) of product. FPO, therefore, need to 	<ul style="list-style-type: none"> – Technical training on quality parameters of the products. – SoPs for operating Pack-houses and other marketing infrastructure. – Mechanism for verification of buyers to build trust and to avoid payment defaults.

S. No.	Activity / Stage	Current Status	Challenge	Recommendation area
		<p>presence of FPOs and their credibility amongst farmers, can help in getting a certain credit period.</p> <p>Secondly, procurement through FPO also provide risks cover for issues relating to handling farmers (e.g. payment disputes, quality disputes etc.)</p>	<p>look for alternate local market for selling of left out product. Many times, if the ratio of quality (A:B:C grade) is not as per the assessment of FPO's procurement team (higher ratio of B & C grade), it causes losses for the FPO.</p> <ul style="list-style-type: none"> – Other stakeholders in the trade have also highlighted the payment risk for the FPO from the buyers. 	
5.	Primary value addition	<p>Out of seven FPCs, with whom interactions were held, five FPCs have been doing primary value addition to the products before supplying it to the exporters. Basically, these FPCs are doing sorting, grading and packaging of the products as per the requirement of exporters. However out of these 5 FPCs only one FPC has it's own Pack House. All others have either been working from rented facilities or conducting these activities at field from make-shift arrangements.</p> <p>In most cases, the sorting, grading and packing activities have been done under the supervision of the buyers / representative of buyers. FPCs do not have required manpower in the field to supervise these activities and ensure the quality of the product as per the</p>	<ul style="list-style-type: none"> – FPC's do not have sufficient capital to invest in infrastructure such as collection centers, aggregation centers pack-houses for primary value addition. – FPCs, having limited exposure and inadequate idea of design parameters for export oriented infrastructure. – Operation of facilities such as collection centre, pack-houses and other infrastructure need technical teams, having idea of product quality parameter, product handling and storage protocol, documentation process etc., which is not readily available with the FPCs. 	<ul style="list-style-type: none"> – Financial support for creating quality infrastructure. – Technical Support for creating Facilities, such as pack-houses as per the technical designs recommended for handling exports and shall be accredited by the APEDA. In case of targeting exports to Europe, these facilities sometimes need accreditation or certification from designated agency from the importing countries.

S. No.	Activity / Stage	Current Status	Challenge	Recommendation area
		requirement (except for Sharmjivi Orange FPC).		
6.	Transportation and logistics	Transportation and logistics are big challenges for the FPCs in the landlocked area such as Uttar Pradesh. Currently FPCs in Uttar Pradesh are paying much higher transportation charges as they need to bring empty containers from distant locations. Other FPCs also highlighted challenges of transport of products from farms to the pack-houses. Unsuitability of available vehicle for transportation of perishable products causes quality damage.	<ul style="list-style-type: none"> – High cost of transportation from pack house to the nearest port is making the product price uncompetitive in the market. – Sometime uncertainty of availability of vehicle create problem for the FPC in meeting committed deadlines. 	<ul style="list-style-type: none"> – Financial support for creating logistic infrastructure, until certain minimum level of volumes are achieved.
7.	Marketing and exports	Marketing of member farmers produce, in a collective manner, is the one key area, on which, the FPC's have been conceptualised and established. Theoretically, FPC management including BoDs and CEOs shall take proactive actions for product marketing. However, in most cases marketing activities by FPCs are result of push from the external agencies, instead of drive from within. For exports, in Uttar Pradesh, it was the efforts of APEDA, which led to tie-up of FPCs with the exporters for aggregating and supplying the products. In Maharashtra, again it was only a single demand from a buyer for export.	<ul style="list-style-type: none"> – Lack of data and business management skills of the FPC management (e.g. assessing availability of product, seasonality, market networking and market trends and practices); – Absence of market information and intelligence for taking market decision. – Absence of dedicated staff for market network development and marketing operation. – Lack of exposure to export market, process of export, documentation requirement. – Inability to take market risks (rejections / quality risk, price 	<ul style="list-style-type: none"> – Need is to create an institutional support mechanism for export business facilitation. (to support market information, intelligence, marketing support, verification, market linkages etc.)

S. No.	Activity / Stage	Current Status	Challenge	Recommendation area
		It was observed that there has been limited efforts from FPCs to work on the marketing and export actively and strategically. The current approach is not a sustainable approach in long-term.	fluctuations, payment recovery etc.)	
8.	Financing value chain activities	<p>All the FPCs have highlighted availability of fund and access to credit a big concern in their growth and business development.</p> <p>Out of five FPCs which were selected for interaction, four have got funds under different government schemes for capital expenditure (setting-up infrastructure for seed-processing, pack-house, warehousing or any other infrastructure). However, all the FPCs have limited or no access of credit from financial institutions for working capital requirement.</p> <p>It was highlighted that any loan from financial institution need collateral guarantees from Directors (as FPCs do not have any mortgageable fixed assets of their own). Given that bank officials are not much aware of credit guarantee scheme of Government of India, many times they are not processing the loan.</p>	<ul style="list-style-type: none"> – Lack of access to credit for working capital requirement. – Poor financial management at FPC level is restricting development of positive credit history. – Very high interest rate of credit from NBFCs is making it very costly for business purpose. 	<ul style="list-style-type: none"> – Handholding support, through a technical agency in preparing strong business plans, project reports / bankable projects, accessing bank finance and other possible partnerships for availing capital at affordable rate.

In above analysis of status and challenges of FPCs, some of the issues look more generic in nature (of governance, management, capital, technical know-how etc.), however, all these challenges have direct impact on ability of an FPC to participate in export.

Charting a new course – a case of exporting Mango to United Kingdom by GujPro –

Gujpro Agribusiness Consortium Producer Company Ltd. (GUJPRO) is a federation of FPOs formed to advance the business and policy interests of FPOs in Gujarat. GUJPRO in the role of a state level producer Company use market-based strategies to enhance the livelihoods of small and marginal farmers, use their collective strength to negotiate with market players like manufacturers, suppliers of goods and services, technology providers, traders, processors, financial institutions, service providers, etc. The idea is to enhance the income and knowledge of the farmers, thus making agriculture a viable and profitable profession. The company was registered on 31st October 2014, under the Companies Act 2013. Currently, the company (as federation of FPOs) has 30 FPOs as its shareholder members and >20 FPOs as associates with whom Gujpro is directly engaged with. The partners of GUJPRO are in different regions of Gujarat which includes Saurashtra region, Kutch, North Gujarat, Central Gujarat, South Gujarat and Tribal areas of the state. Diversified set of crops are grown in these regions and the partners are involved in varied types of business activities.

GUJPRO is engaged in various businesses, such as aggregation and processing of groundnut, trading of grains & pulses, seed business and marketing of horticulture crops. During the year 2020, Gujpro supplied processed peanuts to more than 10 different firms. Company also use online trade portals and NEML spot exchange for marketing and sale of groundnut and processed products. In horticulture, Gujpro is into marketing of only two horticulture commodities at present i.e. tender coconut and mangoes. While the company has been marketing mangoes directly to customers since last four years, it as also tried to explore exporting of mangoes to European markets.

Initiation of export:

Gujpro has always believed that working on value chains to enhance the value of produce through pre and post-harvest interventions will enhance the value of the farmers produce and he/she will get better price for the same. Since, company had its presence in Saurashtra region, mango from Gir region has been identified as a potential product to market in domestic and export markets. Therefore, when the company got the opportunity to export mango to Europe, the management started working on this opportunity meticulously. Export planning and export involved following activities -

- Gujpro got a demand for mango from a London based importer and after initial discussion a face-to-face meeting was organized with the importer in Ahmedabad for detail understanding on trade terms.
- Gujpro decided to export Kesar mango and for this, at back-end mango farmers were identified and the fields were registered with APEDA. Kesar mango farmers were registered in Talala and surrounding area.
- Mango procured from registered farmers was processed at a pre-identified Pack-house in Saurashtra region. This was a new packhouse and was providing services for exports for the first time.
- Gujpro organized its packaging material, and each box was packed with 12 mangoes, weighing approximately 3.0 – 3.30 Kg.
- The mangoes were exported from Ahmedabad airport to Heathrow airport.

Export experience –

- Gujpro team had spent a lot of time on finalizing the packaging box for export, however, given that this was first experience of export for the whole team, there was lack of understanding on technical aspects of strength of boxes. This resulted into **inferior quality of boxes** and **boxes got damaged** by the time it reached to London.
- The packhouse operator was new in business and did not have experience of mango processing for export and specifically for exports to UK, hence, the **packaging team made many mistakes** while packing and **damaged the first lot completely**. Since the company had commitment with the buyer, it purchased a second lot and prepared it for export.
- Inadequate knowledge of pack-house operator about post-harvest management, therefore of mango ripening process, **reduced marketability** of mango in the market. The fruits appeared green even after seven days of ripening. This should not have been the case, if an experienced operator would have handled the fruit ripening process.
- With initial damages, the Gujpro team also got to know of importance of selection of right quality of mango at orchard itself. Adhering to adequate parameters such as water content and TSS level are very important for ensuring product quality till it reaches market.
- For saving on the transportation, Gujpro team sent packed mangoes in normal container, instead of refer container from pack-house to airport, due to high temperature, quality of fruits got deteriorated to some extent.
- Selecting reliable business partners, such as logistic services provider, pack-house operator is very important for making export business a success.
- High transport cost through refer truck (from Gondal to Ahmedabad airport) is a big deterrent for remaining price competitive in the market.
- Air freight charges from Ahmedabad to London is very high due to limited air connectivity. This needed booking of cargo space well in advance. In air cargo, Gujpro had to compete with pharma companies for booking the space.

Key Learnings -

- Sourcing of quality products is the most important task in this whole supply chain. This needs technical / scientific and practical training of procurement team.
- FPO shall select technically sound business partners for various services and packaging material etc. Preferably, the logistic service provider, box manufacturers should have experience of working with exporters in past and shall be aware of consequences, if anything goes wrong.
- FPO management and its team shall be trained on post-harvest management, customized SoPs of pack-house and all other associated operations. Preferably, the packhouse shall be owned by the FPO.
- For exporting horticultural products, cold chain should be maintained throughout the supply chain. Only than the quality of the produce can be maintained till it reaches to end consumer.
- FPO team shall have capability of planning all the activities at micro level in advance and there shall always be back-up plan to address issues related to quality, fulfillment commitment at market end, price commitment at farmer end etc.

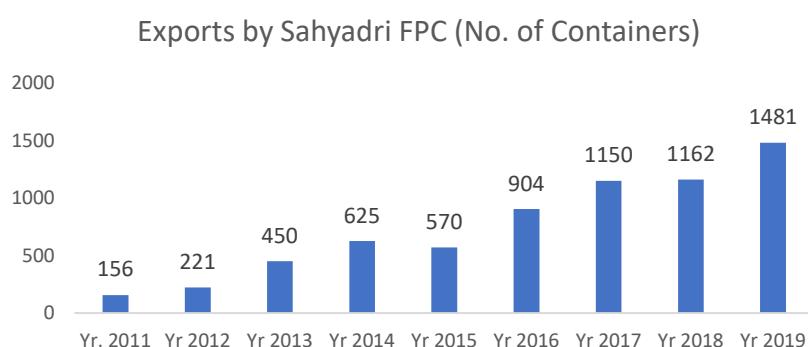
By experiencing a full cycle of export trade and by burning its hand, GujPro is now better prepared for targeting the export market and is planning again to take-up export in scaled-up manner during next season.

Taking exports to a new high – a case of Sahyadri Farmers Producer Company:

Sahyadri Farmers Producer Co. Ltd (SFPCL) was incorporated in 2010, Nashik, Maharashtra based in Sahyadri which is a 100% farmer owned and engaged in procurement, post-harvest management,

processing, storage, logistics, marketing and sale of fresh fruits, vegetables and processed foods like aseptic/frozen fruit pulps, purees, IQF fruits & vegetables etc. in domestic and international markets.

SFPCL also provides technical support, financial assistance, farm input supply and other allied services to the member farmers. FPC has 7900 plus shareholder farmers, spread in around 120 villages in district of Nashik. These farmers are engaged in production of various fruits & vegetables on more than 24000 acres of farmland⁶. The company also has retail presence through its 18 retail stores (8 own stores and 10 exclusive franchise) in Nashik & Mumbai for selling fresh fruits, vegetables and other processed foods in domestic market. Sahyadri Farmers Producer Co. Ltd is the largest FPC in export of fresh and processed products from India, mainly table grapes, to Europe, USA, Middle East and Asia. The bulk of income of the company comes from export of grapes to countries like USA, Europe and West Asian Countries.



FPC started exports of grapes, as soon as it was formed. There has been consistent growth in the export, which was started with 156 containers in year 2011 and had reached to 1481 containers in year 2019.

Individuals' vision led to formation of an institution -

Sahyadri Farmers Producer Co. Ltd is the realisation of idea and vision of Mr. Vilas Vishnu Shinde, a Post-Graduation in Agricultural Engineering and a first-generation entrepreneur. Mr. Shinde himself has been a grape farmer and had dream of becoming an exporter to get maximum realisation for his farm produce, by eliminating the intermediaries in the export supply chain. At initial days, he sold his grapes directly to exporters, bypassing the export agents, and later he started procuring from his fellow farmers, to attain economies of scale and for better bargaining and slowly he himself became an exporter.

In year 2010, he came-up with the idea of forming a Farmers' Producer Company, where all the fellow farmers become shareholder and by doing so, he envisioned controlling the complete supply chain of export starting from production, productivity, quality, cost of production, bank finance, risk management, post-harvest and marketing. FPC acquired its own land at Mohadi (in Nashik district) and established state of the art Pack-house and Food processing facility, which is now of the most-modern pack-house in the industry. Spread over 90 acre of the land, the facility has installed capacity of handling 800 MT / Day for Exports, Domestic, Processing & Consumer Products for all the major fruit and vegetables. In this manner, he could bring better predictability and could develop sustainable supply chain. In 2015, SFPCL has overtaken Mahindra Agribusiness to become India's largest grape exporting company. For further diversifying the business and markets, FPC added retail division, food processing and agri-inputs division at the later stage.

Today, the Sahyadri FPC is one of the largest exporters of the grapes from India. The FPC has scaled-up its operations, with steady growth reported year-on-year and moving to better margin based

⁶ <https://www.sahyadrifarms.com/>

processed foods and retail businesses. The company's operating income grew at a CAGR of 27% in last five years and stood at Rs.532.6 crore in FY2021, encouraged by increase in sales in export market as well as domestic market.

There have been multiple challenges in this journey, which the FPC management has overcome collectively.

Success Factor –

Today, Sahyadri Farms has become a popular brand and a benchmark FPC competing big corporate in export as well as in domestic market. Some of the key success factors of Sahyadri are as under –

- a. A visionary leadership, who had clear objective and ability to widen the vision as the FPC grew.
- b. Successfully organising required capital for huge investments in infrastructure as well as mobilising working capital for financing trade and exports.
- c. Adopting to intensive member farmers engagement model (advisory, finance, market linkages, inputs, marketing solutions for non-anchor crops of the FPC and significant profit sharing with the member farmers).
- d. Adopting to and investments in new technologies relating to operation (pack-house) and management (adoption to IT options for efficient management) to remain competitive in the market.
- e. Continuous exposures, by meeting all types of stakeholders and new business partners across globe.

One important thing which has emerged very clearly from the inputs from field visits, interaction with various stakeholders, from the secondary research (learnings of various other institutions) and case studies of Sahyadri Farms, that the FPCs have strategic advantage in organising back-end for exports. FPCs can leverage, their linkages with the farmers, can work on improved production practices, can organise aggregation activities efficiently, and can also organise post-harvest and pack-house activities for exporters. However, for Exploiting full potential of this strategic advantage, FPCs need to be strengthened in the desired manner and they need to overcome their existing challenges and weaknesses. The approach and strategic recommendations for realising their potential has been discussed in the next chapter.

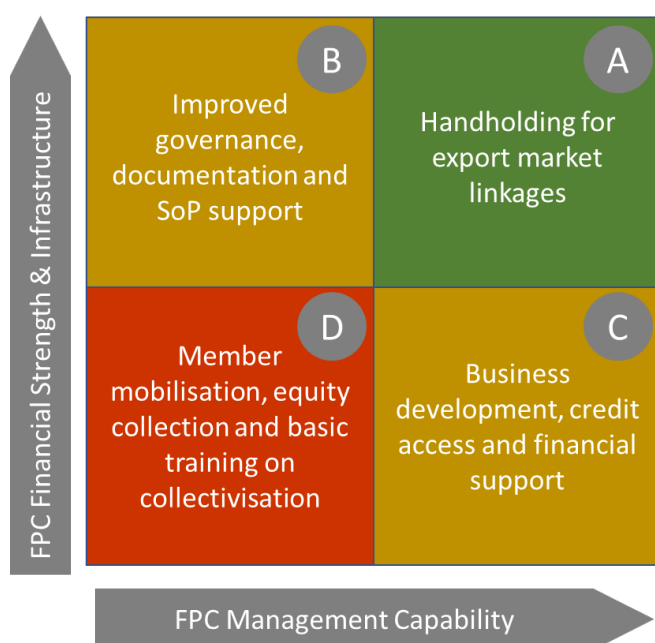
6. Recommendations and way forward

Exporting agricultural commodities (including fresh fruits and vegetables), requires relatively higher standards of food quality, safety and environmental sustainability aspects. To ensure these requirements are fulfilled, exporters need to comply with the regulations of importing country and in many cases need certification from various accrediting agencies. One of the most common

parameters, which has been put in place to minimise the health and environmental risks, is maximum residue level for pesticide in all the food products. Exporters not only have to comply the MRL levels with the government regulation /European Union regulations, but many times they also need to comply the parameters set by the importer / supermarkets buying the product.

Managing MRL levels requires monitoring of use of pesticide during the production period. In some cases, buyers also ask for spraying schedule and molecules used as pesticides. Global GAP certification has also become a pre-requisite and this can also resolve many requirements of importers (e.g. Traceability, record keeping, site history, spray schedules, workers and environment related issues etc.). Export to Europe laboratory testing of material (plot / lot) to comply with health and phytosanitary related issues. In this case, importer sometime also suggest the exporters to get the product tested from a recommended laboratory only. Mandatory certificates are also issued by the local authorities. Exporter must familiarise himself / herself with the phytosanitary rules for particular country, certification requirement from the buyers as well as documentation process.

There are also regulations and standards relating to packaging (such as packaging material to be used, labelling etc.) and marketing. Above background explains that for targeting export to Europe, the whole process from production to marketing has some or other regulation and also need wide range of certification, documentation to comply with.



Therefore, any FPOs, which would like to target the European markets for their produces, must have capabilities to comply with these requirements. Now, based on discussion with various FPOs and other stakeholders, it has emerged clearly that each FPO has different capabilities and business maturity and will need different strategy to make them export capable.

For developing the strategy to strengthen the FPOs to participate actively in export, the FPOs can be divided into four categories, based on two-by-two matrix. From their capability perspective, two-by-two matrix can be developed based on two major parameters, on X-axis FPC's management capabilities (which broadly can have

qualified BoDs and CEO, proven track record of adopting to governance processes, such as regularly organising BoD meeting, filing of RoC documents etc.) and Y-axis can depict FPC's financial strength, which is mainly availability of equity (may be due to large membership base), access to fund (government subsidy etc.) and access to bank loans. FPCs, which were visited under this assignment can be placed in this matrix as under –

Financial strength and infrastructure	Jaya Seeds Farmers' Producer Company Limited (Varanashi) Ishani Agro Producer Company Limited (Varanashi) Western Ghats Farmer producer Company Limited (Theni) <ul style="list-style-type: none"> - No full-time professional staff, BoDs are family members. - Good amount of fund has been received under state government scheme for setting-up processing and warehousing infrastructure. 	Shramjivi Nagpur Orange Growers Producer Company Limited. <ul style="list-style-type: none"> - Full time CEO and permanent staff. - Own pack-house. - Growing business turnover. - Supplier to most organised / online retailers.
	Farmer's Delight Agro Producer Company Limited <ul style="list-style-type: none"> - FPC management does not have any idea of future action. - Solely depend on external assistance for decision making. - Unable to start any business due to paucity of fund. 	Trisagar Farmers Producer Company Limited <ul style="list-style-type: none"> - Qualified Chairman / Promoter of FPC - Good experience of dealing with organised sector players / exporters. - No infrastructure ownership.
Management Capability		

Strategic Approach for FPOs export capacity building –

In India, there is a campaign and dedicated programme being run by the Government of India for promoting FPOs and additionally, various other agencies are also engaged in promotion of FPOs. In various studies by different institutions, it has emerged that many all of these FPOs may not attain business sustainability in near future. Many of these FPOs will have issues relating to governance, finance, legal and operation. Therefore, for implementing any strategic intervention, it becomes a pre-

requisite to shortlist and select FPOs, which qualify certain criteria for becoming eligible to be brought under export capacity building initiatives.



Once selected, the FPOs shall be provided operational and/or institutional support. Operational support shall be for improving exportability through interventions in the supply chain activities, starting from production, aggregation, value addition and export; and Institutional support shall be providing parallel support for convergence, partnerships and business facilitations. Based on this approach, detail

recommendations for preparing FPCs have been discussed in the following section.

Specific recommendations for strengthening of FPOs for exports to Europe –

A. Shortlisting and selection of FPOs -

Most FPOs will not have suitability for getting into export business, only a few will either be interested or will be suitable for the export businesses. Therefore, careful selection of most suitable FPOs will be

important aspect for ensuring higher rate of success and effective use of resources available. Suitable FPOs can be selected based on following criteria –

Particular	Description
Members producing or willing to produce export market-led crops / products	FPOs which are producing crops / products, suitable for export or are ready to work on diversifying into export-oriented crops, shall only be selected for extending support and capacity building. For this, agency shall get a preliminary assessment done based on crop-profile of FPO's catchment area and of member farmers.
Capable leadership at the helm	Assessment of leadership of an FPO shall be done in more professional manner and objective driven, instead of a mechanical / theoretical method. Education qualification shall not be a sole criterion to define the capability of an individual. Therefore, the assessment of BoDs, CEO and Managers shall be done in a professional manner, wherein their aptitude and desire towards growth is considered and weighed.
Potential scalability for	Selected FPO shall either have significant membership base and area under production or shall be willing to increase the membership to ensure availability of minimum required quantity of produce. There is possibility, that at current stage, the FPO may not have the required quantity produced by its member, however, there should be potential for increasing it to targeted level over period. Another approach of shortlisting of FPOs on this parameter can be based on crop-cluster, wherein multiple FPOs can be selected in a contiguous area for achieving desired level.
Willingness for adoption to change	FPO management and its member farmers shall have progressive outlook and shall be willing to adopt to new package of practices, SoPs, documentation requirement and other changes needed for exploring export as a potential business. Readiness to accept the change is a critical factor and shall be gauged very cautiously by the agency before on-boarding any FPO for interventions.

Once FPOs are selected based on above parameters, they shall further be divided into categories, as mentioned in the previous section of this chapter. Based on categorisation, mix of operational and institutional interventions targeting each FPO can be selected.

B. Recommendation on Operational interventions -

Strategy for enhancing export capability of FPO will need support along with the export supply chain of the product. As it has been discussed in earlier sections, export to Europe requires comprehensive checks on product quality and traceability, across supply chain, starting from field to until the product reaches end customer. Secondly, from interaction with the FPOs, it has also emerged that most FPOs are comfortable on taking-up back-end activities of production, aggregation, sorting-grading, packaging etc. FPOs have expressed their keenness to supply material to exporter at pack-house instead of directly participating in export; to avoid uncertainty and risks associated with the markets. However, over period, as FPOs get exposure, they may get interested in involving themselves in direct exports as well.

The interventions for supporting FPOs for strengthening them for export shall be complementing the efforts of existing agencies working with the FPOs (as sponsoring agency or promoting agency). Also, the interventions shall explore convergence with initiatives of various agencies providing technical and financial support. Given this background, the focus of operation related interventions shall be

focused more on production and post-harvest level. Some of the specific interventions have been proposed as under –

Particular	Description
Strengthening Farmers Engagement (Enhancing scale and sustainability)	<p>In theory, the FPO shall be working with all its members in close coordination and shall facilitate technical know-how, farm-services and market linkages (for inputs and outputs) at an aggregated level. However, in most cases the engagement level is very low and only few farmers are actively doing any business through the FPOs.</p> <p>For targeting exports, scale of operation is important for achieving volumes as well as for meeting the consistent demand of an importing partner. Therefore, the FPO shall be trained on developing active and participatory engagement with the member farmers. Target shall be that atleast 50% of members are compulsorily doing business with the FPO.</p> <p>This will need developing services and business models (e.g. production planning, farm-services (mechanisation, custom-hiring centre) contract farming, collective / joint farming, quality input supply etc.; which are financially sustainable and can also start showing immediate benefits to the farmers.</p> <p>One of the main reasons for poor engagement is lack of permanent staff with the FPO. Therefore, proposed intervention shall provide technical guidance for identifying services / activities, which are financially sustainable and handholding support to showcase the impact.</p>
Promotion and adoption of GAP and other improved production practices	<p>While discussion with export value chain actors; mainly the exporters, it emerged clearly that product quality, traceability and high-level of rejection at importing port due to MRL level / health and safety related concern; are key issues for export to European markets. Given that FPOs, relatively have advantage of organising back-end effectively, due to local presence, they can be conduct in promoting improved production practices and adoption of Good Agricultural Practices (GAP / Global GAP).</p> <p>At individual level, getting Global GAP is a costly affaire, therefore, FPC can facilitate in getting group certification. For this, FPC management and team coordinating with farmers shall be trained and shall maintain internal audit requirements. Additionally, technical training on use and schedule of various agri-inputs and molecules allowed for use at farm etc.</p> <p>Such interventions, of promoting improved production practices and Global GAP can be implemented in collaborative manner, wherein FPOs can be provided with support of a technical agency, which shall coordinate with all other concerned organisations such as local authority (Inspection agency, Government authority and FPO team). This support can be extended until the FPO team become capable of taking-up activities on their own.</p>
Creation of Export-oriented infrastructure	<p>Any FPO, which is interested in exporting agricultural produce to Europe, need to create infrastructure for sorting, grading, packaging etc., which comply with technical specification and processes defined by the APEDA and other agencies of importing country. Post-harvest infrastructure shall also be customised as per the requirement of product to be handled (fresh vegetables, fruits, grains, organic products etc.). Infrastructure is one business, which provides strategic advantages to the FPOs for becoming a strong link between farm and market.</p> <p>However, most FPOs and their teams do not have know-how to design and develop infrastructure, operational procedures and other documentation requirement. Therefore, FPOs shall be provided technical advisory and</p>

Particular	Description
	guided on setting-up state-of-the-art infrastructure. Assistance, in terms of preparing detailed project report, engineering layout, vendor selection, supervision of installation to ensure compliance with technical norms and training of operation team are essential components of this intervention. Technical team shall also be trained on other associates aspects, including training on post-harvest management practices of a product (harvesting techniques and time, collection in field, transportation from field to pack-house, storage conditions at pack-house, product handling), logistics, product sampling, testing, certification, documentation etc.
Market Exposure	<p>During interaction with the FPOs, it has become apparent that no FPO (amongst the selected one) has got any direct exposure or idea of export markets. A few FPOs, who have supplied material to exporters, have also conducted operation such as sorted, graded and packed the material in supervision of exporters team.</p> <p>FPOs shall see some of the markets (in Europe), first-hand and develop their own understanding of product quality, packaging type, packaging unit & material, competing production areas (countries), relative pricing etc.</p> <p>Direct interaction with some of the end buyers, supermarkets and other stakeholders can also help FPOs in gaining knowledge of the market trends, practices, compliances, documentations and other requirements.</p>

For implementation of operational interventions, services of qualified technical agencies (from Europe as well as from India) shall be hired and medium-term (from 2-5 years) projects shall be conceptualised.

C. Recommendation on Institutional interventions -

Institutional interventions and strategies are required to further strengthen and ensure sustainability of operational interventions. The focus of institutional interventions shall be developing institutional mechanisms, which, once facilitated, are sustainable in nature and can bring continuity of the work. These mechanisms shall focus on developing partnerships, establishing products in the markets and setting-up institution for constant upgradation and handholding of stakeholders to remain compatible and competitive in the market.

Implementation of institutional interventions shall be in the project form at initial stage and shall have exit strategies with defined objectives over period of time. Some of these outcomes may be evolving in nature along with evolving markets, regulations, and trade need.

Three specific interventions under this category, namely, multistakeholder partnerships, market development activity and FPO trade facilitation centre have been discussed in detail.



Strengthening Farmers engagement	Promotion of GAP	Export oriented infra.	Market exposure
<ul style="list-style-type: none"> Ensuring patronage amongst the farmers. Widening services and business relations. Ensuring visible benefit to the farmers. 	<ul style="list-style-type: none"> Supporting FPCs in promoting GAP. Utilizing group certification approach for Global GAP. FPC training and capacity building for developing internal audit system. 	<ul style="list-style-type: none"> Technical support for designing pack-houses and other required infrastructure. Facilitation in availing financial supports / subsidy / loans etc. Training of technical manpower for operation. 	<ul style="list-style-type: none"> Orientation of FPC management for familiarisation with export. Market information and intelligence access. Exposure visits and direct interactions.



Innovative multistakeholder partnership models (FPO – Promoting Agency – BMZ – Importer)

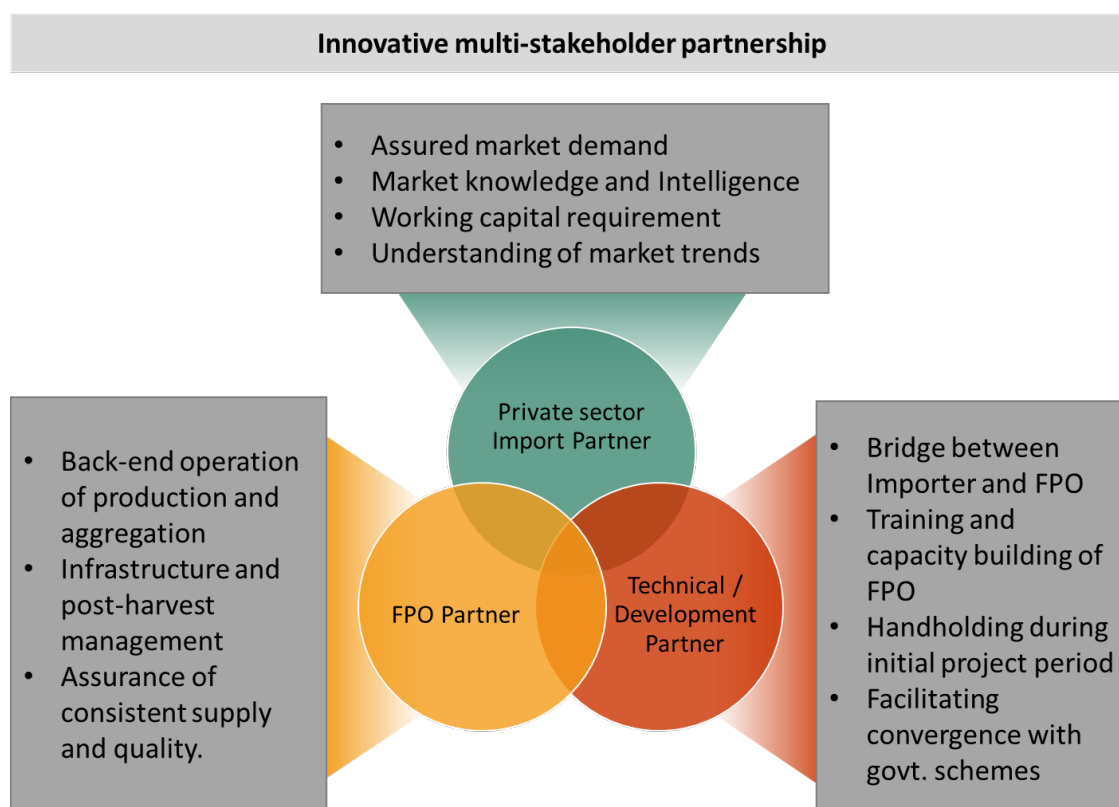


Market development (market testing, distribution network, positioning and brand building) for local products



FPO Trade Facilitation Centre

Particular	Description
Innovative multistakeholder partnerships	<p>For developing sustainable export value chains for European markets there is need for developing strong partnerships amongst importers (Imported item distribution houses; Super Markets chains; Processors etc.) from Europe and FPOs in India.</p> <p>Based on matchmaking, collaborative projects can be designed, wherein buyers, exporting FPOs, an intermediary institution for facilitating the developmental work and / or any other agency having direct or indirect role, shall define the partnership along with roles and responsibilities for everyone. Objective of such partnership should be to work towards target oriented (quantity or value) export facilitation. A brief concept of this has been described in diagram below.</p>



Particular	Description
Market development activities	<p>For entering European market, from product perspective, two specific issues were mentioned by the most stakeholders: First, the challenge of adhering to the quality norms and Second, Lack of market demand for some of the traditional varieties / crops.</p> <p>For this, specific efforts are needed, wherein under the market development project, market development activities shall be planned in targeted market, in collaboration with the FPOs. During field visit, two such cases were highlighted, wherein such initiatives were taken-up in the past in small ways (for export of Nagpuri oranges and another one is local Banana variety to Austria). Under this initiative, following activities can be planned –</p> <ul style="list-style-type: none"> - Identification and selection of crop / product / varieties having export potential.

Particular	Description
	<ul style="list-style-type: none"> - Conducting test marketing and commercial piloting of exports. - Facilitating in development of distribution network in importing markets. - Ensuring placement of product on market shelves and consumer feedback - Helping FPOs in developing marketing strategies (packaging, branding, advertisement etc.)
FPO-Export Facilitation & Trade Centre	<p>One big question, which all the FPOs have is, if they want to start export business to Europe, where should they go for getting basic information? There are many other questions related to knowing buyers, knowing costs of exporting, knowing quality requirement and getting introduced to the buyers at other side of the business.</p> <p>To answer all these queries, there is need for a FPO export facilitation and trade centre, which shall organised targeted activities as well as shall approach to FPOs for creating awareness and facilitating the trade. This centre shall work in manner, any other trade centre works to facilitate the trade (organising delegations, buyer-seller meet, virtual programmes, matchmaking, facilitating partnerships etc.), but the differentiator for such trade centre is understanding of working with the FPOs.</p> <p>Under the project, such trade centre can be housed with a capable agency having experience of working with FPOs, knowing export business and understanding of compliances, documentation and functioning of various government agencies engaged in agricultural exports.</p> <p>Such Export & Trade facilitation centre shall also facilitate FPOs in availing other supports at local level (e.g. Working Capital, government subsidy etc.) which can add to export competitiveness.</p>

Under the Indo-German Cooperation on Agricultural Market Development project, different strategies and sub-projects can be prepared for a time-period ranging from two – five years. Conceptualization and implementation of these projects shall be in close collaboration with some of the important agencies including APEDA, SFAC, NABARD, NCDC and other state government agencies.

Annexures

Annexure: 1 – List of stakeholders approached for the study

S. No.	Name	Agency	Contact number
1.	Mr. C. B. Singh	APEDA, Varanasi	+91 8334905777
2.	Ms. Shobana Kumar	APEDA, Chennai	+91 9013730865
3.	Mr. Prashant Waghmare	APEDA, Mumbai	+91 9538133387
4.	Mr. Satish Worade	Maharashtra State Agricultural Marketing Board (MSAMB), Export Desk, Pune	+91 8551954198
5.	Mr. Ravindra Pandey	Perishable Cargo Centre (Raja Talab) & ITC	+91 8090354436
6.	Mr. K N Yadav	AGM (Cargo), LBS International Airport, Varanasi	+91 8122991184
7.	Mr. Shardool Vikram Chaudhary	Director & CEO, Jaya Seeds Producer Company Limited	+91 8896131008
8.	Mr. Surendra Singh	Chairman, Jaya Seeds Producer Company Limited	+91 9415981940
9.	Mr. Ajay Singh	CEO & Director, Ishani Agro Producer Company Limited	+91 9198560499
10.	Mr. Sashwat Pandey	CEO & Director, Trisagar Farmers Producer Company Ltd., Badhoi	+91 9310280536
11.	Mr. Dinesh Patidar	Procurement Manager, Mother Dairy (SAFAL), Varanasi	+91 9057207545
12.	Mr. Ramesh Jichkar	Director, Shramjivi Nagpur Orange growers Producer Company Ltd. (Warud)	+91 9823253501
13.	Mr. Kunalsingh Kantilal More	Chairman, Farmer's Delight Agro Producer Company Ltd. (Pandharpur)	+91 7775896999
14.	Mr. Yogesh Godshe	CEO, Yeoti Agro Producer Company Limited (Pandharpur)	+91 9890536453
15.	Mr. Dinesh Jagdale	Leading Exporter (Grapes, Pomegranate)	+91 8975504030
16.	Mr. A P Karuppaiah	Chairman, Confederation of Farmers Producer Companies of Tamilnadu Chairman , Tamilnadu Banana Growers Federation Chairman, Tamilnadu Banana Producer Company	
17.	Mr. Ajeethan	Managing Director, Tamilnadu Banana Producer Company	+91 9360014352
18.	Mr. Sivamani	Banana Exporter & Entrepreneur (operating Banana Pack-hose)	+91 9363272316
19.	Mr. Aganth	Procurement Executive, Desai Fruits (major exporter), Theni	

Annexure: 2 – Some of the important schemes for FPOs in India

Below list is a comprehensive list, wherein some schemes are exclusively for the FPOs and in other schemes, FPOs are also eligible beneficiaries in addition to other entities.

S. No	Name of Scheme	Name of Organization	Brief description
1	Equity Grant Scheme	Small Farmers Agribusiness Organization	Equity Grant Scheme extends support to the equity base of Farmer Producer Companies (FPCs) by providing matching equity grants subject to maximum of Rs. 15.00 lakh per FPC in two tranches with in a period of 3 Years.
2	Credit Guarantee Scheme	Small Farmers Agribusiness Organization	The Fund has been set up with the primary objective of providing a Credit Guarantee Cover to Eligible Lending Institutions (Scheduled Commercial Banks included in 2nd schedule of RBI Act), RRBs, NCDC, NABARD and its subsidiaries) to enable them to provide collateral free credit to FPCs by minimizing their lending risks in respect of loans.
3	Venture Capital Assistance	Small Farmers Agribusiness Organization	Venture Capital Assistance is financial support in the form of an interest free loan provided by SFAC to qualifying projects to meet shortfall in the capital requirement for implementation of the project.
4	Management Support Cost to FPOs	SFAC, NABARD, NCDC, NAFED and other agencies	Administrative and management support cost of FPO to provide the financial support of Rs 18lakh/FPO for the period of 3 years to make them sustainable and economically viable. FPOs promoted by implementing agencies are only supported, as of now self-promoting FPOs are not supported.
5	Producers Organization Development Fund (PODF)	National Bank for Agriculture and Rural Development (NABARD)	The Producer Organization Development Fund (PODF) will be used to support Producers Organizations including Producer Companies. The assistance will be provided for the below type of activities: <ul style="list-style-type: none"> • Training/ Capacity Building • Market Linkage • DPR Preparation • Administrative Cost • Incentive for the Promoting Agency • Mobilization of Farmers • Establishment & Registration • Training to Board of Directors • Administrative Expenses of PO • Preparation of Business Plan • Training to Chief Executive Officer of POs • Support to POPIs for handholding/ nurturing of POs

S. No	Name of Scheme	Name of Organization	Brief description
6.	Producers' Organization Development and Upliftment Corpus' (PRODUCE) Fund	National Bank for Agriculture and Rural Development (NABARD)	PRODUCE Fund of Rs 200 crores was created by the Government of India in NABARD in 2014-15 for building 2,000 Farmer Producer Organizations (FPOs) in the country. The aim of the PRODUCE Fund is to promote new FPOs and support their initial financial requirements, to make them credit worthy, commercially vibrant and sustainable business enterprise of farmers.
7	ISAM sub scheme -New Agricultural Marketing Infrastructure (AMI)	DAC&W through NABARD	The AMI sub-scheme of ISAM is applicable for new credit linked projects, where term loan has been sanctioned by eligible financial institutions from 22.10.2018 onwards. NABARD is the channelizing agency for release of subsidy @ 25% to 33.33% of the capital cost for institutions eligible for refinance by NABARD or any other FI such as State Financial Corporations (SFCs) approved by DAC&FW.
8	MIDH - NHM	DACFW – State Govt, SFAC	1. PH Management and Cold chain component for FPOs such as Cold storage, Pusa zero energy cool chamber, Pack house, Precooling unit, Ripening chamber, Low cost onion storage 2. Market research and promotion -Rs. 6.00 lakhs to FPO's.
9	PM Kisan SAMPADA Yojana	Ministry of Food Processing Industries (MOFPI)	<p>The following schemes will be implemented under PM Kisan SAMPADA Yojana :</p> <p>1. Mega Food Parks Integrated Cold Chain and Value Addition Infrastructure: Integrated cold chain and value addition infrastructure projects can be set up by Partnership/ Proprietorship Firms, Companies, Corporations, Cooperatives, Self Help Groups (SHGs), Farmer Producer Organizations (FPOs), NGOs, Central/State PSUs, etc. with business interest in cold chain solutions and also by those who manage supply chain.</p> <p>Creation/ Expansion of Food Processing/ Preservation Capacities (Unit Scheme) FPO engaged or propose to engage in creation/ expansion/ modernization of food processing and preservation capacities. Eligible project components for grant includes the cost of plant & Machinery and Technical civil work.</p> <p>Infrastructure for Agro-processing Clusters Basic enabling infrastructure: Includes site development, development of industrial plots,</p>

S. No	Name of Scheme	Name of Organization	Brief description
			<p>boundary wall, roads, drainage, water supply, electricity supply including power backup, effluent treatment plant, parking bay, weigh bridges, common office space etc.</p> <p>Core infrastructure: Includes food testing laboratory, cleaning, grading, sorting and packing facilities, steam generation boilers, dry warehouse, cold storage, pre-cooling chambers, ripening chambers, IQF, specialized packaging, other common processing facilities, etc.</p> <p>Creation of Backward and Forward Linkages</p> <p>a. Backward Linkage: Integrated Pack-house(s) (with mechanized sorting & grading line/ packing line/ waxing line/ staging cold rooms/cold storage, etc.), Milk Chilling Centre(s) /Bulk Milk Cooler(s), Pre Cooling Unit(s)/ Chillers, Reefer boats.</p> <p>Machinery & equipment for minimal processing and/or value addition such as cutting, dicing, slicing, pickling, drying, pulping, canning, waxing, etc.</p> <p>Machinery & equipment for packing/ packaging.</p> <p>b. Forward Linkage: Retail chain of outlets including facilities such as frozen storage/ deep freezers/ refrigerated display cabinets/cold room/ chillers/ packing/ packaging, etc.</p> <p>Distribution center associated with the retail chain of outlets with facilities like cold room/ cold storage/ ripening chamber.</p> <p>c. Transport: Refrigerated/ Insulated transport / Reefer Vans in conjunction with backward and forward linkages.</p>
10	Operation Green Short term Price Stabilisation Measures -	MoFPI through NAFED	<p>NAFED will be the Nodal Agency to implement price stabilisation measures. MoFPI will provide 50% of the subsidy on the following two components:</p> <p>i. Transportation of Tomato Onion Potato(TOP) Crops from production to storage;</p> <p>ii. Hiring of appropriate storage facilities for TOP Crops;</p>

S. No	Name of Scheme	Name of Organization	Brief description
11	Operation Greens- Integrated Value Chain Development Projects	Ministry of Food Processing Industries (MOFPI)	<p>Integrated Value Chain Development Projects through PM Kisan SAMPADA Yojana online portal</p> <p>A. Capacity Building of FPOs & their consortium</p> <ul style="list-style-type: none"> i. Formation of New FPOs in the clusters selected for TOP; ii. Promotional Activities, Training/Workshop of Farmers and FPOs; iii. Professional Management Support to FPOs & Federation; <p>B. Quality production</p> <ul style="list-style-type: none"> i. Provision for quality inputs such as seeds; i. Setting up of Nursery and greenhouses; ii. Setting up of protected cultivation; iii. Mechanisation of farm practices; iv. Promote Contract farming; v. Varietal change based on market; <p>C. Post-harvest processing facilities</p> <ul style="list-style-type: none"> i. Appropriate storage at Farm level; ii. Collection centre (CC)/Pack house; iii. Primary processing such as sorting, grading and packaging facilities; iv. Secondary processing – any mechanised and mobile processing facilities; v. Appropriate transportation infrastructure; <p>D. Agri-Logistics</p> <ul style="list-style-type: none"> i. Integrated multi-mode appropriate transportation; ii. Controlled temperature/ Ventilated trucks with or without raking; iii. Crates, rakes etc; iv. Medium/large scale storage at regional, state and national level; <p>E. Marketing / Consumption Points</p> <ul style="list-style-type: none"> i. Appropriate storage facilities at aggregation/ market level; ii. Sorting, grading and packaging facilities; iii. Setting-up of retail outlets; iv. Setting-up of marketing yards at the cluster level; v. Creation of e-market;
11	Financial Assistance	The Agricultural and Processed Food Products Export	The Financial Assistance Scheme (FAS) is an export promotion scheme run by APEDA. The

S. No	Name of Scheme	Name of Organization	Brief description
	Scheme (FAS) by APEDA	Development Authority (APEDA)	scheme aims to facilitate the export of agri-products by providing assistance to exporters. Financial assistance is provided in three broad areas, namely: Development of Export Infrastructure, Quality Development and Market Development.
12	National Agriculture Market (e-NAM)	Small Farmers Agribusiness Organization	National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities.
13	National Food Security Mission (NFSM)	NFSM- State Govt, SFAC and similar organization at Central and State level	Marketing support for pulses: 1. Establishment of mini dal mills by farmers, farmer groups or registered FPOs (@ Rs. 10.00 lakhs, or 30% of the total cost, whichever is lower, as one-time support) 2. Support for branding and marketing of milled pulses (available only to registered FPOs @ Rs.5.00 lakh per FPO, for one time support only) 3. Marketing support to un-registered farmer groups, SHGs, SHG federation etc. for local marketing of pulses (@Rs.2.00 lakh per group of 15 farmers, for one time support only). 4. Support to registered FPOs to set up and equip procurement centres to grade and process pulses (@Rs.5.00 lakh per FPO for one time support only)
14	Sub-mission on Agricultural Mechanization (SMAM) Mechanization and Technology Division , DAC&FW	Through State Government to DAC&FW	FPO need to submit proposal to State Govt. 75% grant in aid for purchase of agricultural drone and its attachments for conducting demo on farmer's field. Use of 'Kisan Drones' will be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients.

Annexure: 3 - List of MSAMB's Export Facility Centres:

1. Atpadi, Sangli
2. Indapur, Pune
3. Chandwad, Nashik
4. Khadkewake (Tal. - Rahata), Ahemdnagar
5. Beed, Dist – Beed
6. Warud, Amrawati
7. Irradiation Facility Centre (IFC), Vashi, Navi Mumbai
8. Talegaon, Pune
9. Satara Dist. – Satara
10. Dindori, Nashik
11. Vapour Heat Treatment (VHT), Vashi, Navi Mumbai
12. Nachane, Ratnagiri
13. Jamsande, Sindhudurg
14. Jalna, Dist. - Jalna
15. Agri Produce Centre, Indapur, Pune
16. Ice Making Unit, Indapur, Pune
17. F&V Centre, Indapur, Pune
18. Baramati, Pune
19. Basamatnagar, Hingoli
20. Raver, Jalgaon
21. Ashti, Wardha
22. Latur, Dist. - Latur
23. Kalvan, Nashik
24. MIDC, Talegaon, Pune

These EFCs have following infrastructure components –

- A. Pack-Houses
- B. Pre-Cooling
- C. Cold-Storages
- D. Ripening Chambers
- E. Material Handling System

Annexure: 4 - Highlights of procedure of export of Chilli (activities at Packhouse)
(Reference : www.apeda.gov.in)

Packhouse, intended to export chilli from India shall be certified by the APEDA as per its requirement.

A. Role in sampling of product for testing –

- Packhouses shall apply to laboratories for sampling of green chillies meant for export in the format of sample slip
- The laboratory shall sample green chillies meant for exports as per method of sampling from the harvested material at APEDA recognized Pack House or directly from the registered farms.
- In case of samples drawn at the packhouse, the exporter/recognized packhouses shall maintain segregation of produce in such a manner it should be tracked to the farm(s) or farm(s) following uniform pre harvest practices and the producing farms are in contiguous area.

B. Responsibilities of APEDA recognised Pack-house

- All APEDA recognized Pack Houses shall maintain record of the farmers of green chillies in such a manner that the consignment exported can be traced back to the farm. The farm record and spray record shall be made available to the laboratory representative at the time of sampling.
- Overall responsibility for compliance with the MRLs of importing countries shall be of the exporter and recognized Pack House(s)
- The recognized Pack Houses shall ensure that each box will carry a label with a Unique Identification Code (UIC). For example AAA Exports from Mumbai could be AAAPHL000FFF (AAA denotes the packhouse name, PHL denotes location of packhouse and 000 denoted Packhouse Certificate Number and F123 denotes farm registration number). The same UIC shall be mentioned in packages by the exporter.
- Only upon receipt of analysis reports from the laboratory stating that the produce complies with the market specific such as (i) EU MRLs (ii) GCC-SFDA MRLs, the consignment shall be shipped by exporter along with Health Certificate and PSC wherever applicable.
- The exporter shall report to APEDA about rejection of green chillies by the importing countries within a week from the date of such rejection, failing which the pack house would be suspended.
- Onus of maintaining appropriate good practices required by the importing countries shall be of exporter/packhouse including sorting, grading, handling, processing, packing and transportation.
- Recognized pack house(s) shall maintain detailed log sheet of all the lots and consignments of green chillies exported from its facility. This needs to be submitted to APEDA as and when required and can be inspected by APEDA at any time.
- In case of EU shipments, the APEDA recognized pack house(s) shall label green chillies consignment of each box as per the format given.

Annexure: 5 – Brief description of discussion with the FPCs

Particular / Name of FPC	Sharmjivi Nagpuri Santra Producer Company Ltd.	Farmers' Delight Agro Producer Company Ltd.	Jaya Seeds Producer Company Ltd.	Ishani Agro Producer Company Ltd.	Tamilnadu Banana Producer Company Ltd
Sponsoring Agency	Convergence of Agricultural Interventions in Maharashtra (CAIM), IFAD funded project	NAABRD	SFAC	SFAC	TNSFAC
Promoting Agency	TCS	Yashaswi Agro Producer Company Ltd. (Solapur)	FAARD Foundation	FAARD Foundation	Tamilnadu Banana Growers Association
Address of FPC	APMC Mandi area, Warud, Amravati, Maharashtra	Ghat No. 180/3, Chale, Pandharpur (Solapur), Maharashtra	Village – Jayapur, Varanashi (Uttar Pradesh)	VPO – Imliya (Via – Sayadraja), Chandoli (Uttar Pradesh)	SAS Garden, Ganesapuram, Thottiyam (Tamilnadu)
Registration Year	2015	2019	2016	2015	2014
Number of shareholders	470	520	400	1000	1000
Share Capital	INR 470,000/-	INR 620,000/-	-	INR 15,95,000/-	INR 20,01,000/-
Financial support received	INR 93.00 lakh (Department of Agriculture, Maharashtra)	NA	INR 100.00 lakh (from Government of Uttar Pradesh) for seed processing unit.	<ul style="list-style-type: none"> - INR 60.00 lakh grant from Government of UP for setting-up seed processing unit. - INR 3.50 lakh for Custom Hiring Centre (CHC) - INR 5.01 lakh (Equity grant from SFAC) 	NA
Composition of Board of Directors (BoD)	Male – 5 Female – 2 Total – 7	Male – 4 Female – 1 Total – 5	Male – 4 Female – 1 Total – 5	Male – 4 Female – 1 Total – 5	Total 11 directors

Particular / Name of FPC	Sharmjivi Nagpuri Santra Producer Company Ltd.	Farmers' Delight Agro Producer Company Ltd.	Jaya Seeds Producer Company Ltd.	Ishani Agro Producer Company Ltd.	Tamilnadu Banana Producer Company Ltd
Incentive / remuneration for BoDs	No	No	No	No	-
Trainings undertaken by BoDs	Not applicable	Documentation of FPC	Seed production Vegetable production	<ul style="list-style-type: none"> - Seed production (ICAR & IRRI) - Fisheries - Mushroom cultivation - FPO Governance and marketing (BIRD) 	<ul style="list-style-type: none"> - FPC management and governance. - Participated in various types of programmes at state level.
Details of CEO	<ul style="list-style-type: none"> • Mr. Ramesh P. Jichkar • Education – B. Sc. (Agri) • Experience – 35 years in agriculture sector • Employment with FPC since last 6 years 	<ul style="list-style-type: none"> • Mr. Sameer Sekh • Education – B. Sc. • Experience – Nil • Employment with FPC since last 1 year 	<ul style="list-style-type: none"> • Mr. Vikash Singh • Education – MBA • Experience – Nil <p>Employment with FPC since last 4 years</p>	<ul style="list-style-type: none"> • Mr. Harbansh Singh • Education – B. Sc. (Agri) • Experience – 35 years in agriculture sector • Employment with FPC since last 5 years 	<ul style="list-style-type: none"> • Mr. G. Ajeethan
Salary to CEO	Yes (Rs. 25,000/- per month, paid by company)	Yes (Rs. 25,000/- per month, paid by NABARD)	Nil (working as part time)	Nil (working as part time)	-
Training of CEO	<ul style="list-style-type: none"> • Production enhancement • FPC Management (3 days) 	Farmers' Mobilisation and Documentation of FPC	No formal training received	Seed processing (at BHU and IRRI)	General training on FPC management.

Particular / Name of FPC	Sharmjivi Nagpuri Santra Producer Company Ltd.	Farmers' Delight Agro Producer Company Ltd.	Jaya Seeds Producer Company Ltd.	Ishani Agro Producer Company Ltd.	Tamilnadu Banana Producer Company Ltd
	<ul style="list-style-type: none"> Technology dissemination General Training of Trainers (ToT) 				
Catchment area of FPC	60 villages	6 villages	20 villages	32 villages	6 PPC
Decision making system	Jointly by BoDs and CEO	Yet to work on this	Informally by BoDs	Based on regular meeting of BoDs and CEO	BoDs and Managing Director jointly takes the decision
FPC's asset ownership	<ul style="list-style-type: none"> Pack-house (equipped with sensor-based sorting, grading line) with an investment of Rs. 1.60 Cr. Mini soil testing lab 	NA	A seed processing plant (Investment of Rs. 1.30 Cr.)	<ul style="list-style-type: none"> Warehouse (10,000 MT) (with capital investment of Rs. 40.00 lakh) Seed processing plant (with capital investment of Rs. 30.00 lakh) 	Banana pack-house taken on lease from Tamil Nadu Supply Chain Management Project for Fruits, Vegetables and Other perishables.
Business Turnover	<ul style="list-style-type: none"> FY 2018-19 - INR 60.22 lakh (no export) FY 2019-20 - INR 176.00 lakh (no export) FY 2020-21 – INR 417.50 lakh (No export) 	<ul style="list-style-type: none"> FY 2019-20 - INR 4.90 lakh (no export) FY 2020-21 – INR 7.50 lakh (No export) 	<ul style="list-style-type: none"> FY 2018-19 - < INR 10.00 lakh (no export) FY 2019-20 - INR 15.00-20.00 lakh (no export) FY 2020-21 – INR 15.00-25.00 lakh (No export) 	<ul style="list-style-type: none"> FY 2018-19 - < INR 20.00 lakh (no export) FY 2019-20 - INR 24.00-20.00 lakh (no export) FY 2020-21 – INR 34.00-25.00 lakh (Export of peas of Rs. 1.00 lakh) 	-

Particular / Name of FPC	Sharmjivi Nagpuri Santra Producer Company Ltd.	Farmers' Delight Agro Producer Company Ltd.	Jaya Seeds Producer Company Ltd.	Ishani Agro Producer Company Ltd.	Tamilnadu Banana Producer Company Ltd
Business activities contributing to turnover	<ul style="list-style-type: none"> - Output marketing (Domestic) – 98% (approx.) - Input sale – 1% (Approx) - Output marketing (supply to exporter) – 1% (Approx) 	Output marketing (Domestic) – 100% (Pomegranate and milk marketing)	<ul style="list-style-type: none"> - Output marketing (Domestic & export) – 50% (approx.) (Supplied mango from 2 farmers to exporter). - Input sale – 50% (Approx.) (Seed marketing) 	<ul style="list-style-type: none"> - Input sale – 50% (Approx.) (Seed marketing) - Output marketing (Domestic) – 50% (approx.) (Paddy procurement for local millers). - Output marketing (export) – nominal - CHC rents – nominal 	
Licenses / Certificate / Accreditation	<ul style="list-style-type: none"> - Input sale (Seed, Pesticide, Fertilizer, - FSSAI registration - Udhog Aadhar - Mandi license <p>(FPC does not have IEC code and pack-house is not APEDA accredited (as it need fee of Rs. 19,000/-)</p>	<ul style="list-style-type: none"> - Input sale (Seed, Pesticide, Fertilizer) 	<ul style="list-style-type: none"> - Input sale (Seed, Pesticide, Fertilizer, - Registration with APEDA and IEC 	<ul style="list-style-type: none"> - Input sale (Seed, Pesticide, Fertilizer) - Registration with APEDA and IEC 	
Export Business	Only one vehicle of orange (26.5 MT) is supplied to exporter for Bangladesh.	Not yet	30 MT of mango and 4.5 MT of peas supplied to an exporter based out of Mumbai	3 quintal of peas exported to UAE. Sample of black rice also sent for exports	
Challenges for exporting to EU	Export to Europe has never been explored by the FPC. In past, Maharashtra Orange Growers Association has tried by	Not aware	FPC team does not have awareness about export opportunity and market demand in EU.	<ul style="list-style-type: none"> - Lack of knowledge and understanding of export marketing; 	Local variety of Banana is not established in European markets.

Particular / Name of FPC	Sharmjivi Nagpuri Santra Producer Company Ltd.	Farmers' Delight Agro Producer Company Ltd.	Jaya Seeds Producer Company Ltd.	Ishani Agro Producer Company Ltd.	Tamilnadu Banana Producer Company Ltd
	sending some sample, but the product does not have demand in the European markets.			<ul style="list-style-type: none"> - Poor quality of products, therefore, high risk of rejection; - Unavailability of quality testing laboratory in vicinity. 	
Business activity undertaken in export value chain	As back-end aggregator, service provider to exporter (not as a direct exporter)	Not aware	As back-end aggregator on behalf of exporter.	As back-end aggregator on behalf of exporter.	Aggregation from farmers for supplying it to Desai Fruits (Exporter).
Challenges in export					
- Raw material	Indian oranges have loose skin, which is not preferred in European market.	NA	Not aware (as supplied bulk to the exporter)	Quality inputs is not available to the farmers and they are not aware of quality of product required for export. Need awareness on export oriented PoPs.	For export to Gulf countries, area under G-9 is reducing. Demand for Indian varieties is limited.
- Access to infrastructure	For Bangladesh, existing infrastructure is ok, however for exporting to Gulf (and for Europe), pre-cooling facility and cold storage is required.	NA	Not aware (it was responsibility of exporter)	Specialised milling is required for local variety of rice, to meet international standards.	There is no specific issue for exporting to Gulf countries, but specific APEDA certified Pack-houses is needed for exporting to Europe.

Particular / Name of FPC	Sharmjivi Nagpuri Santra Producer Company Ltd.	Farmers' Delight Agro Producer Company Ltd.	Jaya Seeds Producer Company Ltd.	Ishani Agro Producer Company Ltd.	Tamilnadu Banana Producer Company Ltd
- Working capital	This is a major challenge for increasing business volumes and for export. In export, as transit period is long, requirement for WC increases.	NA	NA	Banks are not cooperating, and it is difficult to avail working capital for expanding business.	Farmers need upfront payment, in export, receipt of payment takes long time.
- Market prices and business margins	NA	NA	Worked on Fixed price basis. Not aware of export market prices.	There will always be a market driven price and the FPC need to match the market.	This has remained a big challenge for export of G-9 variety. Farmers are getting very less prices in exports and therefore are preferring domestic markets.
- Compliances and Documentation	Not much aware so unable to comment	NA	NA	Lack of awareness about certification, accreditation etc. Therefore, need training on this aspect.	NA
- Issues at market end / Terms of trade	Unable to comment	NA	NA	Not aware	Payment guarantee and price assurance are needed.
Key areas to become export competitive	<ol style="list-style-type: none"> 1. Ensuring quality of product at field 2. Export oriented infrastructure 3. Inputs fulfilling requirement of export (for quality and food safety purposes) 	Not aware	<ol style="list-style-type: none"> 1. Strong connection and network with the buyers / Importers. 2. Setting-up infrastructure for export. 	<ol style="list-style-type: none"> 1. Quality infrastructure for milling and packaging to match the quality parameters. 2. Training and capacity building of 	<ol style="list-style-type: none"> 1. Establishing Indian varieties in global markets. 2. Developing advanced plan for export to prepare field accordingly.

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	4. Capacity building of farmers and FPC employees		3. Team shall be trained on export.	various aspects of export activities (starting from production to packaging); 3. Organising cost-effective logistics services. 4. Export facilitation and information access.	3. Developing appropriate pricing mechanism to ensure sufficient extra value for additional care required in the field.
FPC Governance	<ul style="list-style-type: none"> - AGM and BoD meetings are regular - FPC has permanent staff (CEO, Accountant and Operation Head) - No activities are being undertaken for new members - No formal mechanism for member's feedback - Patronage is limited. 	Not many activities are being organised. Currently NABARD appointed agency is maintaining the accounts and other activities.	<ul style="list-style-type: none"> - Farmers engagement is very less; - Mainly decisions are taken by key promoters, who are relatives to each other. - No formal campaign for adding new members. 	<ul style="list-style-type: none"> - Regular meetings of BoDs are organised; - RoC returns are filled timely, and compliances are fulfilled. - Engagement and patronage level is relatively less. - No fulltime staff to conduct daily business activities. 	<ul style="list-style-type: none"> - Regular meetings of BoDs are organised; - RoC returns are filled timely, and compliances are fulfilled. - Engagement and patronage level is relatively less. - No fulltime staff to conduct daily business activities.