

JOHAR FPCs AUGMENT AGRI-MARKETING SERVICES IN TRIBAL AREAS DURING COVID-19 LOCKDOWN



Streamlining production systems while connecting farmers with market-led initiatives through collectivization, institution building and investments in quality support services appears to be a succinct and pragmatic strategy to support resource poor farmers in tribal areas. In this blog, Pratyush Ranjan Singh and Amit Kumar Burman illustrate how Farmer Producer Companies in Jharkhand provided such support to farmers during COVID-19 lockdown and the lessons learnt from these initiatives.

Mithlesh Kotwar, local personnel from the farmer producer company (FPC) Rajrappa Kisan Producer Company Limited (RKPCCL) remarks, *“This is the only vegetable collection center that is operational and providing marketing support services to farmers of four nearby villages during COVID-19 lockdown when other major markets are closed,”* as he records the weight of a crate of graded tomatoes in one of the temporary collection centers (CCs) established at a remote location in Ramgarh district, Jharkhand. Mithlesh recounts, *“RKPCCL has procured 19 MT of vegetables from women producer groups during the lockdown. We, as an FPC, are trying to safeguard small and marginal farmers from indemnity and distress sale through this aggregation center.”*



Operational collection center of FPC / Farmers with their harvested produce for sale at collection center

FARMER PRODUCER COMPANIES

FPC as a collectivization model is acknowledged for providing services with specialized and streamlined production systems to its members. Marketing support services through FPCs during the COVID-19 lockdown were overwhelming, especially in tribal and remote areas with derelict market facilities. There is a strong imperative now to invest in promoting FPCs as strong operational institutions that seek to address the multifaceted agricultural marketing challenges faced by farmers in resource constrained geographical settings.

Numerous women farmers in Jharkhand like Mamta Gorai of East Singhbhum district had accessed timely market support services through the FPCs during the COVID-19 lockdown. We met Mamta while she was returning crates to the producer group office in her village. She said, *“In our village, we*

as a producer group cultivated watermelon and vegetables. We were tormented about losses during the lockdown, but our FPC helped us sell our harvest at market rates right on time”.

So, could investments in collectivization models, more specifically, FPCs, hold the key to enhancing productivity and profitability for small and marginal farmers in tribal dominant areas and could FPCs, as an institution, better handle crisis to benefit their large member base? We explore the Jharkhand Opportunities for Harnessing Rural Growth (JOHAR) model of FPC promotion and its performance during the COVID-19 pandemic lockdown in Jharkhand.

Box 1: JOHAR and FPC

JOHAR – a World Bank financed project, implemented by the autonomous Jharkhand State Livelihoods Promotion Society (JSLPS), under the aegis of Department of Rural Development, Government of Jharkhand, has promoted FPC as a community institutional platform to support small and marginal farmers (mostly women) in tribal areas to transition towards intensification, diversification and enhancing market orientation of produce with the objective of augmenting and diversifying household incomes. JOHAR-promoted FPCs are unique because of their huge membership base (7,000–8,000 farmers per FPC), women shareholder base, collectivization of farmers in tribal dominant geographies, and trading in perishable products (vegetables, fruits and livestock) as their major business portfolio. JOHAR project has currently institutionalized 19 FPCs, servicing around one lakh women farmers in 17 districts of Jharkhand.



Farmers with their harvested produce / Weighing and record keeping of individual farmers at village level

JOHAR FPCs

The agribusiness operations model of JOHAR FPCs is based on a two-pronged strategy: streamlining the production systems and later, setting up agri-marketing systems operations.

Streamlining Production Systems: For streamlining production systems, individual producers are first collectivized into organized producer groups at the village level and later, federated to form FPCs at sub-district/district level. Synchronized farming of two or three high-value crops in a cluster, augmenting irrigation support and cluster development ensure continuous supply of marketable produce across different cropping seasons. Capacity building and skill development efforts are undertaken through transfer of scientific knowledge to enhance productivity and quality with the help of technical support agencies such as the World Vegetable Center. Farmer-wise crop production data, with details of crops/varieties, acreage, land type and sowing/planting time are recorded in each cropping season through a robust digital management information system to support adaptive business management and real time decision making. Field community cadres, selected by the

community members, undergo a series of training programs on different crops package of practices and marketing services. Later, these community cadres are certified by the Agriculture Skill Council of India as master trainers and trainers to provide technical support services at the farmer's doorstep. Community master trainers provide continuous backstopping support to trainers in providing trainings and services.

Setting up agri-marketing systems: Development and implementation of agri-marketing operations are initiated concurrently with the planning of production systems. FPC agri-marketing activities involve demand and supply estimations, quality/ price verifications, localized demand aggregation, streamlining product (input/output) supply, logistics and human resource management, price discover and, payment systems. Synergy Technofin, experienced in setting up processes for agri-marketing, was hired to set up processes for FPCs and train FPC staff to operate in a process driven environment. FPCs also partner with agri-start-ups like DeHaat and Weather Risk Management Services Private Limited for streamlining input-output support systems and building capacity of staff.



Sale of livestock through Farmers Produce Company

Several partners have contributed to this initiative and their roles are presented in Table 1.

Table 1: Role of different partners

Sl No	Partners	Support
1	World Vegetable Centre https://avrdc.org/	Transfer of scientific knowledge to enhance crop productivity and quality.
2	Synergy Technofin http://www.synergytechnofin.com/	Setting up processes for agri-marketing and market intelligence.
3	DeHaat https://agrevolution.in/	Streamlining input-output support systems and training of staff.
4	Weather Risk Management Services Private Limited https://www.weather-risk.com/index.html	Streamlining input-output support systems and training of staff.
5	Agriculture Skill Council of India https://asci-india.com/	Training and certification of field cadres as trainers and master trainers.

JOHAR FPCs provide inputs (seed, fertilizer, crop protection) as backend support in accordance with package of practices and crop planning exercises to create standardized products. FPC collection centers (CCs) situated at strategic locations in existing trade routes provide better access to farmers for inputs and output sales. Marketing plans entailing logistics and local cadre management are developed and executed to ascertain realistic business transactions. This helps producers and FPCs improve their understanding of timeliness, quality, packaging and payment requirements of various buyers and market channels. Nineteen FPCs until July 2020 transacted INR 120 million in input/output

trading, benefiting thousands of women farmers in tribal dominated areas in the last one year of operations.

FPCs DURING COVID-19 LOCKDOWN

JOHAR FPCs also made continuous and protracted efforts in agri-marketing to safeguard the interests of small and marginal farmers during the unprecedented lockdown period. Until July 2020, 13 FPCs sold 1410 MT of vegetables and fruits along with livestock products and agri-inputs worth INR 35 million in two and half months by following process-driven aggregation and sales.

Challenges: FPCs faced multiple challenges in conducting their agri-marketing activities during the COVID-19 lockdown. These included exceptionally high transportation costs due to unavailability of transport facilities, restriction of FPC staff movement leading to poor coordination in field operations, low market demand due to fewer functional markets, difficulty in accessing distant markets, obfuscated market rates, lack of product quality standardization and absence of timely payment to farmers. Announcement of the lockdown and situations that emerged after were so abrupt that initially FPCs could not plan any pre-emptive actions. Therefore, the strategies to counter or minimize the impact of the lockdown were primarily evolving in nature as the FPCs continually streamlined their business operations.

Responding to the crisis: During the initial phase of the lockdown, the demand for produce in wholesale quantities diminished and traders offered lower rates for disaggregated harvests of small and marginal farmers. JOHAR FPCs initiated the idea of creating a retail space for immediate produce liquidation. Retailing of produce commenced with dual objectives: of continued synchronized harvesting at the backend and of direct marketing from farm to consumers at reasonable price as frontend support. JOHAR FPCs arranged for 'movement passes' that enabled field staff to resume visits to fields and provided continuous backend support. The team engaged in quality assaying, supervising loading and dispatch of material from the fields.

However, after streamlining the initial processes, FPCs learnt that retailing was not a sustainable option for handling supply from the farmers due to increased cost of delivery, higher wastages, absence of full basket of vegetables, need for trained people for handling retail operations, cash management, keeping separate record of transactions and increasing risk of pandemic spread in retail handling and operations. Hence, the FPCs later strategically explored wholesale markets and alternative channels within and outside the state boundaries. This led to identification of wholesale buyers in different markets and transactions were initiated over a period through wholesale trading with processes adhering to quality requirements.

LEARNINGS

FPCs had several operational learnings during the lockdown period. Firstly, an understanding of quality parameters among farmers and adherence to quality norms is a vital aspect for developing sustainable business relations with the traders.

Secondly, as transporters are one of the important value chain partners, engaging them within business operations with full responsibility and setting up efficiency-based remuneration systems are important for timely delivery.

Thirdly, delivery time is key for realizing relatively better prices in the market for perishable produce; even a half-hour to one-hour delay in market arrivals could lower product prices by 20–50%.

Fourthly, timely payments to farmers in a convenient mode is important for convincing farmers to sell their produce to FPCs.

Importantly, until properly trained retailing team; real time information of product availability and quality, continuity and diversity in supply portfolio are in place, retailing of products in urban markets is not a sustainable option for FPCs. Finally, the physical presence of FPCs in the form of CCs infuses confidence among member farmers to access a definite buyer/seller and switch from their existing trading partners.

END NOTE

JOHAR's FPC promotion model testifies to the important strategic pathways in its role of supporting small and marginal farmers in tribal areas. Streamlining production systems and concurrently connecting them with market-led initiatives through collectivization, institution building and investments in quality support services appears to be a succinct and pragmatic strategy in resource-constrained areas. Moreover, FPC as a grassroots institution with robust management information system, trained cadre outreach, timely payment systems and strategic extended CCs makes for agile institutions to better manage risks and crises.

The learnings from the JOHAR model of FPC promotion seems promising and similar initiatives to promote the interface between the farmers and FPCs can be tested in other tribal dominated areas of India.

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