



International Initiative for Impact Evaluation

Farmer producer companies in India:

What are we learning

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FPOs: *What does the literature say?*

- FPOs a key policy response to structural impediments that face smallholder farmers.
- Farmer collectivisation dates back to 1904, idea of market integration gained momentum in 2003.
- Policy initiatives to facilitate formation and functioning of FPOs:
 - In 2013, SFAC issued guidelines for FPO formation and functioning.
 - In 2018, FPOs exempted from taxation derived from agricultural income.

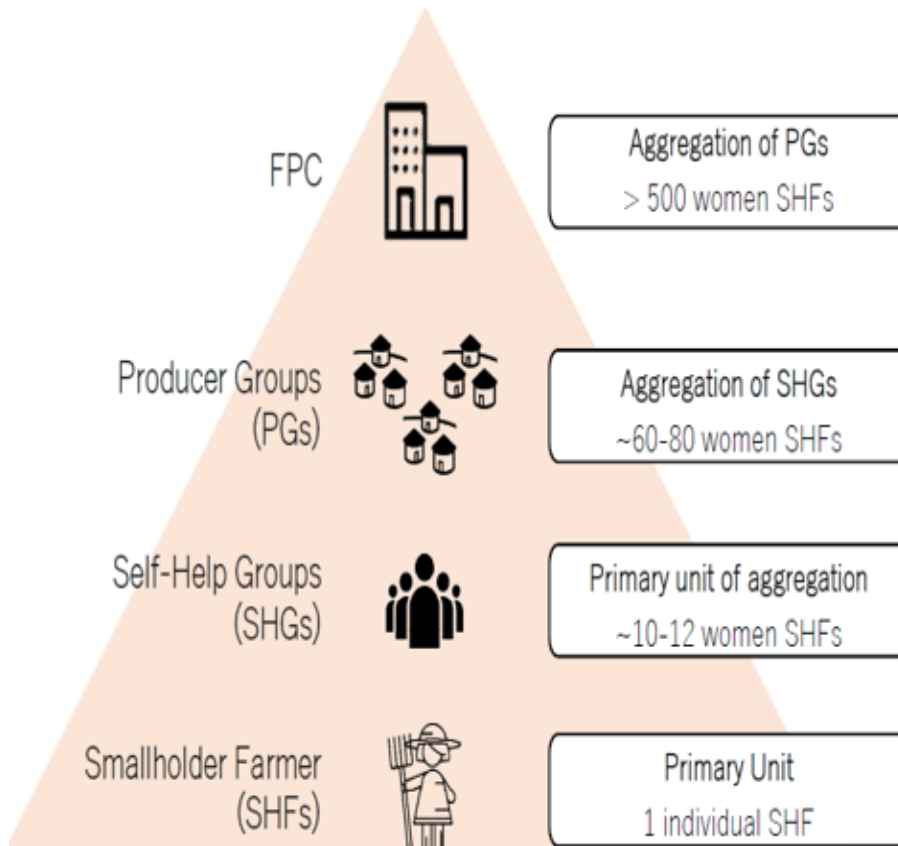
Key barriers to FPO performance

- No unified database yet, with different agencies having a different estimate of the number FPOs in India
- Capacity and resources of the promoting organisations
- Raising finance
- Infrastructure constraints, transport and storage
- Governance capacity deficit
- Evaluating FPO performance

Innovative pilots:

**WOMEN'S ADVANCEMENT IN RURAL
DEVELOPMENT AND
AGRICULTURE (WARDA) in Bihar**

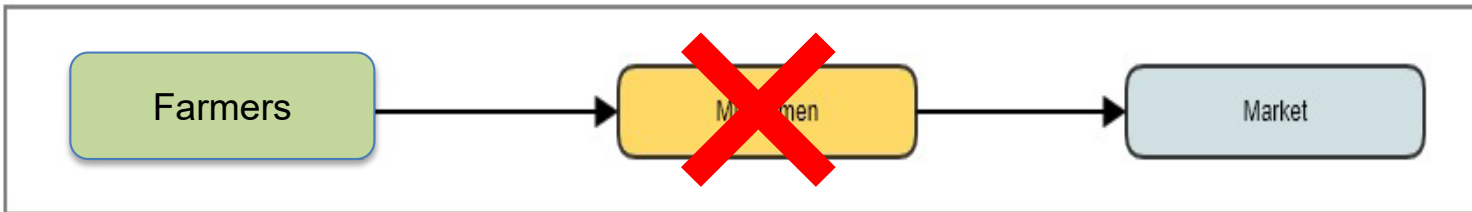
The WARDA model in Bihar



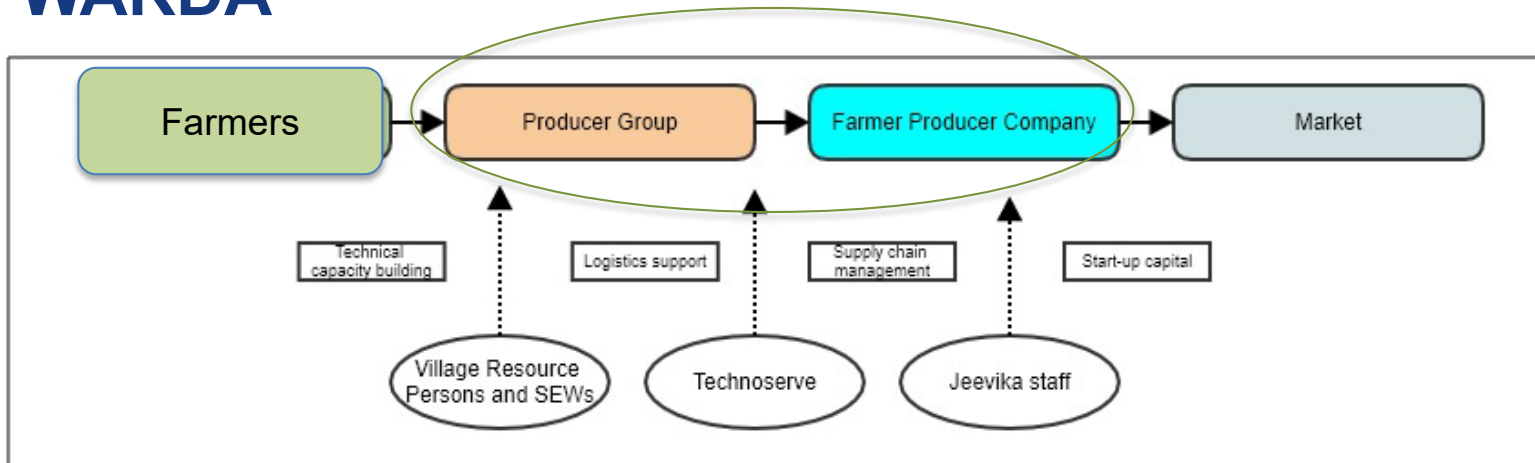
TechnoServe is supporting JEEViKA promoted women-owned Farmer Producer Companies to create a sustainable business model

WARDA: Creating sustainable business model

Traditional value chain



WARDA



What did we set to look at?

Process evaluation

- Document implementation fidelity
- Assess if assumptions hold
- Determine critical enabling factors
- Identify barriers to implementation
- Assess potential for sustainability and scale up

Baseline study

- Descriptive statistics on the demographics of the participating HHs, sales to FPC, women's knowledge of agriculture and producer company to name a few
- Effect of the programme on women's empowerment

Survey instrument jointly developed and piloted by 3ie and TechnoServe.

Context

Maize crop



Key achievements

- Establishing market linkages
 - NCDEX and regional aggregators in Gulab Bagh mandi for maize.
- Provisioning for storage of produce through renting of warehouses

Crop	Procurement (metric tonnes)		Revenue generated (INR)	
	2015	2016	2015	2016
Maize	1,014	3,064	12,836,480	48,396,430

- Leveraging working capital for the FPC through investment in building good financial and accounting practices

Financial Year	Amount raised
Mar-16	15,50,000
Mar-17	16,567,893

- Smoothing backward linkages
 - The FPC acquired fertiliser license enabling its members to purchase high quality fertilisers at competitive rates

Key achievements

- Promoting transparent pricing
 - Text and voice mobile messages to communicate rate and also updating of rate board in the PG office
 - There was mention of traders offering better rates on account of transparent pricing by FPC though this was difficult to verify within the scope of the evaluation
- Rewarding shareholders
 - Aranyak FPC has paid patronage bonus of Rs 50/quintal in 2015 and Rs 60/quintal in 2016
- Strengthening FPC governance
 - Regularize board and general body meetings, set agenda for discussion and review FPC performance,
 - Encourage and facilitate participation of board members in day-to-day FPC business they are now offered INR 300 honorarium as sitting charges for each meeting

Sales to FPC

Large decline in sales to FPC. Only 4% of households reported selling maize to FPC in 2017-2018 as opposed to 18% in 2016-17.

- Change in procurement from doorstep collection to farmers being required to deliver produce at centres
- Stated preference for receiving payment in cash (reported by 59% of women in treatment PGs), hence sale of produce to traders.
- Increased exposure to the programme did not significantly affect marketing choices

Women's knowledge of agriculture and FPC

- Only a quarter of surveyed respondents stated that they could judge the quality of their output. This percentage is lower for treatment PGs.
- Shareholders' knowledge of the producer company's operations was also limited.
 - 82% of shareholders in treatment PGs did not know where the company stored procured foodgrains
 - only 2% knew how the company marketed its produce.
 - only 5% were aware of the Board of Directors within the company.

Women's empowerment

- Positive and significant effects on women's participation in income earning activities and their role in income decisions
- Women's empowerment was found to be correlated to their hours of work in income generating activities.
- Measures of economic empowerment and mobility are negatively correlated with a woman's education years
- In contrast, the effect of women's education on food diversity is positive and strong
- Those residing further off from district HQ had lower empowerment scores
- There are no benefits to women from households that own less than one acres of land but a higher proportion of large landowners in a PG yields benefits to non-target households.

Challenges

- Contractual nature of JEEViKA staff, leading to turnover and repeated time investment in training and relationship building for TNS
- Limited time commitment of JEEViKA's part time resources for FPC related activities
- Weak links in the SHG model adversely impact PG functioning
- Problematic selection of members into PGs
- Inadequate access to credit for PG members and its impact on selling decisions.
- Administrative failings like inability to disburse payments to frontline staff impacting motivation affecting staff motivation.

Challenges

- Continued dependence upon funds from JEEViKA promoted CBOs. During 2016, almost 63 percent of Aranyak working capital leveraged through the CLFs
- TNS and JEEViKA 'ghost-manage' the company, be it filling in for staff positions that are lying vacant or providing handholding support to the current staff. All company related records provided to the research team by TNS.
- JEEViKA is heavily subsidising FPC's cost, which should be monetised to get a better assessment FPC's financial health.
- Building ownership of FPC among shareholders, currently passive participants.

Thank you



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THEORY OF CHANGE

Maize value chain, Purnea district

